

OFFERING CIRCULAR



Citycon Treasury B.V.

(incorporated with limited liability in the Netherlands)

€1,500,000,000

Euro Medium Term Note Programme unconditionally and irrevocably guaranteed by Citycon Oyj

(incorporated with limited liability in Finland)

Under this €1,500,000,000 Euro Medium Term Note Programme (the **Programme**), Citycon Treasury B.V. (the **Issuer**) may from time to time issue notes (the **Notes**) denominated in any currency agreed between the Issuer and the relevant Dealer (as defined below).

The payments of all amounts due in respect of the Notes will be unconditionally and irrevocably guaranteed by Citycon Oyj (the **Guarantor**).

Notes may be issued in bearer form, registered form or uncertificated book entry form cleared through the Norwegian Central Securities Depository, the *Verdipapirsentralen ASA* (the **VPS**) (respectively **Bearer Notes**, **Registered Notes** and **VPS Notes**). The maximum aggregate nominal amount of all Notes from time to time outstanding under the Programme will not exceed €1,500,000,000 (or its equivalent in other currencies calculated as described in the Programme Agreement described herein), subject to increase as described herein.

The Notes may be issued on a continuing basis to one or more of the Dealers specified under "*Overview of the Programme*" and any additional Dealer appointed under the Programme from time to time by the Issuer (each a **Dealer** and together the **Dealers**), which appointment may be for a specific issue or on an ongoing basis. References in this Offering Circular to the **relevant Dealer** shall, in the case of an issue of Notes being (or intended to be) subscribed by more than one Dealer, be to all Dealers agreeing to subscribe such Notes.

An investment in Notes issued under the Programme involves certain risks. For a discussion of these risks see "*Risk Factors*".

This Offering Circular has been approved by the Central Bank of Ireland as competent authority under the Prospectus Directive. The Central Bank of Ireland only approves this Offering Circular as meeting the requirements imposed under Irish and European Union law pursuant to the Prospectus Directive. Such approval relates only to Notes that are to be admitted to trading on the regulated market of the Irish Stock Exchange (the **Main Securities Market**) or on another regulated market for the purposes of Directive 2004/39/EC and/or that are to be offered to the public in any member state of the European Economic Area in circumstances that require the publication of a prospectus.

Application has been made to the Irish Stock Exchange plc (**Irish Stock Exchange**) for Notes (other than Exempt Notes (as defined below)) issued under the Programme during the period of 12 months from the date of this Offering Circular to be admitted to its official list (the **Official List**) and trading on the Main Securities Market. References in this Offering Circular to the Notes being **listed** (and all related references) shall mean that, unless otherwise specified in the applicable Final Terms, the Notes have been admitted to the Official List and trading on the Main Securities Market. VPS Notes may be listed on the Oslo Stock Exchange's regulated market and, in this case, **listed** (and all related references) shall be construed accordingly.

The requirement to publish a prospectus under the Prospectus Directive (as defined under "*Important Information*" below) only applies to Notes which are to be admitted to trading on a regulated market in the European Economic Area (the **EEA**) and/or offered to the public in the EEA other than in circumstances where an exemption is available under Article 3.2 of the Prospectus Directive. References in this Offering Circular to **Exempt Notes** are to Notes for which no prospectus is required to be published under the Prospectus Directive. The Central Bank of Ireland has neither approved nor reviewed information contained in this Offering Circular in connection with Exempt Notes.

Notice of the aggregate nominal amount of Notes, interest (if any) payable in respect of Notes, the issue price of Notes and certain other information which is applicable to each Tranche (as defined under "*Terms and Conditions of the Notes other than the VPS Notes*" and "*Terms and Conditions of the VPS Notes*") of Notes will (other than in the case of Exempt Notes, as defined above) be set out in a final terms document (the **Final Terms**) which will be delivered to the Central Bank of Ireland or The Financial Supervisory Authority of Norway and, where listed, the Irish Stock Exchange or the Oslo Stock Exchange.

Copies of Final Terms in relation to Notes to be listed on the Irish Stock Exchange will also be published on the website of the Central Bank of Ireland. In the case of Exempt Notes, notice of the aggregate nominal amount of Notes, interest (if any) payable in respect of Notes, the issue price of Notes and certain other information which is applicable to each Tranche will be set out in a pricing supplement document (the **Pricing Supplement**).

The Programme provides that Notes may be listed or admitted to trading, as the case may be, on such other or further stock exchanges or markets as may be agreed between the Issuer, the Guarantor and the relevant Dealer. The Issuer may also issue unlisted Notes and/or Notes not admitted to trading on any market.

The Notes have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the **Securities Act**) or any U.S. State securities laws and may not be offered or sold in the United States or to, or for the account or the benefit of, U.S. persons as defined in Regulation S under the Securities Act unless an exemption from the registration requirements of the Securities Act is available and in accordance with all applicable securities laws of any state of the United States and any other jurisdiction.

The Guarantor has been rated Baa1 by Moody's Investors Service Ltd (**Moody's**) and BBB by Standard & Poor's Credit Market Services France SAS (**S&P**). Each of Moody's and S&P is established in the European Union and is registered under the Regulation (EC) No. 1060/2009 (as amended) (the **CRA Regulation**). As such, each of Moody's and S&P is included in the list of credit rating agencies published by the European Securities and Markets Authority on its website (at <http://www.esma.europa.eu/page/List-registered-and-certified-CRAs>) in accordance with the CRA Regulation. Notes issued under the Programme may be rated or unrated by either of the rating agencies referred to above. Where a Tranche of Notes is rated, such rating will be disclosed in the Final Terms (or Pricing Supplement, in the case of Exempt Notes) and will not necessarily be the same as the rating assigned to the Guarantor by the relevant rating agency. A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.

Arranger

NORDEA

Dealers

**BARCLAYS
DANSKE BANK
NORDEA
SEB**

**CITIGROUP
DEUTSCHE BANK
OP CORPORATE BANK
SWEDBANK**

The date of this Offering Circular is 18 July 2017.

IMPORTANT INFORMATION

This Offering Circular comprises a base prospectus in respect of all Notes other than Exempt Notes issued under the Programme for the purposes of Article 5.4 of the Prospectus Directive. When used in this Offering Circular, Prospectus Directive means Directive 2003/71/EC (as amended, including by Directive 2010/73/EU), and includes any relevant implementing measure in a relevant Member State of the EEA.

The Issuer and the Guarantor accept responsibility for the information contained in this Offering Circular and the Final Terms for each Tranche of Notes issued under the Programme. To the best of the knowledge of the Issuer and the Guarantor (each having taken all reasonable care to ensure that such is the case) the information contained in this Offering Circular is in accordance with the facts and does not omit anything likely to affect the import of such information.

This Offering Circular is to be read in conjunction with all documents which are deemed to be incorporated in it by reference (see "*Documents Incorporated by Reference*"). This Offering Circular shall be read and construed on the basis that those documents are incorporated and form part of this Offering Circular.

Neither the Dealers nor the Trustee (as defined below) have independently verified the information contained herein. Accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by the Dealers or the Trustee as to the accuracy or completeness of the information contained or incorporated in this Offering Circular or any other information provided by the Issuer or the Guarantor in connection with the Programme. No Dealer or the Trustee accepts any liability in relation to the information contained or incorporated by reference in this Offering Circular or any other information provided by the Issuer or the Guarantor in connection with the Programme.

No person is or has been authorised by the Issuer, the Guarantor, any of the Dealers or the Trustee to give any information or to make any representation not contained in or not consistent with this Offering Circular or any other information supplied in connection with the Programme or the Notes and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer, the Guarantor, any of the Dealers or the Trustee.

Neither this Offering Circular nor any other information supplied in connection with the Programme or any Notes (a) is intended to provide the basis of any credit or other evaluation or (b) should be considered as a recommendation by the Issuer, the Guarantor, any of the Dealers or the Trustee that any recipient of this Offering Circular or any other information supplied in connection with the Programme or any Notes should purchase any Notes. Each investor contemplating purchasing any Notes should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuer and/or the Guarantor. Neither this Offering Circular nor any other information supplied in connection with the Programme or the issue of any Notes constitutes an offer or invitation by or on behalf of the Issuer or the Guarantor, any of the Dealers or the Trustee to any person to subscribe for or to purchase any Notes.

Neither the delivery of this Offering Circular nor the offering, sale or delivery of any Notes shall in any circumstances imply that the information contained in it concerning the Issuer and/or the Guarantor is correct at any time subsequent to its date or that any other information supplied in connection with the Programme is correct as of any time subsequent to the date indicated in the document containing the same. The Dealers and the Trustee expressly do not undertake to review the financial condition or affairs of the Issuer or the Guarantor during the life of the Programme or to advise any investor in Notes issued under the Programme of any information coming to their attention.

IMPORTANT – EEA RETAIL INVESTORS – If the Final Terms in respect of any Notes (or Pricing Supplement, in the case of Exempt Notes) includes a legend entitled "Prohibition of Sales to EEA Retail Investors", the Notes, from 1 January 2018 are not intended to be offered, sold or otherwise made available to and, with effect from such date, should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (**EEA**). For these purposes, a **retail investor** means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (**MiFID II**); (ii) a customer within the meaning of Directive 2002/92/EC (**IMD**), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in the Prospectus Directive. Consequently no key information document required by Regulation (EU) No 1286/2014 (the **PRIPs Regulation**) for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

IMPORTANT INFORMATION RELATING TO THE USE OF THIS OFFERING CIRCULAR AND OFFERS OF NOTES GENERALLY

This Offering Circular does not constitute an offer to sell or the solicitation of an offer to buy any Notes in any jurisdiction to any person to whom it is unlawful to make the offer or solicitation in such jurisdiction. The distribution of this Offering Circular and the offer or sale of Notes may be restricted by law in certain jurisdictions. The Issuer, the Guarantor, the Dealers and the Trustee do not represent that this Offering Circular may be lawfully distributed, or that any Notes may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by the Issuer, the Guarantor, the Dealers or the Trustee which is intended to permit a public offering of any Notes or distribution of this Offering Circular in any jurisdiction where action for that purpose is required. Accordingly, no Notes may be offered or sold, directly or indirectly, and neither this Offering Circular nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this Offering Circular or any Notes may come must inform themselves about, and observe, any such restrictions on the distribution of this Offering Circular and the offering and sale of Notes. In particular, there are restrictions on the distribution of this Offering Circular and the offer or sale of Notes in the United States, the EEA (including the United Kingdom, the Netherlands, Finland and Norway) and Japan; see "*Subscription and Sale*".

This Offering Circular has been prepared on a basis that would permit an offer of Notes with a denomination of less than €100,000 (or its equivalent in any other currency) only in circumstances where there is an exemption from the obligation under the Prospectus Directive to publish a prospectus. As a result, any offer of Notes in any Member State of the EEA which has implemented the Prospectus Directive (each, a **Relevant Member State**) must be made pursuant to an exemption under the Prospectus Directive from the requirement to publish a prospectus for offers of Notes. Accordingly any person making or intending to make an offer of Notes in that Relevant Member State may only do so in circumstances in which no obligation arises for the Issuer, the Guarantor or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive, in each case, in relation to such offer. Neither the Issuer nor any Dealer have authorised, nor do they authorise, the making of any offer of Notes in circumstances in which an obligation arises for the Issuer or any Dealer to publish or supplement a prospectus for such offer.

PRESENTATION OF FINANCIAL AND OTHER INFORMATION

Presentation of Financial Information

Unless otherwise indicated, the financial information in this Offering Circular relating to the Issuer has been derived from the audited financial statements of the Issuer for the financial years ended 31 December 2015 and 31 December 2016 (together, the **Issuer Financial Statements**).

The Issuer's financial year ends on 31 December, and references in this Offering Circular to any specific year are to the 12-month period ended on 31 December of such year. The Issuer 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.

Unless otherwise indicated, the financial information in this Offering Circular relating to the Guarantor has been derived from the audited consolidated financial statements of the Guarantor for the financial years ended 31 December 2015 and 31 December 2016 and the reviewed consolidated financial statements of the Guarantor for the six months ended 30 June 2017 (together, the **Guarantor Financial Statements**).

The Guarantor's financial year ends on 31 December, and references in this Offering Circular to any specific year are to the 12-month period ended on 31 December of such year. The Guarantor Financial Statements have been prepared in accordance with International Financial Reporting Standards (**IFRS**) issued by the International Accounting Standards Board.

Certain Defined Terms and Conventions

Capitalised terms which are used but not defined in any particular section of this Offering Circular will have the meaning attributed to them in "*Terms and Conditions of the Notes other than the VPS Notes*" or, in relation to VPS Notes, "*Terms and Conditions of the VPS Notes*" or any other section of this Offering Circular.

In addition, the following terms as used in this Offering Circular have the meanings defined below:

- **euro, EUR** and **€** refer to the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty on the Functioning of the European Union, as amended;
- **Swedish krona** or **SEK** refer to the lawful currency of the Kingdom of Sweden;
- **Norwegian krone** or **NOK** refer to the lawful currency of the Kingdom of Norway; and
- **Danish krone** or **DKK** refer to the lawful currency of the Kingdom of Denmark.

References to a **billion** are to a thousand million.

References to the **Company** or **Citycon** are to Citycon Oyj. References to the **Group** are to Citycon Oyj and its Subsidiaries.

Certain figures and percentages included in this Offering Circular have been subject to rounding adjustments; accordingly, figures shown in the same category presented in different tables may vary slightly and figures shown as totals in certain tables may not be an arithmetic aggregation of the figures which precede them.

SUITABILITY OF INVESTMENT

The Notes may not be a suitable investment for all investors. Each potential investor in the Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor may wish to consider, either on its own or with the help of its financial and other professional advisers, whether it:

- (i) has sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained or incorporated by reference in this Offering Circular or any applicable supplement;
- (ii) has access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact the Notes will have on its overall investment portfolio;
- (iii) has sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including Notes where the currency for principal or interest payments is different from the potential investor's currency;
- (iv) understands thoroughly the terms of the Notes and is familiar with the behaviour of financial markets; and
- (v) is able to evaluate possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

Legal investment considerations may restrict certain investments. The investment activities of certain investors are subject to investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (1) Notes are legal investments for it, (2) Notes can be used as collateral for various types of borrowing and (3) other restrictions apply to its purchase or pledge of any Notes. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of Notes under any applicable risk-based capital or similar rules.

CAUTIONARY STATEMENT REGARDING FORWARD LOOKING STATEMENTS

Some statements in this Offering Circular may be deemed to be forward looking statements. Forward looking statements include statements concerning the Issuer's and/or the Guarantor's plans, objectives, goals, strategies, future operations and performance and the assumptions underlying these forward looking statements. When used in this Offering Circular, the words "anticipates", "estimates", "expects", "believes", "intends", "plans", "aims", "seeks", "may", "will", "should" and any similar expressions generally identify forward looking statements. These forward looking statements are contained in the sections entitled "*Risk Factors*", "*Description of the Issuer*" and "*Description of the Guarantor*" and other sections of this Offering Circular. The Issuer and the Guarantor have based these forward looking statements on the current view of their management with respect to future events and financial performance. Although each of the Issuer and the Guarantor believes that the expectations, estimates and projections reflected in its forward looking statements are reasonable as of the date of this Offering Circular, if one or more of the risks or uncertainties materialise, including those identified below or which the Issuer and/or the Guarantor has otherwise identified in this Offering Circular, or if any of the Issuer's and/or the Guarantor's underlying assumptions prove to be incomplete or inaccurate, the Issuer's and/or the Guarantor's actual results of operation may vary from those expected, estimated or predicted.

The risks and uncertainties referred to above include, but are not limited to, those discussed in the section titled "*Risk Factors*" in this Offering Circular including the following: economic fluctuations and economic development; the United Kingdom's exit from the European Union; the imbalance of the euro area; the fair

value of Citycon's investment properties; the negative impact of increasing internet commerce; property portfolio concentration and dependency upon retail sales; the increased competition in the real estate market; the construction of new retail premises increasing competition for tenants; the objectivity of property valuation statements; the decreasing private consumption and decreasing demand for retail premises; the impact of competition regulations; changes in tax laws and international financial reporting standards; the ability to successfully accomplish Citycon's (re)development projects; exposure to its largest tenants; operational activities costs; risks related terrorist attacks; the ability to identify profitable acquisitions and successfully execute acquisitions; the successful integration of new business; the ability to secure sufficient funds from other members of the Group; risks related to joint ventures; the ability to execute disposals; extension of lease agreements and the terms of the lease agreements; limits on competition and rents levels as a result of market-share concentration in the grocery retail market; expansion of Citycon's business into new geographical areas; the ability to acquire required services; Citycon's exposure to environmental liabilities; effects of climate change; dependence on the management and key personnel; insurance coverage; reputational damage; regulatory and legal risks; credit losses; the ability to meet long term financial targets; Citycon's ability to refinance certain financing arrangements; the ability to secure financing; the exposure to fluctuations in interest rates and exchange rates; counterparty risks; and modifications, waivers and substitution of the Notes.

Any forward looking statements contained in this Offering Circular speak only as at the date of this Offering Circular. Without prejudice to any requirements under applicable laws and regulations, each of the Issuer and the Guarantor expressly disclaims any obligation or undertaking to disseminate after the date of this Offering Circular any updates or revisions to any forward looking statements contained in it to reflect any change in expectations or any change in events, conditions or circumstances on which any such forward looking statement is based.

STABILISATION

In connection with the issue of any Tranche of Notes, the Dealer or Dealers (if any) named as the Stabilisation Manager(s) (or persons acting on behalf of any Stabilisation Manager(s)) in the applicable Final Terms or Pricing Supplement may over-allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However stabilisation may not necessarily occur. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the relevant Tranche of Notes is made and, if begun, may cease at any time, but it must end no later than the earlier of 30 days after the issue date of the relevant Tranche of Notes and 60 days after the date of the allotment of the relevant Tranche of Notes. Any stabilisation action or over-allotment must be conducted by the relevant Stabilisation Manager(s) (or persons acting on behalf of any Stabilisation Manager(s)) in accordance with all applicable laws and rules.

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OVERVIEW OF THE PROGRAMME

The following overview does not purport to be complete and is taken from, and is qualified in its entirety by, the remainder of this Offering Circular and, in relation to the terms and conditions of any particular Tranche of Notes, the applicable Final Terms (or, in the case of Exempt Notes, the applicable Pricing Supplement). The Issuer, the Guarantor and any relevant Dealer may agree that Notes shall be issued in a form other than that contemplated in the Terms and Conditions, in which event, in the case of Notes other than Exempt Notes, and if appropriate, a new Offering Circular or a supplement to the Offering Circular, will be published.

This Overview constitutes a general description of the Programme for the purposes of Article 22.5(3) of Commission Regulation (EC) No 809/2004 implementing Directive 2003/71/EC (the **Prospectus Regulation**).

Words and expressions defined in "*Form of the Notes*", "*Terms and Conditions of the Notes other than the VPS Notes*" and "*Terms and Conditions of the VPS Notes*" shall have the same meanings in this Overview.

Issuer: Citycon Treasury B.V.

Guarantor: Citycon Oyj

Risk Factors: There are certain factors that may affect the Issuer's ability to fulfil its obligations under Notes issued under the Programme. There are also certain factors that may affect the Guarantor's ability to fulfil its obligations under the Guarantee. In addition, there are certain factors which are material for the purpose of assessing the market risks associated with Notes issued under the Programme and risks relating to the structure of a particular Series of Notes issued under the Programme. All of these are set out under "*Risk Factors*".

Description: Euro Medium Term Note Programme

Arranger: Nordea Bank AB (publ)

Dealers: Barclays Bank PLC
Citigroup Global Markets Limited
Danske Bank A/S
Deutsche Bank AG, London Branch
Nordea Bank AB (publ)
OP Corporate Bank plc
Skandinaviska Enskilda Banken AB (publ)
Swedbank AB (publ)

and any other Dealers appointed in accordance with the Programme Agreement.

Certain Restrictions: Each issue of Notes denominated in a currency in respect of which particular laws, guidelines, regulations, restrictions or reporting requirements apply will only be issued in circumstances which comply with such laws, guidelines, regulations, restrictions or reporting requirements from time to time (see "*Subscription and Sale*") including the following restrictions applicable at the date of

this Offering Circular:

Notes having a maturity of less than one year

Notes having a maturity of less than one year will, if the proceeds of the issue are accepted in the United Kingdom, constitute deposits for the purposes of the prohibition on accepting deposits contained in section 19 of the Financial Services and Markets Act 2000 (**FSMA**) unless they are issued to a limited class of professional investors and have a denomination of at least £100,000 or its equivalent, see "*Subscription and Sale*".

Trustee (in respect of Notes other than the VPS Notes):	Deutsche Trustee Company Limited
Principal Paying Agent (in respect of Notes other than the VPS Notes):	Deutsche Bank AG, London Branch
VPS Agent:	Danske Bank A/S
VPS Trustee:	Nordic Trustee ASA
Programme Size:	Up to €1,500,000,000 (or its equivalent in other currencies calculated as described in the Programme Agreement) outstanding at any time. The Issuer and the Guarantor may increase the amount of the Programme in accordance with the terms of the Programme Agreement.
Distribution:	Notes may be distributed by way of private or public placement and in each case on a syndicated or non-syndicated basis.
Currencies:	Subject to any applicable legal or regulatory restrictions, notes may be denominated in any currency agreed between the Issuer and the relevant Dealer.
Maturities:	The Notes will have such maturities as may be agreed between the Issuer and the relevant Dealer, subject to such minimum or maximum maturities as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the Issuer or the relevant Specified Currency.
Issue Price:	Notes may be issued on a fully-paid basis and at an issue price which is at par or at a discount to, or premium over, par.
Form of Notes	The Notes will be issued in bearer or registered form or, in the case of VPS Notes, uncertificated book entry form, as specified in the applicable Final Terms or, in the case of Exempt Notes, the applicable Pricing Supplement. VPS Notes will not be evidenced by any physical note or document of title. Entitlements to VPS Notes will be evidenced by the crediting of VPS Notes to accounts with the VPS. VPS Notes will not be exchangeable for Notes in bearer or registered

form and *vice versa*. See "*Form of the Notes*" below.

Fixed Rate Notes:

Fixed interest will be payable on such date or dates as may be agreed between the Issuer and the relevant Dealer and on redemption and will be calculated on the basis of such Day Count Fraction as may be agreed between the Issuer and the relevant Dealer.

Floating Rate Notes:

Floating Rate Notes will bear interest at a rate determined:

- (a) on the same basis as the floating rate under a notional interest rate swap transaction in the relevant Specified Currency governed by an agreement incorporating the 2006 ISDA Definitions (as published by the International Swaps and Derivatives Association, Inc., and as amended and updated as at the Issue Date of the first Tranche of the Notes of the relevant Series); or
- (b) on the basis of the reference rate set out in the applicable Final Terms (or, in the case of Exempt Notes, Pricing Supplement).

Interest on Floating Rate Notes in respect of each Interest Period, as agreed prior to issue by the Issuer and the relevant Dealer, will be payable on such Interest Payment Dates, and will be calculated on the basis of such Day Count Fraction, as may be agreed between the Issuer and the relevant Dealer.

The margin (if any) relating to such floating rate will be agreed between the Issuer and the relevant Dealer for each Series of Floating Rate Notes.

Floating Rate Notes may also have a maximum interest rate, a minimum interest rate or both.

Zero Coupon Notes:

Zero Coupon Notes will be offered and sold at a discount to their nominal amount and will not bear interest.

Exempt Notes:

The Issuer and the Guarantor may agree with any Dealer and (where applicable) the Trustee that Exempt Notes may be issued in a form not contemplated by the Terms and Conditions of the Notes, in which event the relevant provisions will be included in the applicable Pricing Supplement.

Redemption:

The applicable Final Terms (or, in the case of Exempt Notes, the applicable Pricing Supplement) will indicate either that the relevant Notes cannot be redeemed prior to their stated maturity (other than for taxation reasons, following an Event of Default or following the occurrence of a Change of Control Put Event) or that such Notes will be redeemable at the option of the Issuer and/or the Noteholders upon giving notice to the Noteholders or the Issuer, as the case may be, on a date or dates specified prior to such stated maturity and at a price or prices and on such other terms as may be agreed between the Issuer and the relevant

Dealer.

Notes having a maturity of less than one year may be subject to restrictions on their denomination and distribution, see "*Certain Restrictions - Notes having a maturity of less than one year*" above.

Denomination of Notes:

The Notes will be issued in such denominations as may be agreed between the Issuer and the relevant Dealer save that the minimum denomination of each Note will be such amount as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the relevant Specified Currency, see "*Certain Restrictions - Notes having a maturity of less than one year*" above, and save that the minimum denomination of each Note (other than an Exempt Note) will be €100,000 (or, if the Notes are denominated in a currency other than euro, the equivalent amount in such currency).

Taxation:

All payments in respect of the Notes will be made without deduction for or on account of withholding taxes imposed by any Tax Jurisdiction as provided in Condition 8 of the Terms and Conditions of the Notes other than the VPS Notes and Condition 7 of the Terms and Conditions of the VPS Notes. In the event that any such deduction is made, the Issuer or, as the case may be, the Guarantor will, save in certain limited circumstances provided in Condition 8 of the Terms and Conditions of the Notes other than the VPS Notes and Condition 7 of the Terms and Conditions of the VPS Notes, be required to pay additional amounts to cover the amounts so deducted.

Negative Pledge:

The terms of the Notes will contain a negative pledge provision as further described in Condition 4.1 of the Terms and Conditions of the Notes other than the VPS Notes and Condition 3.1 of the Terms and Conditions of the VPS Notes.

Financial Covenants:

The terms of the Notes will contain certain financial covenants as further described in Condition 4.2 of the Terms and Conditions of the Notes other than the VPS Notes and Condition 3.2 of the Terms and Conditions of the VPS Notes.

Cross Default:

The terms of the Notes will contain a cross default provision as further described in Condition 10 of the Terms and Conditions of the Notes other than the VPS Notes and Condition 9 of the Terms and Conditions of the VPS Notes.

Status of the Notes:

The Notes will constitute direct, unconditional, unsubordinated and (subject to the provisions of Condition 4.1 of the Terms and Conditions of the Notes other than the VPS Notes and Condition 3.1 of the Terms and Conditions of the VPS Notes) unsecured obligations of the Issuer and will rank *pari passu* among themselves and (save for certain obligations required to be preferred by law) equally with all other unsecured obligations (other than subordinated obligations, if any) of the Issuer, from time to time outstanding.

Guarantee: The Notes will be unconditionally and irrevocably guaranteed by the Guarantor. The obligations of the Guarantor under the Guarantee will be direct, unconditional and (subject to the provisions of Condition 4.1 of the Terms and Conditions of the Notes other than the VPS Notes and Condition 3.1 of the Terms and Conditions of the VPS Notes) unsecured obligations of the Guarantor and will rank *pari passu* and (save for certain obligations required to be preferred by law) equally with all other unsecured obligations (other than subordinated obligations, if any) of the Guarantor from time to time outstanding.

The Guarantor's obligations in respect of the Notes are contained in (i) in the case of Notes other than VPS Notes, the Trust Deed and, (ii) in the case of the VPS Notes, a Deed of Guarantee dated 18 July 2017 (the **VPS Deed of Guarantee**).

Rating: The Programme has not been rated by any rating agency. Series of Notes issued under the Programme may be rated or unrated. Where a Series of Notes is rated, such rating will be disclosed in the applicable Final Terms (or applicable Pricing Supplement, in the case of Exempt Notes). A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.

Listing: Application has been made for Notes issued under the Programme to be listed on the Irish Stock Exchange.

Applications may be made to list VPS Notes and admit VPS Notes to trading on the regulated market of the Oslo Stock Exchange. Any such applications will be in accordance with applicable laws and regulations governing the listing of VPS Notes on the Oslo Stock Exchange from time to time.

Notes may be listed or admitted to trading, as the case may be, on other or further stock exchanges or markets agreed between the Issuer and the relevant Dealer in relation to the Series. Notes which are neither listed nor admitted to trading on any market may also be issued.

The applicable Final Terms (or applicable Pricing Supplement, in the case of Exempt Notes) will state whether or not the relevant Notes are to be VPS Notes or not and whether such Notes are to be listed and/or admitted to trading and, if so, on which stock exchanges and/or markets.

Governing Law: The Notes (other than the VPS Notes) and any non-contractual obligations arising out of or in connection with the Notes will be governed by, and shall be construed in accordance with, English law.

The VPS Notes (save for Conditions 1, 10, 13 and 14 of the Terms and Conditions of the VPS Notes) and any non-contractual obligations arising out of or in connection with such Notes will be governed by, and shall be construed in accordance with, English law. Conditions 1, 10, 13 and 14 of the Terms and Conditions of the VPS Notes will be governed by and construed in accordance with Norwegian law.

The VPS Notes must comply with the Norwegian Securities Register Act of 5 July 2002 no. 64, as amended from time to time, and the holders of VPS Notes will be entitled to the rights and subject to the obligations and liabilities which arise under this Act and any related regulations and legislation.

Selling Restrictions:

There are restrictions on the offer, sale and transfer of the Notes in the United States, the EEA (including the United Kingdom, the Netherlands, Norway and Finland) and Japan and such other restrictions as may be required in connection with the offering and sale of a particular Tranche of Notes, see "*Subscription and Sale*".

United States Selling Restrictions:

Regulation S, Category 2. TEFRA C or D/TEFRA not applicable, as specified in the applicable Final Terms (or applicable Pricing Supplement, in the case of Exempt Notes).

RISK FACTORS

Before making an investment decision, prospective investors should carefully review the specific risk factors described below, in addition to the other information contained in this Offering Circular. The Issuer and the Guarantor believe that the following factors may affect the Issuer's ability to fulfil its obligations under the Notes and the Guarantor's ability to fulfil its obligations under the Guarantee. Most of these factors are contingencies which may or may not occur and neither the Issuer nor the Guarantor is in a position to express a view on the likelihood of any such contingency occurring. Citycon's business, financial condition and results of operations could be materially affected by each of these risks presented. Also other risks and uncertainties not described herein could affect the Issuer's ability to fulfil its obligations under the Notes or the Guarantor's ability to fulfil its obligations under the relevant Guarantee. Additional risks and uncertainties not presently known to the Issuer or the Guarantor, or that the Issuer or the Guarantor currently believe are immaterial, could impair the ability of the Issuer to fulfil its obligations under the Notes or the ability of the Guarantor to fulfil its obligations under the relevant Guarantee. Certain other matters regarding the operations of the Guarantor and the Issuer that should be considered before making an investment in the Notes are set out, in the sections "Description of the Guarantor" and "Description of the Issuer", amongst other places. The order of presentation of the risk factors in this Offering Circular is not intended to be an indication of the probability of their occurrence or of their potential effect on the ability of the Guarantor to fulfil its obligations under the relevant Guarantee or the Issuer's ability to fulfil its obligations under the Notes.

FACTORS THAT MAY AFFECT THE ISSUER'S ABILITY TO FULFIL ITS OBLIGATIONS UNDER THE NOTES

The Issuer's principal purpose is to provide funding to entities within the Group. Therefore, the Issuer's ability to fulfil its obligations under the Notes is entirely dependent on the Guarantor's financial performance. The Issuer is subject to all the risks to which the Guarantor is subject, to the extent that such risks could limit the Guarantor's ability to satisfy in full and on a timely basis its obligations under the relevant Guarantee.

RISKS RELATING TO CITYCON'S OPERATING ENVIRONMENT

Economic Fluctuations and Economic Development Have an Adverse Effect on the Real Estate Market and therefore to Citycon's Business and Results of Operations.

The real estate market, demand for retail and other premises, rent levels, occupancy rates, and tenants' ability to pay the rent are significantly affected by economic fluctuations and developments, making them potential risks for Citycon. The general economic trends and consumer confidence and behaviour in the Nordic countries and Estonia along with the economic impact on the fair values, occupancy rates and rent levels of the shopping centres could affect Citycon's business operations.

Economic growth levels typically vary in Citycon's key markets. The economy is in 2017 expected to grow in Finland after some slow years, and the business environment in Sweden, Estonia, Denmark and Norway remains strong or relatively strong.¹ However, since the Norwegian economy is highly exposed to oil prices, low oil prices may have a negative effect on the GDP's growth prospects.

The changes in national and local economies have an effect on the real estate market, and in particular on rent levels and occupancy rates. More specifically, actual inflation has a direct effect on the rent levels. Certain of Citycon's leases are based on agreements whereby the rental rate is determined by (i) the base rent tied to a yearly rent revision which is based on an index, such as a cost-of-living index, or a percentage minimum increase, and (ii) the maintenance rent, which is charged separately from the lessee and is used to cover operating expenses incurred by the property owner relating to property maintenance. Thus, the development of rental income levels is for the most part strongly dependent on inflation rate developments.

¹ Eurostat, European Economic Forecast, Spring 2017 report, page 175, Gross domestic product, volume

A portion of Citycon's lease agreements also contain a turnover-linked component in addition to base rent, while certain of Citycon's other lease agreements are fully based on a tenant's turnover. At the end of 2016, leases which have a turnover-linked component or which are fully based on a tenant's turnover accounted for 64 per cent. of Citycon's lease portfolio, which was unchanged from the end of 2015. Reduction in a tenant's sales would therefore directly reduce Citycon's rental income. Reduced tenant sales also reduce tenants' willingness and ability to pay rent.

Periods of weak economic growth or recession and unfavourable real estate market conditions could reduce demand for Citycon's retail and other premises, occupancy rates and rent levels and result in decreased turnover-based rental income. Even though retail trade has developed positively since 2010, there are many threats with regards to the European economy that may change this development and, therefore, there are no guarantees that Citycon will be able to maintain the present high degree of occupancy and the rental rates of the properties owned by it. The economic occupancy rate of Citycon's portfolio was approximately 96.2 per cent. at the end of 2016 (96.8 per cent. at the end of 2015), when Citycon's economic occupancy rate in Finland was approximately 92.8 per cent., in Norway approximately 98.7 per cent., in Sweden approximately 97.2 per cent. and approximately 99.5 per cent. in Estonia and Denmark. The economic occupancy rate of Citycon's property portfolio was approximately 96.3 per cent. on 30 June 2017. Further, Citycon has major (re)development projects in progress throughout its operating countries and once all of these projects are completed, the leasable area within Citycon's shopping centres will increase. Planned leasing of the respective new retail premises is of primary importance with regard to Citycon's financial development and growth. Adverse changes in rent levels, failures in renting new business premises or the loss of key tenants and subsequent decreases in occupancy rates could have a material adverse effect on Citycon's business, results of operations, and financial condition.

The United Kingdom's Exit from the European Union May Adversely Impact Citycon's Business, Results of Operations and Financial Condition.

On 23 June 2016, a majority of the United Kingdom's electorate voted for the United Kingdom's withdrawal from the European Union (**Brexit**). The British Prime Minister acted on this decision by formally notifying the European Council on 29 March 2017, of the United Kingdom's intention to withdraw from the European Union in accordance with Article 50(2) of the Treaty on European Union. As a result, the process of negotiation between the United Kingdom government and the European Union will determine the future terms of the United Kingdom's relationship with the European Union. While Article 50(3) provides for a two-year period during which any Member State that has decided to withdraw from the European Union can negotiate its future relationship with the European Union, such period could be extended beyond two years by mutual agreement.

The uncertainty around the timing of Brexit, its economic and other terms is likely in the future to cause volatility in the financial markets. Such volatility may affect interest rates, which in turn may affect Citycon's business operations by increasing cost of servicing its debt financing arrangements and increasing the cost of refinancing of its existing borrowings. See "*—Citycon May Not Be Able to Secure Financing on Satisfactory Terms or at All in the Future*". Such volatility may also adversely affect Citycon's ability to refinance its existing indebtedness when due on commercially acceptable terms or at all. See "*—Financing Risks Relating to Citycon's Business — Increases in Interest Rates and Credit Margins Increase Citycon's Financing Costs.*" Brexit may in the future cause certain adverse effects on European economic conditions and may have adverse effects on levels of economic activity in the countries in which Citycon operates. Any of the foregoing factors may have a material adverse effect on Citycon's business, results of operations, and financial condition.

The Imbalance of the Euro Area Could Have a Material Impact on Citycon's Business, Results of Operations and Financial Condition.

All of the countries in which Citycon currently operates are member states of the EU, except Norway, which is a member state of the European Economic Area (**EEA**). Finland and Estonia also belong to the European Economic and Monetary Union (**EMU**) and have, therefore, adopted the euro as their currency. Financial risks related to the euro area and its member states may affect Citycon's operating environment either

directly or indirectly through the common currency and monetary policy. The prolonged and deep fiscal deficits, high indebtedness and unemployment rate in certain EMU member states constitute significant economic challenges. The normalisation of the imbalances arisen in the economy of the euro area requires active measures from the EMU member states and the European Central Bank, and achieving decisions and their effectiveness involve significant uncertainty. If the imbalances concerning the euro area cannot be solved to a sufficient extent and confidence in the public economy of the euro area cannot be restored, this may have a material adverse effect on Citycon's business, results of operations, and financial condition. For further information on currency risks, please see "*—Financing Risks Relating to Citycon's Business—Citycon Is Exposed to Fluctuations in Exchange Rates*".

The Fair Value of Citycon's Investment Properties May Fluctuate.

The fair value of investment properties, and market price levels are influenced by several factors, such as fluctuations in general and local economic conditions, interest rates, availability and cost of financing, inflation expectations, GDP growth, private consumption, market rent trends, vacancy rates, property investors' yield requirements, property operating expenses, the relative attractiveness of other asset classes and competition.

In addition, city planning and building projects, as well as changes in competitive dynamics, may influence the value of properties. Citycon uses the fair value model in the valuation of its investment properties, whereupon fair value changes (i.e. fair value gains and losses) of investment properties are recognised in the statement of comprehensive income (IAS 40). Additional information on the changes in the fair value of Citycon's investment properties can be found in "*Citycon's Property Portfolio in Brief and Investments, Divestments and Development Projects*".

In 2016, the fair value of the investment properties increased in Sweden and Norway, however the decreased market rents in Finland and Estonia caused unfavourable changes in the property fair values. Citycon has recognised net fair value gains on its investment properties in each year from 2012 to 2016. However, changes in the fair value of the investment properties impact Citycon's statement of comprehensive income and statement of financial position of Citycon, but they do not have a direct effect on the cash flow statement. Significant fair value losses of the investment properties could have a material adverse effect on Citycon's business, results of operations, and financial condition.

Increasing Online Retail May Have an Adverse Effect on Shopping Centre Sales and Decrease Demand for Commercial Retail Premises.

The retail industry continues to transform as online retail grows and consumers increasingly shop online. The growth of online retail and new competitive retail schemes affect customer behaviour and have an impact on the demand for commercial retail premises by new and existing tenants. Shopping centres will need to adapt their services and tenant offerings to meet changing consumer behaviour and demand to continue to attract customers. Citycon aims to adapt its operations to the effects of increasing online retail by focusing on urban grocery- and necessity-anchored shopping centres in growing cities that also offer restaurants and commercial and municipal services, as well as by utilising social media in daily operations. A significant increase in online retail internet shopping could, however, decrease shopping centre sales and the demand for commercial retail premises, which could have a material adverse effect on Citycon's business, results of operations, and financial condition. The growth or perceived future growth of online retail may also impact investors' willingness to invest in retail assets including shopping centres and in companies owning shopping centres. This may impact Citycon's access to equity and debt financing.

Concentrated Property Portfolio and Dependency upon Retail Sales Expose Citycon to Local and Industry-Related Risks.

In accordance with Citycon's strategy, Citycon's property portfolio is concentrated and consists almost entirely of retail properties, the majority of which are currently located in Finland, Sweden and Norway. Citycon's largest tenant groups are specialty and grocery store chains, but also cafés and restaurants, banks and financial institutions and municipalities and other public administration tenants. The fair value of Citycon's investment properties totalled approximately EUR 4,156.1 million on 30 June 2017, with Finnish

properties accounting for approximately 42 per cent., Norwegian properties accounting for approximately 33 per cent., Swedish properties accounting for approximately 17 per cent. and properties in Estonia and Denmark accounting for approximately 8 per cent. of the total fair value. As Citycon's current property portfolio is currently concentrated on commercial properties in the major cities in Finland, Sweden and Norway, Citycon's business depends heavily on the growth of retail trade in Finland, Sweden and Norway. For economic risks related to Citycon's business, please see "*— Risks Relating to Citycon's Operating Environment—Economic Fluctuations and Economic Development Have an Adverse Effect on the Real Estate Market and therefore to Citycon's Business and Results of Operations*".

Citycon's high level of concentration in retail property and its dependency on the Finnish, Swedish, Danish, Estonian and Norwegian retail trade may have a material adverse effect on Citycon's business, results of operations, and financial condition.

Increased Competition in the Real Estate Market May Have an Adverse Effect on Citycon's Business and Its Growth Opportunities.

The Nordic and Baltic real estate markets are characterised by increasing competition from international real estate investors. Citycon expects new real estate investors to continue to enter these markets in the future. Transaction volumes in the Nordic property markets as of 30 June 2017 were up by 14 per cent., as compared to the same period in 2016, with increased Norwegian, Finnish and Danish transaction volumes in the six months ended 30 June 2017 (when compared to the same period in 2016), whereas the Swedish transaction volumes declined.² However, all Nordic property markets increased over the last twelve months. In addition, increased competition in Estonia could result in reduction of rent levels and occupancy rates.

Highly liquid real estate markets usually decrease yield requirements and increase real estate prices, whereas slow and illiquid markets usually increase yield requirements which leads to lower real estate prices. There is currently strong demand for prime properties while the demand for secondary properties is weaker.³ In addition, the slow rate of planning may have a limiting effect on the building of new retail properties or extensions of already existing retail properties. This development, combined with the entry of new international investors on the local markets, may make it more challenging for Citycon to acquire new properties and could weaken Citycon's market share and growth possibilities. In the short term this might lead to increasing property prices and value of Citycon's portfolio, while in the longer term this could have a material adverse effect on Citycon's business, results of operations, and financial condition.

Citycon aims to further improve its business and profits by redeveloping and expanding its current properties, by acquiring new shopping centres for further development and by carrying on active shopping centre management. There are, however, no guarantees that Citycon will be able to maintain its market share and continue to benefit from its current position. Increased competition in the Nordic and Baltic real estate markets could weaken Citycon's position, market share and growth possibilities, which could in turn have a material adverse effect on Citycon's business, results of operations, and financial condition.

The Construction of New Retail Premises May Increase Competition for Tenants and, therefore, Negatively Affect Citycon's Business.

The construction of new shopping centres and other retail premises is likely to result in increased competition for tenants, particularly in the largest urban areas. This may put pressure on rent levels and increase marketing costs incurred by real estate owners and managers, make it more challenging to attract and retain tenants at commercially satisfactory rental rates and increase the vacancy rate. As a result, the need for tenant-specific alteration work and incentives to accommodate tenants' needs may increase. Any significant increase in marketing costs and tenant incentives and related investments, or the impact from difficulties in attracting and retaining suitable tenants, could have a material adverse effect on Citycon's business, results of operations, and financial condition.

² Pangea Property Partners Monthly Report July 2017.

³ Sources: CBRE, Newsec, JLL Nordic City Report Spring 2017.

Property Valuation Statements Are Inherently Subjective Assessments of External Property Appraisers.

Real estate valuations are subjective assessments by external property appraisers that are influenced by a number of variables, assumptions, and methodologies that may result in the valuation being inaccurate. Particularly, uncertainties impacting valuation statements include, amongst other factors, the lack of liquidity of real estate assets, the availability of debt funding, the nature of each property, its location, the expected future rental income from that particular property and the valuation methodology used to assess that property's value. This is especially true when there are few or no comparison sales. In addition, property appraisals are based on assumptions that may prove erroneous. Property appraisers make certain assumptions on the future development of the real estate market, such as market yields and market rents. During the first quarter of 2017, Citycon has started to measure internally the fair value of properties. The internal valuations are conducted on the first and third quarter, while the external property appraiser continues to conduct the valuation for all properties on the second and fourth quarter. The internal valuations are based on the yields and market rent indications provided by the external property appraiser. In addition, the external property appraiser conducts the fair value evaluation of all properties under development. Jones Lang LaSalle's (JLL) provided the valuation advisory regarding the property market, yields and market rents for the first quarter of 2017 and as of 30 June 2017 onwards the external property valuations will be conducted by the global property specialist CBRE. Any erroneous assumptions used as a basis for appraisals or deficient appraisals may result in such appraisals materially deviating from the market price of a property site and may thus have a material adverse effect on Citycon's business, results of operations, and financial condition.

Tenant Sales and Demand for Citycon's Retail Premises May Be Adversely Affected by Decreasing Private Consumption.

Private consumption has a material effect on the sales of Citycon's tenants and, hence, on the demand for Citycon's retail premises. Growth in retail sales is mainly dependent on economic development, increases in household purchasing power and growth in consumer spending. In 2016, retail sales grew in all the countries in which Citycon currently operates, except Denmark. In 2016, the growth rate of retail sales was 0.7 per cent. in Finland, 2.9 per cent. in Norway, 3.3 per cent. in Sweden, 3.0 per cent. in Estonia, but in Denmark, inflation-adjusted retail sales declined by 0.1 per cent. During 2016, household consumer confidence remained positive in Finland and Sweden but in Estonia the household consumer confidence indicator was negative in 2016.⁴

Weakness in the European economy may further decrease consumer confidence and reduce consumption. Should growth in private consumption slowdown in Citycon's geographic markets, this could lead to decreased demand for retail premises. Lower tenant demand may negatively affect the rental and occupancy levels in Citycon's portfolio, which could in turn have a material adverse effect on Citycon's business, results of operations, and financial condition.

Citycon's Planned Growth May Be Affected by Competition Regulation and Authority Decisions in Relation to Executing Its (Re)development Projects.

In Finland, Citycon is a market leader in the shopping centre business measured by leasable retail area and is currently the only property investment company specialising exclusively in shopping centres. In Sweden, Citycon is one of the top-three players in the shopping centre market.⁵ Citycon owns the second and third largest shopping centres in Tallinn, Estonia – Rocca al Mare and Kristiine Keskus – making it a market leader in that city. Through the acquisition of Sektor Gruppen, Citycon entered the Norwegian market in 2015 and is the second largest shopping centre operator in Norway. As Citycon acquires properties and increases its market share, it may become subject to increased scrutiny and challenges with regards to its compliance with competition regulations. It is possible that competition authorities could rule that certain future acquisitions are anti-competitive, which may limit Citycon's ability to further grow through acquisitions.

⁴ Source: Eurostat, Statistics Finland, Norway, Sweden, Estonia and Denmark.

⁵ Source: Based on gross retail lease area, information derived from Suomen Kauppakeskisyhdistys Ry Pangea Property Partners analysis as per April 2017, Finnish Shopping Centres 2017, Issuer reports, market research and estimates.

Citycon has new (re)development projects under consideration. All projects under consideration may change or be cancelled, for example due to circumstances relating to city planning and zoning. Public authorities, such as municipality authorities, are empowered to develop plans for the use of land. Development projects require close contacts with those authorities. Citycon's business depends on cooperation with authorities empowered with regulatory responsibility relating to Citycon's business. Adverse proceedings with authorities could have a material adverse effect on the possibility to start development projects, or on the progress of the development projects and therefore on Citycon's business, results of operations, and financial condition.

Possible Legislative Changes May Cause Unpredictable Adjustment Costs or Increased Tax Burden, and Possible Changes in the International Financial Reporting Standards May Affect Accounting Principles of Citycon's Financial Statements.

Citycon's operations are regulated by the legislation of each country in which Citycon operates. In addition, Citycon's operations may be affected by regional or supranational regulations, such as EU legislation. Citycon's management believes that Citycon complies in all material respects with legislative requirements and other regulations as at the date of this Offering Circular. Legislation and other regulations may, however, change, and Citycon cannot guarantee that in such cases it would be able to comply, without significant measures and expenses, with the requirements of changed legislation or other regulations. For example, changes in law and regulations, or in their interpretation and application, concerning property, land use, development, zoning, health, safety, stability requirements, tenants and rents, environmental protection, privacy, labour and taxation may have a material adverse effect on Citycon's operations. Additionally, environmentally oriented regulation and the industry best practices continue to increase in rigor and scope. Such changes may adversely affect Citycon's ability to use certain real estate assets as initially intended and could also cause Citycon to incur increased capital expenditure or running costs to ensure compliance with new or amended applicable laws or regulations, which may not be entirely offset by the rental income.

Tax law and regulations and their interpretation and application related to tax deductibility of interest expenses and taxation of capital gains, as well as the laws and regulations related to stamp duties on transactions may be subject to change in the countries in which Citycon operates. Citycon monitors and analyses the impact of such changes as part of its normal operations. Taxable income is subject to uncertainty, and the final amount of taxes may deviate from the originally recorded amount. If the final amount of taxes deviates from the originally recorded amounts, such differences may affect the period's taxable profit, tax receivables or liabilities as well as deferred tax assets or liabilities. Changes in capital gains taxation and in stamp duties may also impact the property markets and impede Citycon's ability to complete non-core disposals. As Citycon prepares its consolidated financial statements in accordance with IFRS, changes in international accounting standards may affect Citycon's accounting policies and, therefore, such changes may have a material adverse effect on Citycon's results of operations for the financial period.

Adapting Citycon's operations to any of the changes described above may result in additional costs or increased tax burden for Citycon that are difficult to anticipate, which in turn may have a material adverse effect on Citycon's business, results of operations, and financial condition.

RISKS RELATING TO CITYCON AND ITS BUSINESS

Citycon's (Re)development Projects May Fail.

Citycon aims to further improve its operations and profits by (re)developing and refurbishing its existing properties. Citycon's property development projects are subject to the risks usually attributable to construction projects, which include: (i) delays in construction work or other unforeseeable delays, (ii) cost overruns, (iii) lack of demand for the new or (re)developed leased premises and (iv) planning and zoning risk. Should any of Citycon's significant (re)development projects prove to be unsuccessful, this may have a material adverse effect on Citycon's business, results of operations, and financial condition.

Citycon Has Exposures to Its Largest Tenants.

Citycon's largest tenants include international and local grocery, fashion and specialty chains, as well as restaurants, tenants from the banking and financing sectors and municipal and government tenants. For the year ended 31 December 2016, approximately 19.7 per cent. of Citycon's rental income was generated through lease agreements entered into with its five largest tenants: Kesko, the S-Group, Varner Group, ICA Gruppen AB, and NorgesGruppen. The largest individual tenant is the Kesko Group with its different business units and group companies; which together accounted for approximately 6.6 per cent. of Citycon's rental income for the year ended 31 December 2016, whereas the four other aforementioned tenants together accounted for approximately 13.1 per cent. of Citycon's rental income for the year ended 31 December 2016. The most important segment of the Kesko Group is grocery retail trade.

The potential inability of Citycon to satisfy the needs of its key tenants leading to decreasing demand for retail space from such key tenants could have a material adverse effect on the occupancy rates and rental income of Citycon's properties. Changes in the key tenants' business environment and behaviour, or the loss of rental income from one or more key tenants, could have a material adverse effect on Citycon's business, results of operations, and financial condition.

Increase in Costs Relating to Operational Activities and Investments or Potential Damage During Construction Could Have a Negative Effect on Citycon.

Citycon expects that its property operating expenses may increase in the medium term due to, amongst other things, increased marketing and personnel costs. In addition as Citycon's existing properties age, the cost of repairs is expected to increase accordingly, and in accordance with its strategy, Citycon may make significant investments in (re)developing its ageing properties. Such costs could be significantly higher than Citycon's expectations, and the rent charged to tenants may not cover Citycon's costs, which could result in Citycon making a loss on the property.

In recent years, the construction industry has seen a positive economic cycle in Citycon's business areas, which has caused the costs of construction and construction materials to rise. Increases in construction costs could prevent Citycon from implementing all of its planned development projects or reduce the projected profitability of development projects already underway.

If Citycon does not maintain its ageing properties sufficiently, this may result in a decrease in the value of the properties, increased maintenance costs, significant cost to repair and renovate such properties and a reduction in the demand for retail premises, which could have a material adverse effect on Citycon's business, results of operations, and financial condition.

Citycon has commissioned the construction of some of the properties it owns. As the owner and developer of the properties, Citycon may be liable for possible faults found in the properties as well as other direct or indirect damage pertaining to the properties. Citycon's liability for defects and/or damages may materialise, for example, as compensation to tenants in or other users of Citycon's properties for damage caused due to defects or faults in the property. Potential faults related to construction and consequent liabilities may jeopardise the profitability of Citycon's business and lower the fair value of investment properties owned by Citycon, which may have a material adverse effect on Citycon's business, results of operations, and financial condition.

Terrorist Attacks May Have an Adverse Impact on Citycon's Business and Operating Results and Could Decrease the Value of Citycon's Assets.

Terrorist attacks, especially those that have recently taken place in other European nations, have resulted in substantial and continuing economic volatility and social unrest globally and regionally. Further developments stemming from these events or other similar events could cause further volatility. An increase in the frequency, severity or geographic reach of terrorist acts could destabilise the countries in which the Group operates. The direct and indirect consequences of any terrorist attacks are unpredictable, and Citycon may not be able to foresee events that could have an adverse effect on the results of its business operations.

Regardless of its likelihood, a terrorist attack in or near any of Citycon's shopping centres cannot be ruled out.

As consumers perceive increased risk of terrorist acts in places of public gathering, such as shopping centres, they may reduce the number of visits made to or the time spent in these places. Future terrorist attacks may also result in declining economic activity, which could reduce the demand for and the value of Citycon's properties. Terrorist attacks or incidents, or the threat of attacks, could negatively impact sales and tenants' businesses could be adversely affected, including their ability to continue to honour their lease obligations, which may have a material adverse effect on Citycon's business, results of operations, and financial condition.

The Ability to Identify Potentially Profitable Acquisition Targets and Successfully Execute Acquisitions Is a Requirement to Meet Citycon's Growth Targets.

Citycon's strategy is, in addition to (re)development projects, to grow through selective acquisitions of new shopping centres. Citycon has implemented specific processes for its acquisitions and it aims to carefully investigate and analyse potential targets and related liabilities prior to completing an acquisition. The acquisition of additional properties is often preceded by a bidding procedure involving multiple bidders and subject to the successful completion of negotiations. There can be no guarantees that Citycon will find new targets that will fit its strategy at acceptable commercial terms, or that it will successfully manage to complete the bidding or negotiation processes. The inability to find new targets, to identify all potential risks and liabilities relating to such targets, to make correct valuations of such targets or to complete acquisitions may have a material adverse effect on Citycon's business, results of operations, and financial condition.

The Ability to Integrate Acquired Targets Successfully Is a Requirement to Meet Citycon's Targets for Growth in Profitability.

Citycon's business has grown in recent years, mostly through acquisitions of new shopping centres and completion of (re)development projects. This growth has required and is further expected to require significant management and personnel resources as well as financial resources. Successful integration of acquired properties into Citycon's existing business is essential for Citycon's ability to grow profitably. Should Citycon be unable to successfully integrate targets acquired in the future, this may have a material adverse effect on Citycon's business, results of operations, and financial condition.

The Guarantor's Ability to Meet Its Obligations Depends Primarily upon Receipt of Sufficient Funds from Other Members of the Group.

The Guarantor's ability to meet its obligations depends primarily upon receipt of sufficient funds from other members of the Group. The Guarantor is dependent upon payments, including by way of loans, from other members of the Group to generate the funds necessary to pay principal and interest on its borrowings. The Guarantor and its Subsidiaries may from time to time be subject to restrictions on their ability to make such payments to the Guarantor as a result of regulatory, fiscal, and other restrictions. There can be no assurance that such restrictions will not have a material adverse effect on the Guarantor's ability to service its borrowings or meet any other costs it may incur, including in respect of the Notes. There can be no assurance that the Guarantor will receive sufficient funds from other members of the Group to meet its financial obligations.

Joint Ventures May Introduce Additional Risks to Citycon.

Citycon may execute real estate acquisitions together with other real estate investors or dispose a part of its properties to third parties. For instance, in January 2013, Citycon acquired Kista Galleria, a prime shopping centre in Stockholm, in partnership with CPPIB, an investment management organisation investing the funds of the Canada Pension Plan. Citycon and CPPIB each own 50 per cent. of the shopping centre. Further, the Mölndal Galleria (in Gothenburg) (re)development is carried out in a joint venture with NCC and in Norway, Citycon is involved in two residential projects through joint ventures with developers of residential units. In addition, in Norway, Citycon is a 20 per cent. owner of four shopping centres along with Partners Group.

These kinds of joint ventures bring along certain risks. Citycon's ability to withdraw funds (including dividends) from and to exercise management control over the joint ventures may depend on the consent of the joint venture partners. Any disagreements with its partners, for example, on developing the business or pursuing the joint projects or other typical risks relating to a joint venture structure, such as potential joint and several or secondary liability for transactions and liabilities of the joint venture entity, the difficulty of maintaining uniform standards, controls, procedures and policies and the possible termination and/or commencement of a forced buy or sell procedure by the joint venture partner or of the joint venture partner's stake in the joint venture entity, either as a matter of right or by virtue of alleged non-compliance with the applicable joint venture agreement, may have a material adverse effect on Citycon's business, results of operations and financial condition. In addition to this, lenders may become less willing to lend to Citycon if it has a greater proportion of co-owned properties. Any of the above could have a material adverse effect on Citycon's business, results of operations, and financial condition.

Citycon May Not Be Able to Execute Disposals of Real Estate at Acceptable Prices or at All.

In accordance with its strategy, Citycon has in the past sold properties in part or in full and is continuously considering the divestment of properties that are not considered part of its core portfolio. Since the strategy update in 2011, Citycon has divested 57 properties and residential building rights for a total value of approximately EUR 485 million and aims to expedite further capital recycling. Citycon's plan is to divest EUR 200–250 million of non-core assets, mainly in Finland, by 2019. Additionally, Citycon has identified further potential to recycle capital in Norway and plans to divest smaller, non-urban Norwegian assets for up to EUR 200–250 million over the next three years. In the first half of 2017, Citycon has so far divested one property (Länken) and residential building rights (Jakobsberg Centrum) in Sweden, , one shopping centre (Linjuri) and two retail properties (Kaarinan Liiketalo and Porin Asema-aukio) in Finland and one shopping centre in Norway (Lade) for a total value of EUR 118 million. Citycon signed a contract to divest shopping centre Lietorvet in Skien, Norway, for approximately EUR 13 million and the divestment was completed on 7 July 2017. The value and price of the disposed properties are influenced by several factors, such as general economic conditions, interest rates, inflation expectations, investor yield requirements, the availability of debt financing and competitive dynamics. It may also be difficult to sell properties that the markets categorise as non-prime properties. There can be no guarantee that Citycon will be able in the future to execute disposals at acceptable prices or at prices that are higher than the fair market valuation of a particular property. Delayed disposal of properties or disposals of the properties at a loss could slow down the plan for asset quality improvement of Citycon and this may have a material adverse effect on Citycon's business, results of operations, and financial condition.

There Is No Guarantee That Citycon's Lease Agreements Will Be Extended in the Future and it is Possible that New Lease Agreements Materialise on Materially Worse Conditions.

Citycon's lease agreements are divided into two categories: fixed-term lease agreements and lease agreements effective until further notice. Citycon mainly seeks to enter into fixed term leases. Apartments, storage facilities and individual parking spaces form the main exceptions to this. As of 31 December 2016, leases in effect until further notice represented approximately 3 per cent. of Citycon's property portfolio.

Lease agreements effective until further notice introduce a risk that a large number of such agreements may be terminated within a short period of time, and this risk may increase in an uncertain economic environment. Conversely, fixed-term agreements are less flexible, which may in some cases delay necessary development projects in the property during the term of the agreement. The average remaining length of Citycon's lease agreements was 3.4 years as of 30 June 2017.

Citycon generally aims to renew lease agreements with the existing tenants. There are, however, no guarantees that Citycon will be successful in extending the lease agreements at current or with increased rent levels. Accordingly, Citycon cannot guarantee that the like-for-like net rental income growth achieved during the last years can be maintained. The concurrent termination of a large number of lease agreements and the inability of Citycon to renew these agreements on improved or similar terms could have a material adverse effect on Citycon's business, results of operations, and financial condition.

Strong Market-Share Concentration of Grocery Retail Trade in Finland, Norway and Sweden Limits Competition and Rent Levels.

Grocery stores, including the two largest tenants of Citycon – Kesko and the S-Group – are often anchor tenants in the shopping centres owned by Citycon. Particularly in Finland and Norway, but also in Sweden, the grocery retail trade is strongly concentrated; the S-Group's market share in the entire Finnish grocery retail market was approximately 42 per cent. in 2016 and the combined market share of Kesko and the S-Group in Finland was approximately 78 per cent. in 2016, whereas the market share of NorgesGruppen was 41 per cent. of the Norwegian grocery market in 2016. In concentrated markets demand for retail space is lower due to reduced competition, thereby leading to a situation where Citycon might not always be able to receive satisfactory rent levels from its retail premises. These factors, in addition to competition that limits or reduces rent levels and subsequently reduces rent potential from grocery stores, could have a material adverse effect on Citycon's business, results of operations, and financial condition.

The Expansion of Citycon's Business into New Geographical Areas May Introduce Additional Risks.

Citycon has expanded its business to Norway, Sweden, Estonia, and Denmark by acquiring shopping centres and other retail premises. Although the further expansion of Citycon's business is currently not part of its strategy, in the future, Citycon may further expand its operations into other new markets. Operations outside of the Nordic markets, which are considered Citycon's home markets, involve potential risks, such as different business cultures, changes in legislation, administrative difficulties, labour issues, and unfavourable tax conditions. The real estate markets in the Baltic countries are less developed and, in addition, the economic and political situation is less stable than in the Nordic countries. Any of the above risks may, if they materialise, have a material adverse effect on Citycon's business, results of operations, and financial condition.

Citycon May Fail to Acquire Required Services or to Transfer the Related Service Cost Increases to Tenants.

Citycon utilises external service providers in its operations in connection with maintaining and constructing Citycon's properties as well as in connection with the planning of development projects. Such external service providers may expose Citycon to various risks, including, but not limited to, failure to perform their contractual obligations, cost deviations in relation to the external services, or liability for their actions or for the actions of property users. Citycon's main external operational service providers are delivering services in the fields of cleaning, technical maintenance, utilities and security.

The availability, terms and conditions, price, and quality of these external services, as well as the possibility of transferring any increases in the costs of these services to the tenants, are material to Citycon's business. The failure to procure services or to transfer the increase in their costs to tenants may have a material adverse effect on Citycon's business, results of operations, and financial condition.

Citycon Is Exposed to Environmental Liabilities.

As owner and holder (as tenant) of real property, Citycon could be held liable for possible environmental damage caused by the operations carried out on such property if such operations have not been carried out in accordance with applicable regulations. In 2016, Citycon introduced the BREEAM In-Use certification for 74 per cent. of Citycon's portfolio measured by value. Although Citycon believes that its properties are generally not used for operations that could be particularly harmful to the environment, it cannot be ruled out that it could be held liable for environmental damage incurred on an owned or held property. Although Citycon believes that it has not caused any environmental harm in connection with its management of the properties, it cannot be ruled out that Citycon could be held liable for damages if it causes or has caused environmental harm in connection with management of the properties. Such environmental liability could, if it materialises, have a material adverse effect on Citycon's business, results of operations, and financial condition.

Concerns about the Effects of Climate Change May Have an Impact on Citycon's Business.

Citycon is exposed to the potential impacts of future climate change and climate change-related risks. Particularly, Citycon is exposed to potential physical risks from possible future changes in climate and rare catastrophic weather events, such as severe storms and/or floods. If the frequency of extreme weather events increases due to climate change, Citycon's exposure to these events could increase.

Citycon does not currently consider itself to be exposed to regulatory risks related to climate change, as its operations do not emit a significant amount of greenhouse gases. However, Citycon may be adversely impacted as a real estate developer in the future by potential impacts to the supply chain and/or stricter energy efficiency standards for buildings.

Citycon Is Dependent Upon Professional Management and Key Personnel.

The success of Citycon materially depends on the professional skills of Citycon's management and personnel, as well as on the ability of Citycon to retain its current management and to recruit new skilled personnel, when needed. Citycon believes that its materialised and expected growth will impose further expectations on its management and other employees. There can be no guarantees that Citycon will be able to recruit enough new personnel or to develop and retain its current management and key personnel in the future. In addition, Citycon might incur significant recruitment costs as a result of hiring new management or other employees. The loss of key management members or key employees and know-how, potentially to Citycon's competitors, and the inability to attract qualified new personnel may have a material adverse effect on Citycon's business, results of operations, and financial condition.

Citycon's Insurance Coverage May Prove to Be Inadequate.

Citycon has obtained insurance coverage for its properties and buildings, which it believes to be in line with standard industry practices. This insurance covers liabilities based on possible water damages, fire damages and damages caused by, for example, acts of vandalism or terrorism. In addition, liability insurance aimed to cover damages caused to third parties is also included in Citycon's insurance coverage. Furthermore, Citycon has valid business interruption insurance. Insurance coverage is subject to certain limitations and some risks may not be covered by insurance. Even if the insurance would be adequate to cover Citycon's direct losses, Citycon could be adversely affected by loss of earnings caused by or relating to damage to its properties. The occurrence of any of the above harmful effects or insufficient insurance coverage may have a material adverse effect on Citycon's business, results of operations, and financial condition.

Any Damage to Citycon's Reputation May Have an Adverse Effect on Citycon's Ability to Attract and Retain Tenants as Well as to Retain Key Personnel.

Citycon's ability to attract and retain tenants as well as retain personnel in its employment may suffer if Citycon's reputation is damaged. Matters affecting Citycon's reputation may include, amongst other things, the quality and safety of its business properties, compliance with legislation and official regulations, actions by tenants and actions by individuals at Citycon's properties. Any damage to Citycon's reputation may have a material adverse effect on Citycon's business, results of operations, and financial condition.

Citycon Is Subject to Regulatory and Legal Risks Relating to Securities Issues.

An issuance of shares or other securities by Citycon in or into certain jurisdictions may be subject to specific registration, admission or qualification requirements or other restrictions imposed by local law or regulatory authorities, or may be prohibited altogether. Citycon uses its best efforts to comply with such restrictions, but it cannot be excluded that due to ambiguities related to the application of and practice related to such restrictions, or due to any other reason, Citycon may become subject to regulatory or legal proceedings potentially resulting in fines or penalties or liability for damages. Citycon also has a large number of foreign investors and, in the future, may market its securities to additional foreign investors, which may also increase the risk of potential claims by such investors based on any applicable securities laws or regulations. Even if any such allegations or claims against Citycon were without merit, such claims or regulatory and legal

proceedings might nevertheless cause Citycon significant reputational harm and expose Citycon to significant legal costs.

Credit Losses May Increase as a Result of the Tenants' Financial Difficulties.

As a consequence of a weaker economic environment, incidences of tenants experiencing financial difficulties during the terms of their lease could increase. Credit losses have still however remained stable in recent years, amounting to EUR 1.2 million at the end of 2016 (the amount of credit losses was EUR 1.2 million in 2015, EUR 1.2 million in 2014 and EUR 0.9 million in 2013). Despite a majority of Citycon's lease agreements including rental guarantees, Citycon's credit losses may increase in the future. Any significant credit losses could have a material adverse effect on Citycon's business, results of operations, and financial condition.

Citycon's Actual Performance May Differ Materially from the Long-Term Financial Targets and Prospects Included in this Offering Circular.

Citycon's long-term financial targets and prospects constitute forward-looking information that is subject to considerable uncertainty. The long-term financial targets and prospects are based upon a number of assumptions relating to, amongst others, the development of Citycon's industry, business, results of operations, and financial condition. Citycon's actual business, results of operations, and financial condition, and the development of the industry and the macroeconomic environment in which Citycon operates, may differ materially from, and be more negative than, those assumed by Citycon when preparing its long-term financial targets and prospects. As a result, Citycon's ability to reach these long-term financial targets and prospects is subject to uncertainties and contingencies, some of which are beyond Citycon's control, and no assurance can be given that Citycon will be able to reach these targets and prospects or that Citycon's financial condition or results of operations will not be materially different from the long-term financial targets and prospects that Citycon has set for itself.

FINANCING RISKS RELATING TO CITYCON'S BUSINESS

Citycon May Not Be Able to Secure Financing on Satisfactory Terms or at All in the Future.

Citycon operates in a sector that requires high levels of capital investment for growth. Citycon has in recent years carried out different equity and debt financing arrangements, including directed share issues (2007, 2010, 2011 and 2014), rights issues (2007, 2012, 2013, 2014 and 2015), bond issues (2009, 2012, 2013, 2014, 2015 and 2016) as well as several bank credit facility arrangements (2007–2015). In addition, Citycon has commercial paper programs in Sweden and Finland, and since June 2017 also in Norway. Citycon has refinanced most of its debt in the last three years, and has no major long-term debt maturing until 2020. On 30 June 2017, Citycon's unused credit limits and cash balance amounted to EUR 564.8 million as a substantial liquidity buffer for capital investments and short-term commercial paper maturities.

Citycon has commitments to lenders to the effect that it undertakes to maintain its adjusted equity ratio at above 32.5 per cent., and its interest coverage ratio at a minimum of 1.8 : 1.0. Further, under the terms of the bonds issued in 2013, 2014, 2015 and 2016, Citycon has committed to maintaining its solvency ratio at or below 0.65 : 1.0 and its secured solvency ratio at or below 0.25 : 1.0. These covenants are calculated bi-annually according to the relevant debt agreement.

Furthermore, the macroeconomic condition of the euro area as a whole might also have a significant effect on Citycon's ability to obtain financing. Deterioration in the economy of the euro area could result in a reduction in the capital that lenders are willing to deploy within the euro area, which may result in increased financing costs or the lack of available financing on economically viable terms.

Citycon's growth strategy, refinancing of maturing debt and upcoming new investments in developing projects or new acquisitions create a need for new funding. If Citycon is unable to obtain financing on commercially favourable terms, or if delays are incurred in obtaining such financing, this could impair Citycon's ability to make investments, or force Citycon to divest assets, which, in turn, could have a material

adverse effect on the execution of Citycon's strategy and Citycon's business, results of operations, and financial condition.

Increases in Interest Rates and Credit Margins Increase Citycon's Financing Costs.

Changes in interest rates have a significant effect on the real estate business. Market interest rates fell sharply due to the financial crisis in the autumn of 2008 and have stayed at very low levels in historical terms since then. Interest rates are naturally expected to increase over time.

Fluctuations in interest rates affect Citycon's floating-rate loan interest expenses, which increase as market interest rates increase. Citycon carefully monitors the development of interest rates and actively hedges its position against changes in interest rates. According to Citycon's financing policy, its interest rate position must be hedged at a minimum level of 70 per cent. and at a maximum level of 90 per cent. Citycon mainly uses fixed-rate debt and interest rate swaps to manage its interest rate risks. Citycon's debt portfolio's hedging ratio was 85.6 per cent. on 30 June 2017.

A substantial increase in interest rates may also affect private consumption or the ability of tenants to pay rents or may lead to increased vacancy rates of Citycon's business premises.

Credit margins charged by Citycon's lenders increased clearly in 2008–2012 due to the financial crisis. During 2014–2016, the margins have decreased, but are still at a somewhat higher level than prior to the financial crisis. Tightening regulation of the banking sector (the Basel III) may contribute to higher costs of financing for banks, which may again result in an increase in the price of Citycon's new bank financing and Citycon's average interest rate level.

A material increase in interest rates or increased credit margins could, especially in the long term, have a material adverse effect on Citycon's business, results of operations, and financial condition.

Citycon Is Exposed to Fluctuations in Exchange Rates.

Citycon is exposed to foreign currency risks due to its operations and debt and equity investments outside of the euro area, mainly from the Swedish krona and Norwegian krone. According to Citycon's policy, all net currency transaction positions with an effect on the profit and loss statement are managed and hedged with currency derivatives. Equity investments into subsidiaries outside the euro area are not hedged, which will create translation differences and can reduce the value of these investments and the equity of the Group.

In order to prepare its financial statements, Citycon must convert the values of the assets, liabilities, revenues and expenses denominated in Swedish krona and Norwegian krone into euro at exchange rates applicable in the relevant time period. Accordingly, significant movements in currency rates between the euro and the Swedish krona or the Norwegian krone may have a material adverse effect on Citycon's business, results of operations and financial condition.

In Sweden and Norway, most of Citycon's sales and expenses are denominated in the local currency. To minimise any negative impact caused by exchange rate volatility, Citycon seeks to finance its Swedish business in Swedish krona and the Norwegian business in Norwegian krone so that changes in operating profit due to currency fluctuations are partly offset by changes in financial expenses.

In Denmark, the Danish krone has been closely pegged to the euro from the start and it does not, therefore, expose Citycon to major exchange rate risks. If the situation were to change and the Danish krone were devalued against the euro, it could have a material adverse effect on Citycon's business, results of operations, and financial condition.

The Interests of Citycon's Significant Shareholders May Be Inconsistent with the Interests of Noteholders.

There are, as at the date of this Offering Circular, certain shareholders who hold, directly and indirectly, a significant position in Citycon's share capital. The interests of Citycon's significant shareholders could conflict with the interests of Noteholders. On 30 June 2017, Citycon's largest shareholder, Gazit-Globe Ltd.,

held 43.9 per cent. of all the shares and votes in Citycon. Gazit-Globe Ltd.'s shareholding enables it to prevent resolutions requiring a majority of at least two-thirds of the votes cast and shares represented at a General Meeting of Shareholders. Such resolutions include a resolution to amend Citycon's Articles of Association, resolutions to issue shares in deviation from the pre-emptive subscription right of shareholders and resolutions regarding a potential merger, demerger or liquidation of Citycon.

CPP Investment Board Europe S.à r.l (**CPPIBE**) is Citycon's second largest shareholder holding approximately 15 per cent. of all the shares and votes in Citycon on 30 June 2017. CPPIBE and Gazit-Globe Ltd. have on 12 May 2014 entered into an agreement documenting the parties' objectives in certain governance matters relating to Citycon (the **Governance Agreement**).

The Governance Agreement includes, amongst other things, an undertaking by each of CPPIBE and Gazit-Globe Ltd. to support a certain number of nominees proposed by the other party to the Board of Directors of Citycon, taking into account the independence requirements imposed under the Finnish corporate governance regime. For further information on the composition of Citycon's Board of Directors, please see "*Description of the Guarantor – Directors, Corporate Governance and Management of the Guarantor*" below. Significant shareholders' interests may differ from the interests of other shareholders and may affect potential actions or transactions that might benefit the Noteholders.

Gazit-Globe Ltd.'s Ownership May Exceed 50 per cent. Triggering Change of Control Clauses and an Obligation to Make a Mandatory Public Offer.

Should the ownership of Gazit-Globe Ltd. exceed 50 per cent. of the votes carried by Citycon's shares, this would trigger an obligation for Gazit-Globe Ltd. to make a mandatory public tender offer for the remaining shares and securities entitling their holder to shares in Citycon under the Finnish Securities Market Act unless the Financial Supervisory Authority of Finland (*Finanssivalvonta*) (the **FSA**) grants an exemption from such obligation. Further, the ownership of Gazit-Globe Ltd. exceeding 50–55 per cent. of the votes carried by Citycon's shares would constitute a change of control in Citycon as defined in certain of Citycon's debt financing agreements and bond terms. Such a change of control would impose an obligation for Citycon either to prematurely repay the loans and bond holdings in question or negotiate with the creditors in question about extension and terms of the financing, which Citycon may not be able to do on commercially reasonable terms or at all.

The Governance Agreement Entered into Between Gazit-Globe Ltd. and CPPIBE May Trigger an Obligation to Make a Mandatory Public Offer.

According to information received from Gazit-Globe Ltd. and CPPIBE by Citycon, the purpose of the Governance Agreement is to agree on a framework for certain governance mechanisms and processes that CPPIBE and Gazit-Globe Ltd. deem would contribute to the effective governance of Citycon in the interest of all of its shareholders. The Governance Agreement regulates, amongst other things, the appointment of members to the Board of Directors of Citycon and CPPIBE's tag-along right in the event of transfer of shares in Citycon by Gazit-Globe Ltd.

According to information received by Citycon, Gazit-Globe Ltd. and CPPIBE have received statements from the FSA to the effect that the Governance Agreement does not, as such, constitute acting in concert as defined under the Finnish Securities Market Act, and thus does not trigger an obligation for the parties to make a mandatory public tender offer for the shares in Citycon. The FSA notes in its statements that this position should be reassessed should the parties strive to materially reduce the number of the members of the Board of Directors of Citycon from the current ten (10) members. According to information received by Citycon, as a result of the FSA's above-mentioned statement, the Governance Agreement includes an undertaking by Gazit-Globe Ltd. and CPPIBE to the effect that they will refrain from any actions to materially reduce the number of the members of the Board of Directors from the current number.

However, should there be a material change in the circumstances affecting the grounds of the FSA's statement referred to above, the Governance Agreement entered into between Gazit-Globe Ltd. and CPPIBE could be deemed to constitute acting in concert as defined under the Finnish Securities Market Act and,

consequently, could trigger an obligation for Gazit-Globe Ltd. and CPPIBE to make a mandatory public tender offer for the remaining shares and securities entitling their holder to shares in Citycon.

Credit Ratings May Not Reflect All Risks.

Moody's and S&P have assigned credit ratings to Citycon. On 15 January 2016 Moody's upgraded Citycon's investment grade level long-term corporate credit rating to Baa1 and S&P has assigned a long-term corporate credit rating of BBB to Citycon. See "*—Risks related to the Market Generally—Credit ratings assigned to the Issuer, the Guarantor or any Notes may not reflect all the risks associated with an investment in those Notes*".

These ratings may not reflect the potential impact of all risks relating to Citycon's business. A credit rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by the rating agency at any time. Should Citycon's credit rating be downgraded, this could increase the financial costs of Citycon in the longer term and, therefore, have a material adverse effect on Citycon's business, results of operations, and financial condition.

Citycon's Financing Agreements Involve Counterparty Risk.

International financial institutions are counterparties to Citycon's long-term bank loans, derivative contracts and insurance contracts. It is possible that Citycon's financing or insurance counterparties may experience financial difficulties or bankruptcy in the future. Should one or more of the financial institutions that are Citycon's counterparties experience financial difficulties or bankruptcy, this could have a material adverse effect on Citycon's business, results of operations, and financial condition.

FACTORS WHICH ARE MATERIAL FOR THE PURPOSE OF ASSESSING THE MARKET RISKS ASSOCIATED WITH NOTES ISSUED UNDER THE PROGRAMME

Risks related to the structure of a particular issue of Notes

A range of Notes may be issued under the Programme. A number of these Notes may have features which contain particular risks for potential investors. Set out below is a description of the most common such features:

If the Issuer has the right to redeem any Notes at its option, this may limit the market value of the Notes concerned and an investor may not be able to reinvest the redemption proceeds in a manner which achieves a similar effective return.

An optional redemption feature is likely to limit the market value of Notes. During any period when the Issuer may elect to redeem Notes, the market value of those Notes generally will not rise substantially above the price at which they can be redeemed. This also may be true prior to any redemption period.

The Issuer may be expected to redeem Notes when its cost of borrowing is lower than the interest rate on the Notes. At those times, an investor generally would not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Notes being redeemed and may only be able to do so at a significantly lower rate. Potential investors should consider reinvestment risk in light of other investments available at that time.

If the Issuer has the right to convert the interest rate on any Notes from a fixed rate to a floating rate, or vice versa, this may affect the secondary market and the market value of the Notes concerned.

Fixed/Floating Rate Notes are Notes which may bear interest at a rate that converts from a fixed rate to a floating rate, or from a floating rate to a fixed rate. Where the Issuer has the right to effect such a conversion, this will affect the secondary market in, and the market value of, the Notes since the Issuer may be expected to convert the rate when it is likely to result in a lower overall cost of borrowing for the Issuer. If the Issuer

converts from a fixed rate to a floating rate in such circumstances, the spread on the Fixed/Floating Rate Notes may be less favourable than then prevailing spreads on comparable Floating Rate Notes tied to the same reference rate. In addition, the new floating rate at any time may be lower than the rates on other Notes. If the Issuer converts from a floating rate to a fixed rate in such circumstances, the fixed rate may be lower than then prevailing market rates.

Notes which are issued at a substantial discount or premium may experience price volatility in response to changes in market interest rates.

The market values of securities issued at a substantial discount (such as Zero Coupon Notes) or premium to their principal amount tend to fluctuate more in relation to general changes in interest rates than do prices for more conventional interest-bearing securities. Generally, the longer the remaining term of such securities, the greater the price volatility as compared to more conventional interest-bearing securities with comparable maturities.

Risks related to Notes generally

Set out below is a description of material risks relating to the Notes generally:

The conditions of the Notes contain provisions which may permit their modification without the consent of all investors and confer significant discretions on the Trustee or the VPS Trustee, as applicable, which may be exercised without the consent of the Noteholders and without regard to the individual interests of particular Noteholders.

The Terms and Conditions of the Notes other than the VPS Notes and the Terms and Conditions of the VPS Notes contain provisions for calling meetings of Noteholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Noteholders including Noteholders who did not attend and vote at the relevant meeting and Noteholders who voted in a manner contrary to the majority.

The Terms and Conditions of the Notes other than the VPS Notes also provide that the Trustee may, without the consent of Noteholders and without regard to the interests of particular Noteholders, agree to (i) any modification of, or to the waiver or authorisation of any breach or proposed breach of, any of the provisions of the Notes or (ii) determine without the consent of the Noteholders that any Event of Default or potential Event of Default shall not be treated as such or (iii) the substitution of another company as principal debtor under any Notes in place of the Issuer, in the circumstances described in Condition 16.

The VPS Trustee Agreement provides that the VPS Trustee may, without the consent of the holders of VPS Notes, make certain modifications to the Terms and Conditions of the VPS Notes or the VPS Trustee Agreement without the prior consent or sanction of such holders of VPS Notes, as further detailed in the Terms and Conditions of the VPS Notes and the VPS Trustee Agreement.

The value of the Notes could be adversely affected by a change in English or Norwegian law or administrative practice.

The Terms and Conditions of the Notes other than the VPS Notes and any non-contractual obligations arising out of or in connection with such Notes are based on English law in effect as at the date of this Offering Circular.

The Terms and Conditions of the VPS Notes (save for Conditions 1, 10, 13 and 14 of the Terms and Conditions of the VPS Notes) and any non-contractual obligations arising out of or in connection with such VPS Notes are based on English law; Conditions 1, 10, 13 and 14 of the Terms and Conditions of the VPS Notes are governed by Norwegian law, in each case as in effect as at the date of this Offering Circular.

No assurance can be given as to the impact of any possible judicial decision or change to English or Norwegian law or administrative practice after the date of this Offering Circular and any such change could materially adversely impact the value of any Notes affected by it.

Investors who hold less than the minimum Specified Denomination may be unable to sell their Notes and may be adversely affected if definitive Notes are subsequently required to be issued.

In relation to any issue of Notes which have denominations consisting of a minimum Specified Denomination plus one or more higher integral multiples of another smaller amount, it is possible that such Notes may be traded in amounts in excess of the minimum Specified Denomination that are not integral multiples of such minimum Specified Denomination. In such a case a holder who, as a result of trading such amounts, holds an amount which is less than the minimum Specified Denomination in his account with the relevant clearing system would not be able to sell the remainder of such holding without first purchasing a principal amount of Notes at or in excess of the minimum Specified Denomination such that its holding amounts to a Specified Denomination. Further, a holder who, as a result of trading such amounts, holds an amount which is less than the minimum Specified Denomination in his account with the relevant clearing system at the relevant time may not receive a definitive Note in respect of such holding (should definitive Notes be printed) and would need to purchase a principal amount of Notes at or in excess of the minimum Specified Denomination such that its holding amounts to a Specified Denomination.

If such Notes in definitive form are issued, holders should be aware that definitive Notes which have a denomination that is not an integral multiple of the minimum Specified Denomination may be illiquid and difficult to trade.

Risks related to the market generally

Set out below is a description of material market risks, including liquidity risk, exchange rate risk, interest rate risk and credit risk:

An active secondary market in respect of the Notes may never be established or may be illiquid and this would adversely affect the value at which an investor could sell his Notes.

Notes may have no established trading market when issued, and one may never develop. If a market for the Notes does develop, it may not be very liquid. Therefore, investors may not be able to sell their Notes easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market.

If an investor holds Notes which are not denominated in the investor's home currency, he will be exposed to movements in exchange rates adversely affecting the value of his holding. In addition, the imposition of exchange controls in relation to any Notes could result in an investor not receiving payments on those Notes.

The Issuer will pay principal and interest on the Notes and the Guarantor will make any payments under the Guarantee in the Specified Currency. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the **Investor's Currency**) other than the Specified Currency. These include the risk that exchange rates may significantly change (including changes due to devaluation of the Specified Currency or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to the Specified Currency would decrease (1) the Investor's Currency-equivalent yield on the Notes, (2) the Investor's Currency equivalent value of the principal payable on the Notes and (3) the Investor's Currency equivalent market value of the Notes.

Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate or the ability of the Issuer or the Guarantor to make payments in respect of the Notes. As a result, investors may receive less interest or principal than expected, or no interest or principal.

The value of Fixed Rate Notes may be adversely affected by movements in market interest rates.

Investment in Fixed Rate Notes involves the risk that if market interest rates subsequently increase above the rate paid on the Fixed Rate Notes, this will adversely affect the value of the Fixed Rate Notes.

Credit ratings assigned to the Issuer, the Guarantor or any Notes may not reflect all the risks associated with an investment in those Notes.

One or more independent credit rating agencies may assign credit ratings to the Issuer, the Guarantor or the Notes. The ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed above, and other factors that may affect the value of the Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be revised, suspended or withdrawn by the rating agency at any time.

In general, European regulated investors are restricted under the CRA Regulation from using credit ratings for regulatory purposes, unless such ratings are issued by a credit rating agency established in the EU and registered under the CRA Regulation (and such registration has not been withdrawn or suspended, subject to transitional provisions that apply in certain circumstances). Such general restriction will also apply in the case of credit ratings issued by non-EU credit rating agencies, unless the relevant credit ratings are endorsed by an EU-registered credit rating agency or the relevant non-EU rating agency is certified in accordance with the CRA Regulation (and such endorsement action or certification, as the case may be, has not been withdrawn or suspended, subject to transitional provisions that apply in certain circumstances). The list of registered and certified rating agencies published by the European Securities and Markets Authority (**ESMA**) on its website in accordance with the CRA Regulation is not conclusive evidence of the status of the relevant rating agency included in such list, as there may be delays between certain supervisory measures being taken against a relevant rating agency and the publication of the updated ESMA list. Certain information with respect to the credit rating agencies and ratings is set out on the cover of this Offering Circular.

DOCUMENTS INCORPORATED BY REFERENCE

The following documents which have previously been published or are published simultaneously with this Offering Circular and have been filed with the Central Bank of Ireland shall be incorporated in, and form part of, this Offering Circular:

- (a) the financial statements release including the auditors' report and audited consolidated and non-consolidated annual financial statements for the financial year ended 31 December 2016 of the Guarantor (the **2016 Group Annual Financial Statements**) and including the information set out at the following pages in particular:

Consolidated Statement of Comprehensive Income	Page 22
Consolidated Statement of Financial Position	Page 23
Consolidated Cash Flow Statement	Page 24
Consolidated Statement of Changes in Shareholders' Equity	Page 25
Notes to the Consolidated Financial Statements	Pages 26 to 65
Non-Consolidated Income Statement	Page 68
Non-Consolidated Balance Sheet	Page 68
Non-Consolidated Cash Flow Statement	Page 69
Notes to the Non-Consolidated Financial Statements	Pages 70 to 72
Auditors' report	Pages 79 to 81

- (b) the financial statements release including the auditors' report and audited consolidated and non-consolidated annual financial statements for the financial year ended 31 December 2015 of the Guarantor (the **2015 Group Annual Financial Statements**) and including the information set out at the following pages in particular:

Consolidated Statement of Comprehensive Income	Page 20
Consolidated Statement of Financial Position	Page 21
Consolidated Cash Flow Statement	Page 22
Consolidated Statement of Changes in Shareholders' Equity	Page 23
Notes to the Consolidated Financial Statements	Pages 24 to 60
Non-Consolidated Income Statement	Page 64
Non-Consolidated Balance Sheet	Page 65
Non-Consolidated Cash Flow Statement	Page 66
Notes to the Non-Consolidated Financial Statements	Pages 67 to 69

Auditors' report Page 73

- (c) the half-yearly report including the auditors' review report and the unaudited interim consolidated financial statements of the Guarantor for the six months ended 30 June 2017 (the **2017 Group Q2 Financial Statements**) and including the information set out at the following pages in particular:

Condensed Consolidated Statement of Comprehensive Income Page 20

Condensed Consolidated Statement of Financial Position Page 21

Condensed Consolidated Cash Flow Statement Page 22

Condensed Consolidated Statement of Changes in Shareholders' Equity Page 23

Notes to the Interim Condensed Consolidated Financial Statements Pages 24 to 31

Auditors' review report Page 32

- (d) the independent auditor's report and audited annual financial statements of the Issuer for the financial year ended 31 December 2016 (the **2016 Issuer Annual Financial Statements**), including the information set out at the following pages in particular:

Balance Sheet Page 7

Profit and Loss Account Page 8

General Accounting Principles Page 9

Notes to the Annual Financial Statements Page 14

Other Information Page 30

Independent Auditor's Report Page 31

- (e) the independent auditor's report and audited annual financial statements of the Issuer for the financial year ended 31 December 2015 (the **2015 Issuer Annual Financial Statements**), including the information set out at the following pages in particular:

Balance Sheet Page 7

Profit and Loss Account Page 8

General Accounting Principles Page 9

Notes to the Annual Financial Statements Page 14

Other Information Page 30

Independent Auditor's Report Page 31

Any other information incorporated by reference that is not included in the cross-reference lists above is considered to be additional information to be disclosed to investors rather than information required by the relevant Annexes of the Prospectus Regulation.

Following the publication of this Offering Circular a supplement may be prepared by the Issuer and approved by the Central Bank of Ireland in accordance with Article 16 of the Prospectus Directive. Statements contained in any such supplement (or contained in any document incorporated by reference therein) shall, to the extent applicable (whether expressly, by implication or otherwise), be deemed to modify or supersede statements contained in this Offering Circular or in a document which is incorporated by reference in this Offering Circular. Any statement so modified or superseded shall not, except as so modified or superseded, constitute a part of this Offering Circular.

Copies of:

- (a) the 2016 Group Annual Financial Statements are available on the website of the Guarantor at:

http://www.citycon.com/sites/default/files/citycon_financial_statements_2016_en_web.pdf

- (b) the 2015 Group Annual Financial Statements are available on the website of the Guarantor at:

http://www.citycon.com/sites/default/files/Citycon_AR_2015_ENG.pdf

- (c) the 2017 Group Q2 Financial Statements are available on the website of the Guarantor at:

https://www.citycon.com/sites/default/files/citycon_half_yearly_report_h1_2017.pdf

- (d) the 2016 Issuer Annual Financial Statements are available on the website of the Guarantor at:

http://www.citycon.com/sites/default/files/citycon_treasury_bv_financial_statements_2016_in_english.pdf

- (e) the 2015 Issuer Annual Financial Statements are available on the website of the Guarantor at:

http://www.citycon.com/sites/default/files/citycon_treasury_bv_financial_statements_2015.pdf

The Issuer and the Guarantor will, in the event of any significant new factor, material mistake or inaccuracy relating to information included in this Offering Circular which is capable of affecting the assessment of any Notes, prepare a supplement to this Offering Circular or publish a new Offering Circular for use in connection with any subsequent issue of Notes.

FORM OF THE NOTES

Any reference in this section to "applicable Final Terms" shall be deemed to include a reference to "applicable Pricing Supplement" where relevant.

The Notes of each Series will be in bearer form, with or without interest coupons attached, or registered form, without interest coupons attached or, in the case of VPS Notes, uncertificated book entry form. Notes will be issued outside the United States in reliance on Regulation S under the Securities Act (**Regulation S**).

Bearer Notes

Each Tranche of Bearer Notes will be in bearer form and will initially be issued in the form of a temporary global note (a **Temporary Bearer Global Note**) or, if so specified in the applicable Final Terms, a permanent global note (a **Permanent Bearer Global Note**) and, together with a Temporary Bearer Global Note, each a **Bearer Global Note** which, in either case, will:

- (a) if the Bearer Global Notes are intended to be issued in new global note (**NGN**) form, as stated in the applicable Final Terms, be delivered on or prior to the original issue date of the Tranche to a common safekeeper (the **Common Safekeeper**) for Euroclear Bank SA/NV (**Euroclear**) and Clearstream Banking S.A. (**Clearstream, Luxembourg**); and
- (b) if the Bearer Global Notes are not intended to be issued in NGN Form, be delivered on or prior to the original issue date of the Tranche to a common depositary (the **Common Depositary**) for Euroclear and Clearstream, Luxembourg.

Where the Bearer Global Notes issued in respect of any Tranche are in NGN form, the applicable Final Terms will also indicate whether such Bearer Global Notes are intended to be held in a manner which would allow Eurosystem eligibility. Any indication that the Bearer Global Notes are to be so held does not necessarily mean that the Bearer Notes of the relevant Tranche will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any times during their life as such recognition depends upon satisfaction of the Eurosystem eligibility criteria. The Common Safekeeper for NGNs will either be Euroclear or Clearstream, Luxembourg or another entity approved by Euroclear and Clearstream, Luxembourg.

Whilst any Bearer Note is represented by a Temporary Bearer Global Note, payments of principal, interest (if any) and any other amount payable in respect of the Notes due prior to the Exchange Date (as defined below) will be made (against presentation of the Temporary Bearer Global Note if the Temporary Bearer Global Note is not intended to be issued in NGN form) only to the extent that certification (in a form to be provided) to the effect that the beneficial owners of interests in the Temporary Bearer Global Note are not U.S. persons or persons who have purchased for resale to any U.S. person, as required by U.S. Treasury regulations, has been received by Euroclear and/or Clearstream, Luxembourg and Euroclear and/or Clearstream, Luxembourg, as applicable, has given a like certification (based on the certifications it has received) to the Principal Paying Agent.

On and after the date (the **Exchange Date**) which is 40 days after a Temporary Bearer Global Note is issued, interests in such Temporary Bearer Global Note will be exchangeable (free of charge) upon a request as described therein either for (i) interests in a Permanent Bearer Global Note of the same Series or (ii) for definitive Bearer Notes of the same Series with, where applicable, interest coupons and talons attached (as indicated in the applicable Final Terms and subject, in the case of definitive Bearer Notes, to such notice period as is specified in the applicable Final Terms), in each case against certification of beneficial ownership as described above unless such certification has already been given, provided that purchasers in the United States and certain U.S. persons will not be able to receive definitive Bearer Notes. The holder of a Temporary Bearer Global Note will not be entitled to collect any payment of interest, principal or other

amount due on or after the Exchange Date unless, upon due certification, exchange of the Temporary Bearer Global Note for an interest in a Permanent Bearer Global Note or for definitive Bearer Notes is improperly withheld or refused.

Payments of principal, interest (if any) or any other amounts on a Permanent Bearer Global Note will be made through Euroclear and/or Clearstream, Luxembourg (against presentation or surrender (as the case may be) of the Permanent Bearer Global Note if the Permanent Bearer Global Note is not intended to be issued in NGN form) without any requirement for certification.

The applicable Final Terms will specify that a Permanent Bearer Global Note will be exchangeable (free of charge), in whole but not in part, for definitive Bearer Notes with, where applicable, interest coupons and talons attached upon the occurrence of an Exchange Event. For these purposes, **Exchange Event** means that (i) an Event of Default (as defined in Condition 10 of the Terms and Conditions of the Notes other than the VPS Notes) has occurred and is continuing, (ii) the Issuer has been notified that both Euroclear and Clearstream, Luxembourg have been closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or have announced an intention permanently to cease business or have in fact done so and no successor clearing system satisfactory to the Trustee is available or (iii) the Issuer has or will become subject to adverse tax consequences which would not be suffered were the Notes represented by the Permanent Bearer Global Note in definitive form and a certificate to such effect signed by two Directors of the Issuer is given to the Trustee. The Issuer will promptly give notice to Noteholders in accordance with Condition 14 of the Terms and Conditions of the Notes other than the VPS Notes if an Exchange Event occurs. In the event of the occurrence of an Exchange Event, Euroclear and/or Clearstream, Luxembourg (acting on the instructions of any holder of an interest in such Permanent Bearer Global Note) or the Trustee may give notice to the Principal Paying Agent requesting exchange and, in the event of the occurrence of an Exchange Event as described in (iii) above, the Issuer may also give notice to the Principal Paying Agent requesting exchange. Any such exchange shall occur not later than 45 days after the date of receipt of the first relevant notice by the Principal Paying Agent.

The following legend will appear on all Bearer Notes (other than Temporary Bearer Global Notes) and interest coupons relating to such Notes where TEFRA D is specified in the applicable Final Terms:

"ANY UNITED STATES PERSON WHO HOLDS THIS OBLIGATION WILL BE SUBJECT TO LIMITATIONS UNDER THE UNITED STATES INCOME TAX LAWS, INCLUDING THE LIMITATIONS PROVIDED IN SECTIONS 165(j) AND 1287(a) OF THE INTERNAL REVENUE CODE."

The sections referred to provide that United States holders, with certain exceptions, will not be entitled to deduct any loss on Bearer Notes or interest coupons and will not be entitled to capital gains treatment in respect of any gain on any sale, disposition, redemption or payment of principal in respect of Bearer Notes or interest coupons.

Notes which are represented by a Bearer Global Note will only be transferable in accordance with the rules and procedures for the time being of Euroclear or Clearstream, Luxembourg, as the case may be.

Registered Notes

The Registered Notes of each Tranche will initially be represented by a global note in registered form (a **Registered Global Note**).

Registered Global Notes will be deposited with a common depository or, if the Registered Global Notes are to be held under the new safe-keeping structure (the **NSS**), a common safekeeper, as the case may be for Euroclear and Clearstream, Luxembourg, and registered in the name of the nominee for the Common Depository of, Euroclear and Clearstream, Luxembourg or in the name of a nominee of the common safekeeper, as specified in the applicable Final Terms. Persons holding beneficial interests in Registered

Global Notes will be entitled or required, as the case may be, under the circumstances described below, to receive physical delivery of definitive Notes in fully registered form.

Where the Registered Global Notes issued in respect of any Tranche is intended to be held under the NSS, the applicable Final Terms will indicate whether or not such Registered Global Notes are intended to be held in a manner which would allow Eurosystem eligibility. Any indication that the Registered Global Notes are to be so held does not necessarily mean that the Notes of the relevant Tranche will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any time during their life as such recognition depends upon satisfaction of the Eurosystem eligibility criteria. The common safekeeper for a Registered Global Note held under the NSS will either be Euroclear or Clearstream, Luxembourg or another entity approved by Euroclear and Clearstream, Luxembourg.

Payments of principal, interest and any other amount in respect of the Registered Global Notes will, in the absence of provision to the contrary, be made to the person shown on the Register (as defined in Condition 6.4 of the Terms and Conditions of the Notes other than the VPS Notes) as the registered holder of the Registered Global Notes. None of the Issuer, the Guarantor, any Paying Agent, the Trustee or the Registrar will have any responsibility or liability for any aspect of the records relating to or payments or deliveries made on account of beneficial ownership interests in the Registered Global Notes or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

Payments of principal, interest or any other amount in respect of the Registered Notes in definitive form will, in the absence of provision to the contrary, be made to the persons shown on the Register on the relevant Record Date (as defined in Condition 6.4 of the Terms and Conditions of the Notes other than the VPS Notes) immediately preceding the due date for payment in the manner provided in that Condition.

Interests in a Registered Global Note will be exchangeable (free of charge), in whole but not in part, for definitive Registered Notes without interest coupons or talons attached only upon the occurrence of an Exchange Event. For these purposes, **Exchange Event** means that (i) an Event of Default has occurred and is continuing, (ii) the Issuer has been notified that both Euroclear and Clearstream, Luxembourg have been closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or have announced an intention permanently to cease business or have in fact done so and, in any such case, no successor clearing system satisfactory to the Trustee is available or (iii) the Issuer has or will become subject to adverse tax consequences which would not be suffered were the Notes represented by the Registered Global Note in definitive form and a certificate to that effect signed by two Directors of the Issuer is given to the Trustee. The Issuer will promptly give notice to Noteholders in accordance with Condition 14 of the Terms and Conditions of the Notes other than the VPS Notes if an Exchange Event occurs. In the event of the occurrence of an Exchange Event, Euroclear and/or Clearstream, Luxembourg or any person acting on their behalf (acting on the instructions of any holder of an interest in such Registered Global Note) or the Trustee may give notice to the Registrar requesting exchange and, in the event of the occurrence of an Exchange Event as described in (iii) above, the Issuer may also give notice to the Registrar requesting exchange. Any such exchange shall occur not later than 10 days after the date of receipt of the first relevant notice by the Registrar.

No beneficial owner of an interest in a Registered Global Note will be able to transfer such interest, except in accordance with the applicable procedures of Euroclear and Clearstream, Luxembourg, in each case to the extent applicable.

VPS Notes

Each Tranche of VPS Notes will be issued in uncertificated and dematerialised book entry form. Legal title to the VPS Notes will be evidenced by book entries in the records of the VPS. On the issue of such VPS Notes, the Issuer will send a letter to the VPS Trustee, with copies sent to the VPS Agent (the **VPS Letter**), which letter will set out the terms of the relevant issue of VPS Notes in the form of a Final Terms

supplement attached thereto. On delivery of a copy of such VPS Letter including the relevant Final Terms to the VPS and notification to the VPS of the subscribers and their VPS account details by the relevant Dealer, the VPS Agent acting on behalf of the Issuer will credit each subscribing account holder with the VPS with a nominal amount of VPS Notes equal to the nominal amount thereof for which it has subscribed and paid.

Settlement of sale and purchase transactions in respect of VPS Notes in the VPS will take place two Oslo business days after the date of the relevant transaction. Transfers of interests in the relevant VPS Notes will only take place in accordance with the rules and procedures for the time being of the VPS.

VPS Notes may not be exchanged for Bearer Notes or Registered Notes and *vice versa*.

The VPS Notes must comply with the Norwegian Securities Register Act of 5 July 2002 no. 64, as amended from time to time, and the holders of VPS Notes will be entitled to the rights and subject to the obligations and liabilities which arise under this act and any related regulations and legislation.

The registration of VPS Notes in the VPS as well as the recording and transfer of ownership to, and other interests in, VPS Notes will be governed by, and construed in accordance with, Norwegian law.

General

Pursuant to the Agency Agreement (as defined under "*Terms and Conditions of the Notes other than the VPS Notes*"), the Principal Paying Agent shall arrange that, where a further Tranche of Notes is issued which is intended to form a single Series with an existing Tranche of Notes at a point after the Issue Date of the further Tranche, the Notes of such further Tranche shall be assigned a common code and ISIN which are different from the common code and ISIN assigned to Notes of any other Tranche of the same Series until such time as the Tranches are consolidated and form a single Series, which shall not be prior to the expiry of the distribution compliance period (as defined in Regulation S under the Securities Act) applicable to the Notes of such Tranche.

Any reference herein to Euroclear and/or Clearstream, Luxembourg and/or VPS shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system specified in the applicable Final Terms.

In the case of Notes other than VPS Notes, no Noteholder or Couponholder shall be entitled to proceed directly against the Issuer or the Guarantor unless the Trustee, having become bound so to proceed, fails so to do within a reasonable period and the failure shall be continuing.

The Issuer and the Guarantor may agree with any Dealer and the Trustee or the VPS Trustee, as applicable, that Notes may be issued in a form not contemplated by the Terms and Conditions of the Notes other than the VPS Notes and, in respect of VPS Notes, the Terms and Conditions of the VPS Notes, in which event, other than where such Notes are Exempt Notes, a new Offering Circular will be made available which will describe the effect of the agreement reached in relation to such Notes.

APPLICABLE FINAL TERMS

Set out below is the form of Final Terms which will be completed for each Tranche of Notes which are not Exempt Notes and which have a denomination of €100,000 (or its equivalent in any other currency) or more issued under the Programme.

[PROHIBITION OF SALES TO EEA RETAIL INVESTORS – The Notes[, from 1 January 2018,]⁶ are not intended to be offered, sold or otherwise made available to and[, with effect from such date,] should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (**EEA**). For these purposes, a **retail investor** means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (**MiFID II**); (ii) a customer within the meaning of Directive 2002/92/EC (**IMD**), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in Directive 2003/71/EC (as amended, the **Prospectus Directive**). Consequently no key information document required by Regulation (EU) No 1286/2014 (the **PRIIPs Regulation**) for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.]⁷

[Date]

CITYCON TREASURY B.V.

Issue of [Aggregate Nominal Amount of Tranche] [Title of Notes]
Guaranteed by
CITYCON OYJ
under the €1,500,000,000
Euro Medium Term Note Programme

PART A – CONTRACTUAL TERMS

Terms used herein shall be deemed to be defined as such for the purposes of the [Terms and Conditions of the Notes other than the VPS Notes][Terms and Conditions of the VPS Notes] set forth in the Offering Circular dated 18 July 2017 which [, as supplemented by the supplement[s] to it dated [date] [and [date]]] constitutes a base prospectus for the purposes of the Prospectus Directive ([together,]the **Offering Circular**). This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with the Offering Circular. Full information on the Issuer, the Guarantor and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Offering Circular. The Offering Circular has been published on website of the Irish Stock Exchange at *www.ise.ie*.

[Include whichever of the following apply or specify as "Not Applicable". Note that the numbering should remain as set out below, even if "Not Applicable" is indicated for individual paragraphs or subparagraphs (in which case the sub-paragraphs of the paragraphs which are not applicable can be deleted). Italics denote directions for completing the Final Terms.]

[If the Notes have a maturity of less than one year from the date of their issue, the minimum denomination may need to be £100,000 or its equivalent in any other currency.]

⁶ This date reference should not be included in Final Terms for offers concluded on or after 1 January 2018.

⁷ Legend to be included on front of the Final Terms (i) for offers concluded on or after 1 January 2018 if the Notes potentially constitute “packaged” products or the issuer wishes to prohibit offers to EEA retail investors for any other reason, in which case the selling restriction should be specified to be “Applicable” (ii) for offers concluded before 1 January 2018 at the option of the parties.

1. (a) Issuer: Citycon Treasury B.V.
- (b) Guarantor: Citycon Oyj
2. (a) Series Number: []
- (b) Tranche Number: []
- (c) Date on which the Notes will be consolidated and form a single Series: The Notes will be consolidated and form a single Series with [*identify earlier Tranches*] on [the Issue Date/the date that is 40 days after the Issue Date/exchange of the Temporary Global Note for interests in the Permanent Global Note, as referred to in paragraph 22 below, which is expected to occur on or about *[date]*][Not Applicable]
3. Specified Currency or Currencies: []
4. Aggregate Nominal Amount:
 - (a) Series: []
 - (b) Tranche: []
5. Issue Price: [] per cent. of the Aggregate Nominal Amount [plus accrued interest from *[insert date]* (if applicable)]
6. (a) Specified Denominations: []

(N.B. Notes must have a minimum denomination of €100,000 (or equivalent))

(Note – where Bearer multiple denominations above €100,000 or equivalent are being used the following sample wording should be followed:

"[€100,000] and integral multiples of [€1,000] in excess thereof up to and including [€199,000]. No Notes in definitive form will be issued with a denomination above [€199,000].")
- (b) Calculation Amount [(in relation to calculation of interest in global form see Conditions)]: []

(If only one Specified Denomination, insert the Specified Denomination. If more than one Specified Denomination, insert the highest common factor. Note: There must be a common factor in the case of two or more Specified Denominations.)
7. (a) Issue Date: []
- (b) Interest Commencement Date: [specify/Issue Date/Not Applicable]

(N.B. An Interest Commencement Date will not be relevant for certain Notes, for example Zero Coupon Notes.)

8. Maturity Date: *Specify date or for Floating Rate Notes – Interest Payment Date falling in or nearest to [specify month and year]]*
9. Interest Basis: [[] per cent. Fixed Rate]
[[[] month
[LIBOR/EURIBOR/CIBOR/STIBOR/NIBOR]] +/-
[] per cent. Floating Rate]
[Zero coupon]
(see paragraph [14]/[15]/[16]below)
10. Redemption Basis: Subject to any purchase and cancellation or early redemption, the Notes will be redeemed on the Maturity Date at [] per cent. of their nominal amount
11. Change of Interest Basis: *[Specify the date when any fixed to floating rate change occurs or cross refer to paragraphs 14 and 15 below and identify there][Not Applicable]*
12. Put/Call Options: Change of Control Put
[Issuer Call]
[Make-whole Redemption by Issuer]
[(see paragraph [18]/[19] below and [Condition 7.4 of the Terms and Conditions of the Notes other than the VPS Notes][Condition 6.4 of the Terms and Conditions of the VPS Notes))]
13. (a) Status of the Notes: Senior
- (b) Status of the Guarantee: Senior
- (c) [Date [Board] approval for issuance of Notes and Guarantee obtained: [] and [], respectively]
(N.B. Only relevant where Board (or similar) authorisation is required for the particular tranche of Notes or related Guarantee)

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

14. Fixed Rate Note Provisions [Applicable/Not Applicable]
(If not applicable, delete the remaining subparagraphs of this paragraph)
- (a) Rate(s) of Interest: [] per cent. per annum payable in arrear on each Interest Payment Date
- (b) Interest Payment Date(s): [] in each year up to and including the Maturity Date
(Amend appropriately in the case of irregular coupons)

- (c) Fixed Coupon Amount(s) for Notes in definitive form [(and in relation to Notes in global form see Conditions)]: [[] per Calculation Amount][Not Applicable]
- (d) Broken Amount(s) for Notes in definitive form [(and in relation to Notes in global form see Conditions)]: [[] per Calculation Amount, payable on the Interest Payment Date falling [in/on] []][Not Applicable]
- (e) Day Count Fraction: [30/360] [Actual/Actual (ICMA)]
- (f) Determination Date(s): [[] in each year][Not Applicable]
(Only relevant where Day Count Fraction is Actual/Actual (ICMA). In such a case, insert regular interest payment dates, ignoring issue date or maturity date in the case of a long or short first or last coupon)
15. Floating Rate Note Provisions [Applicable/Not Applicable]
(If not applicable, delete the remaining subparagraphs of this paragraph)
- (a) Specified Period(s)/Specified Interest Payment Dates: [] [, subject to adjustment in accordance with the Business Day Convention set out in (b) below/, not subject to adjustment, as the Business Day Convention in (b) below is specified to be Not Applicable]
- (b) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention][Not Applicable]
- (c) Additional Business Centre(s): []
- (d) Manner in which the Rate of Interest and Interest Amount is to be determined: [Screen Rate Determination/ISDA Determination]
- (e) Party responsible for calculating the Rate of Interest and Interest Amount (if not the Agent): []
- (f) Screen Rate Determination:
- Reference Rate: [] month
 [LIBOR/EURIBOR/CIBOR/STIBOR/NIBOR]
 - Interest Determination Date(s): []
(Second London business day prior to the start of each Interest Period if LIBOR (other than Sterling or euro LIBOR), first day of each Interest Period if

Sterling LIBOR, the second day on which the TARGET2 System is open prior to the start of each Interest Period if EURIBOR or euro LIBOR, second Copenhagen business day prior to the start of each Interest Period if CIBOR, second Stockholm business day prior to the start of each Interest Period if STIBOR and second Oslo business day prior to the start of each Interest Period if NIBOR)

- Relevant Screen Page: []
(*In the case of EURIBOR, if not Reuters EURIBOR01 ensure it is a page which shows a composite rate or amend the fallback provisions appropriately*)

(g) ISDA Determination:

- Floating Rate Option: []
- Designated Maturity: []
- Reset Date: []

(h) Linear Interpolation:

[Not Applicable/Applicable - the Rate of interest for the [long/short] [first/last] Interest Period shall be calculated using Linear Interpolation (*specify for each short or long interest period*)]

- (i) Margin(s): [+/-] [] per cent. per annum

- (j) Minimum Rate of Interest: [] per cent. per annum

- (k) Maximum Rate of Interest: [] per cent. per annum

- (l) Day Count Fraction: [Actual/Actual (ISDA)][Actual/Actual]
Actual/365 (Fixed)
Actual/365 (Sterling)
Actual/360
[30/360][360/360][Bond Basis]
[30E/360][Eurobond Basis]
30E/360 (ISDA)]

16. Zero Coupon Note Provisions

[Applicable/Not Applicable]
(*If not applicable, delete the remaining subparagraphs of this paragraph*)

- (a) Accrual Yield: [] per cent. per annum

- (b) Reference Price: []

- (c) Day Count Fraction in relation to Early Redemption Amounts: [30/360]
[Actual/360]
[Actual/365]

PROVISIONS RELATING TO REDEMPTION

17. Notice periods for [Condition 7.2 of the Terms and Conditions of the Notes other than the VPS Notes][Condition 6.2 of the Terms and Conditions of the VPS Notes] and [Condition 7.4 of the Terms and Conditions of the Notes other than the VPS Notes][Condition 6.4 of the Terms and Conditions of the VPS Notes]:
 Minimum period: [30] days
 Maximum period: [60] days
18. Issuer Call: [Applicable/Not Applicable]
(If not applicable, delete the remaining subparagraphs of this paragraph)
- (a) Optional Redemption Date(s): []
- (b) Optional Redemption Amount: [] per Calculation Amount]
- (c) If redeemable in part: [Not Applicable, as the Notes are not redeemable in part]
- (i) Minimum Redemption Amount: []
- (ii) Maximum Redemption Amount: []
- (d) Notice periods: Minimum period: [15] days
 Maximum period: [30] days
(N.B. When setting notice periods, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems (which require a minimum of 5 clearing system business days' notice for a call) and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Principal Paying Agent or Trustee.)
19. Make-whole Redemption by the Issuer: [Applicable/Not Applicable]
(If not applicable, delete the remaining subparagraphs of this paragraph)
- (a) Make-whole Redemption Date(s): []
- (b) Make-whole Redemption Margin: [[] basis points/Not Applicable]
- (c) Reference Bond: [CA Selected Bond/[]]
- (d) Quotation Time: [[5.00 p.m. [Brussels/London/[]]] time/Not Applicable]
- (e) Reference Rate Determination Date: The [] Business Day preceding the relevant Make-whole Redemption Date

- (f) If redeemable in part: [Not Applicable, as the Notes are not redeemable in part]
- (i) Minimum Redemption Amount: []
- (ii) Maximum Redemption Amount: []
- (g) Notice Periods: Minimum period: [15] days
Maximum period: [30] days

(N.B. When setting notice periods, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems (which require a minimum of 5 clearing system business days' notice for a call) and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Principal Paying Agent or Trustee)

20. Final Redemption Amount: [] per Calculation Amount
21. Early Redemption Amount payable on redemption for taxation reasons, change of control put or on event of default: [] per Calculation Amount

GENERAL PROVISIONS APPLICABLE TO THE NOTES

22. Form of Notes:

- (a) Form: [Bearer Notes: [Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for Definitive Notes upon an Exchange Event]

[Temporary Global Note exchangeable for Definitive Notes on and after the Exchange Date]

[Permanent Global Note exchangeable for Definitive Notes upon an Exchange Event]

[Notes shall not be physically delivered in Belgium, except to a clearing system, a depository or other institution for the purpose of their immobilisation in accordance with article 4 of the Belgian Law of 14 December 2005⁸]

(N.B. The option for an issue of Notes to be represented on issue by a Temporary Global Note exchangeable for Definitive Notes should not be expressed to be applicable if the Specified

⁸ Include for Notes that are to be offered in Belgium.

Denomination of the Notes in paragraph 6 includes language substantially to the following effect: "[€100,000] and integral multiples of [€1,000] in excess thereof up to and including [€199,000]." .)

[Registered Notes:

[Global Note registered in the name of a nominee for [a common depository for Euroclear and Clearstream, Luxembourg][a common safekeeper for Euroclear and Clearstream, Luxembourg]

[VPS Notes issued in uncertificated book entry form]

(b) New Global Note: [Yes][No]

(If VPS Notes or Registered Notes, must be "No")

(c) New Safekeeping Structure: [Yes][No]

(If VPS Notes or Bearer Notes, must be "No")

23. Additional Financial Centre(s): [Not Applicable/give details]
(Note that this paragraph relates to the date of payment and not the end dates of Interest Periods for the purposes of calculating the amount of interest, to which sub-paragraphs 15(c) relates)

24. Talons for future Coupons to be attached to Definitive Notes: [Yes, as the Notes have more than 27 coupon payments, Talons may be required if, on exchange into definitive form, more than 27 coupon payments are still to be made/No]

[THIRD PARTY INFORMATION

[[Relevant third party information] has been extracted from [specify source]. Each of the Issuer and the Guarantor confirms that such information has been accurately reproduced and that, so far as it is aware and is able to ascertain from information published by [specify source], no facts have been omitted which would render the reproduced information inaccurate or misleading.]

Signed on behalf of Citycon Treasury B.V.:

Signed on behalf of Citycon Oyj:

By:

By:

Duly authorised

Duly authorised

PART B – OTHER INFORMATION

1. LISTING AND ADMISSION TO TRADING

(i) Listing and Admission to trading [Application has been made by the Issuer (or on its behalf) for the Notes to be admitted to the Official List of the Irish Stock Exchange and to trading on the [Main Securities Market of the Irish][Oslo] Stock Exchange with effect from [].]

[Application is expected to be made by the Issuer (or on its behalf) for the Notes to be admitted to the Official List of the Irish Stock Exchange and to trading on the [Main Securities Market of the Irish][Oslo] Stock Exchange with effect from [].]

(Where documenting a fungible issue need to indicate that original Notes are already admitted to trading.)

(ii) Estimate of total expenses related to admission to trading: []

2. RATINGS

Ratings: [The Notes to be issued [[have been]/[have not been]/[are expected to be]] rated]:

[insert details] by [insert the legal name of the relevant credit rating agency entity(ies) and associated defined terms].

Each of *[defined terms]* is established in the European Union and is registered under Regulation (EC) No. 1060/2009 (as amended) (the **CRA Regulation**)

(The above disclosure should reflect the rating allocated to Notes of the type being issued under the Programme generally or, where the issue has been specifically rated, that rating.)

3. INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE

[Save for any fees payable to the [Managers/Dealers], so far as the Issuer is aware, no person involved in the issue of the Notes has an interest material to the offer. The [Managers/Dealers] and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform other services for, the Issuer [and the Guarantor] and [its/their] affiliates in the ordinary course of business - *Amend as appropriate if there are other interests*]

[(When adding any other description, consideration should be given as to whether such matters described constitute "significant new factors" and consequently trigger the need for a supplement to the Offering Circular under Article 16 of the Prospectus Directive.)]

4. YIELD (*Fixed Rate Notes only*)

Indication of yield: []

The yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield.

5. OPERATIONAL INFORMATION

(i) ISIN: []

(ii) Common Code: []

(iii) Any clearing system(s) other than [Euroclear and Clearstream, Luxembourg] [the VPS]and the relevant identification number(s): [Not Applicable/give name(s) and number(s)]

(iv) Delivery: Delivery [against/free of] payment

(v) Names and addresses of additional Paying Agent(s) (if any): []

(vi) Intended to be held in a manner which would allow Eurosystem eligibility: [Yes. Note that the designation "yes" simply means that the Notes are intended upon issue to be deposited with one of the ICSDs as common safekeeper[, and registered in the name of a nominee of one of the ICSDs acting as common safekeeper] [*include this text for Registered Notes which are to be held under the NSS*] and does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.]/

[No. Whilst the designation is specified as "no" at the date of these Final Terms, should the Eurosystem eligibility criteria be amended in the future such that the Notes are capable of meeting them the Notes may then be deposited with one of the ICSDs as common safekeeper[, and registered in the name of a nominee of one of the ICSDs acting as common safekeeper][*include this text for Registered Notes*]. Note that this does not necessarily mean that the Notes will then be recognised as eligible collateral for Eurosystem monetary policy and intra day credit operations by the Eurosystem at any time during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.]

6. DISTRIBUTION

- (i) Method of distribution: [Syndicated/Non-syndicated]
- (ii) If syndicated, names of Managers: [Not Applicable/*give names*]
- (iii) Date of Subscription Agreement: []
- (iv) Stabilisation Manager(s) (if any): [Not Applicable/*give name*]
- (v) If non-syndicated, name of relevant Dealer: [Not Applicable/*give name*]
- (vi) U.S. Selling Restrictions: Reg. S Compliance Category 2; [TEFRA D/TEFRA C/TEFRA not applicable]

- (vii) Prohibition of Sales to EEA Retail Investors: [Applicable/Not Applicable]

(If the offer of the Notes is concluded prior to 1 January 2018, or on and after that date the Notes clearly do not constitute “packaged” products, “Not Applicable” should be specified. If the offer of the Notes will be concluded on or after 1 January 2018 and the Notes may constitute “packaged” products, “Applicable” should be specified.)

7. USE OF PROCEEDS

[]

APPLICABLE PRICING SUPPLEMENT

Set out below is the form of Pricing Supplement which will be completed for each Tranche of Exempt Notes, whatever the denomination of those Notes, issued under the Programme.

NO PROSPECTUS IS REQUIRED IN ACCORDANCE WITH DIRECTIVE 2003/71/EC FOR THE ISSUE OF NOTES DESCRIBED BELOW.

[PROHIBITION OF SALES TO EEA RETAIL INVESTORS – The Notes[, from 1 January 2018,]⁹ are not intended to be offered, sold or otherwise made available to and[, with effect from such date,] should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (EEA). For these purposes, a **retail investor** means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (**MiFID II**); (ii) a customer within the meaning of Directive 2002/92/EC (**IMD**), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in Directive 2003/71/EC (as amended, the **Prospectus Directive**). Consequently no key information document required by Regulation (EU) No 1286/2014 (the **PRIIPs Regulation**) for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.]¹⁰

[Date]

CITYCON TREASURY B.V.

**Issue of [Aggregate Nominal Amount of Tranche] [Title of Notes]
Guaranteed by
CITYCON OYJ
under the €1,500,000,000
Euro Medium Term Note Programme**

PART A – CONTRACTUAL TERMS

Any person making or intending to make an offer of the Notes may only do so in circumstances in which no obligation arises for the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or to supplement a prospectus pursuant to Article 16 of the Prospectus Directive, in each case, in relation to such offer.

This document constitutes the Pricing Supplement for the Notes described herein. This document must be read in conjunction with the Offering Circular dated 18 July 2017 [as supplemented by the supplement[s] dated [date[s]]] (the **Offering Circular**). Full information on the Issuer, the Guarantor and the offer of the Notes is only available on the basis of the combination of this Pricing Supplement and the Offering Circular. Copies of the Offering Circular may be obtained from the registered office of the Issuer at Hullenbergweg 300, 1101 BV Amsterdam, The Netherlands.

⁹ This date reference should not be included in Pricing Supplements for offers concluded on or after 1 January 2018.

¹⁰ Legend to be included on front of the Pricing Supplement (i) for offers concluded on or after 1 January 2018 if the Notes potentially constitute “packaged” products or the issuer wishes to prohibit offers to EEA retail investors for any other reason, in which case the selling restriction should be specified to be “Applicable” (ii) for offers concluded before 1 January 2018 at the option of the parties.

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the **Conditions**) set forth in the Offering Circular [dated [*original date*] [and the supplement dated [*date*]] which are incorporated by reference in the Offering Circular].¹¹

[Include whichever of the following apply or specify as "Not Applicable". Note that the numbering should remain as set out below, even if "Not Applicable" is indicated for individual paragraphs or subparagraphs. Italics denote directions for completing the Pricing Supplement.]

[If the Notes have a maturity of less than one year from the date of their issue, the minimum denomination [must/may need to] be £100,000 or its equivalent in any other currency.]

1. (a) Issuer: Citycon Treasury B.V.
- (b) Guarantor: Citycon Oyj
2. (a) Series Number: []
- (b) Tranche Number: []
- (c) Date on which the Notes will be consolidated and form a single Series: The Notes will be consolidated and form a single Series with [*identify earlier Tranches*] on [the Issue Date/the date that is 40 days after the Issue Date/exchange of the Temporary Global Note for interests in the Permanent Global Note, as referred to in paragraph 22 below, which is expected to occur on or about [*date*]][Not Applicable]
3. Specified Currency or Currencies: []
4. Aggregate Nominal Amount:
 - (a) Series: []
 - (b) Tranche: []
5. Issue Price: [] per cent. of the Aggregate Nominal Amount [plus accrued interest from [*insert date*]] (*if applicable*)
6. (a) Specified Denominations: []

(N.B. Notes must have a minimum denomination of €100,000 (or equivalent))

(Note – where Bearer multiple denominations above €100,000 or equivalent are being used the following sample wording should be followed:

"[€100,000] and integral multiples of [€1,000] in excess thereof up to and including [€199,000]. No Notes in definitive form will be issued with a denomination above [€199,000].")

¹¹ Only include this language where it is a fungible issue and the original Tranche was issued under an Offering Circular with a different date.

- (b) Calculation Amount [(in relation to calculation of interest in global form see Conditions)]: []
- (If only one Specified Denomination, insert the Specified Denomination. If more than one Specified Denomination, insert the highest common factor. Note: There must be a common factor in the case of two or more Specified Denominations.)*
7. (a) Issue Date: []
- (b) Interest Commencement Date: [specify/Issue Date/Not Applicable]
(N.B. An Interest Commencement Date will not be relevant for certain Notes, for example Zero Coupon Notes.)
8. Maturity Date: *Specify date or for Floating Rate Notes – Interest Payment Date falling in or nearest to [specify month and year]]*
9. Interest Basis: [[] per cent. Fixed Rate]
[[[] month
[LIBOR/EURIBOR/CIBOR/STIBOR/NIBOR]] +/-
[] per cent. Floating Rate]
[Zero coupon]
[specify other]
(see paragraph [14]/[15]/[16]below)
10. Redemption/Payment Basis: [Subject to any purchase and cancellation or early redemption, the Notes will be redeemed on the Maturity Date at [] per cent. of their nominal amount][specify other]
11. Change of Interest Basis: *[Specify the date when any fixed to floating rate change occurs or cross refer to paragraphs 14 and 15 above and identify there][Not Applicable]*
12. Put/Call Options: Change of Control Put
[Issuer Call]
[Make-whole Redemption by Issuer]
[(see paragraph [18]/[19] below and [Condition 7.4 of the Terms and Conditions of the Notes other than the VPS Notes][Condition 6.4 of the Terms and Conditions of the VPS Notes]]]
13. (a) Status of the Notes: Senior
- (b) Status of the Guarantee: Senior
- (c) [Date [Board] approval for issuance of Notes and Guarantee obtained: [] and [], respectively]
(N.B. Only relevant where Board (or similar) authorisation is required for the particular tranche of Notes or related Guarantee)

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

14. Fixed Rate Note Provisions [Applicable/Not Applicable]
(If not applicable, delete the remaining subparagraphs of this paragraph)
- (a) Rate(s) of Interest: [] per cent. per annum payable in arrear on each Interest Payment Date
- (b) Interest Payment Date(s): [] in each year up to and including the Maturity Date
(Amend appropriately in the case of irregular coupons)
- (c) Fixed Coupon Amount(s) for Notes in definitive form [(and in relation to Notes in global form see Conditions)]: [[] per Calculation Amount][Not Applicable]
- (d) Broken Amount(s) for Notes in definitive form [(and in relation to Notes in global form see Conditions)]: [[] per Calculation Amount, payable on the Interest Payment Date falling [in/on] []][Not Applicable]
- (e) Day Count Fraction: [30/360] [Actual/Actual (ICMA)] [*specify other*]
- (f) Determination Date(s): [[] in each year][Not Applicable]
(Only relevant where Day Count Fraction is Actual/Actual (ICMA). In such a case, insert regular interest payment dates, ignoring issue date or maturity date in the case of a long or short first or last coupon)
- (g) Other terms relating to the method of calculating interest for Fixed Rate Notes which are Exempt Notes: [None/Give details]
15. Floating Rate Note Provisions [Applicable/Not Applicable]
(If not applicable, delete the remaining subparagraphs of this paragraph)
- (a) Specified Period(s)/Specified Interest Payment Dates: [] [, subject to adjustment in accordance with the Business Day Convention set out in (b) above/, not subject to adjustment, as the Business Day Convention in (b) above is specified to be Not Applicable]
- (b) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention][Not Applicable]
- (c) Additional Business Centre(s): []

- (d) Manner in which the Rate of Interest and Interest Amount is to be determined: [Screen Rate Determination/ISDA Determination]
- (e) Party responsible for calculating the Rate of Interest and Interest Amount (if not the Agent): []
- (f) Screen Rate Determination:
- Reference Rate: [] month
[LIBOR/EURIBOR/CIBOR/STIBOR/NIBOR]
 - Interest Determination Date(s): []
(Second London business day prior to the start of each Interest Period if LIBOR (other than Sterling or euro LIBOR), first day of each Interest Period if Sterling LIBOR, the second day on which the TARGET2 System is open prior to the start of each Interest Period if EURIBOR or euro LIBOR, second Copenhagen business day prior to the start of each Interest Period if CIBOR, second Stockholm business day prior to the start of each Interest Period if STIBOR or second Oslo business day prior to the start of each Interest Period if NIBOR)
 - Relevant Screen Page: []
(In the case of EURIBOR, if not Reuters EURIBOR01 ensure it is a page which shows a composite rate or amend the fallback provisions appropriately)
- (g) ISDA Determination:
- Floating Rate Option: []
 - Designated Maturity: []
 - Reset Date: []
- (h) Linear Interpolation: [Not Applicable/Applicable - the Rate of interest for the [long/short] [first/last] Interest Period shall be calculated using Linear Interpolation (*specify for each short or long interest period*)]
- (i) Margin(s): [+/-] [] per cent. per annum
- (j) Minimum Rate of Interest: [] per cent. per annum
- (k) Maximum Rate of Interest: [] per cent. per annum
- (l) Day Count Fraction: [Actual/Actual (ISDA)][Actual/Actual]
Actual/365 (Fixed)

- Actual/365 (Sterling)
Actual/360
[30/360][360/360][Bond Basis]
[30E/360][Eurobond Basis]
30E/360 (ISDA)]
16. Zero Coupon Note Provisions [Applicable/Not Applicable]
(If not applicable, delete the remaining subparagraphs of this paragraph)
- (a) Accrual Yield: [] per cent. per annum
- (b) Reference Price: []
- (c) Day Count Fraction in relation to Early Redemption Amounts: [30/360]
[Actual/360]
[Actual/365]

PROVISIONS RELATING TO REDEMPTION

17. Notice periods for [Condition 7.2 of the Terms and Conditions of the Notes other than the VPS Notes][Condition 6.2 of the Terms and Conditions of the VPS Notes] and [Condition 7.4 of the Terms and Conditions of the Notes other than the VPS Notes][Condition 6.4 of the Terms and Conditions of the VPS Notes]: Minimum period: [30] days
Maximum period: [60] days
18. Issuer Call: [Applicable/Not Applicable]
(If not applicable, delete the remaining subparagraphs of this paragraph)
- (a) Optional Redemption Date(s): []
- (b) Optional Redemption Amount: [] per Calculation Amount
- (c) If redeemable in part: [Not Applicable, as the Notes are not redeemable in part]
- (i) Minimum Redemption Amount: []
- (ii) Maximum Redemption Amount: []
- (d) Notice periods: Minimum period: [15] days
Maximum period: [30] days
(N.B. When setting notice periods, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems (which require a minimum of 5 clearing system business days' notice for a call) and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer

and the Principal Paying Agent or Trustee.)

19. Make-whole Redemption by the Issuer: [Applicable/Not Applicable]
(If not applicable, delete the remaining subparagraphs of this paragraph)
- (a) Make-whole Redemption Date(s): []
- (b) Make-whole Redemption Margin: [[] basis points/Not Applicable]
- (c) Reference Bond: [CA Selected Bond/[]]
- (d) Quotation Time: [[5.00 p.m. [Brussels/London/[]]] time/Not Applicable]
- (e) Reference Rate Determination Date: The [] Business Day preceding the relevant Make-whole Redemption Date
- (f) If redeemable in part: [Not Applicable, as the Notes are not redeemable in part]
- (i) Minimum Redemption Amount: []
- (ii) Maximum Redemption Amount: []
- (g) Notice Periods: Minimum period: [15] days
Maximum period: [30] days
- (N.B. When setting notice periods, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems (which require a minimum of 5 clearing system business days' notice for a call) and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Principal Paying Agent or Trustee)*
20. Final Redemption Amount: [] per Calculation Amount
21. Early Redemption Amount payable on redemption for taxation reasons, change of control put or on event of default: [] per Calculation Amount

GENERAL PROVISIONS APPLICABLE TO THE NOTES

22. Form of Notes:
- (a) Form: [Bearer Notes: [Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for Definitive Notes upon an Exchange Event]
- [Temporary Global Note exchangeable for Definitive

Notes on and after the Exchange Date]

[Permanent Global Note exchangeable for Definitive Notes upon an Exchange Event]

[Notes shall not be physically delivered in Belgium, except to a clearing system, a depository or other institution for the purpose of their immobilisation in accordance with article 4 of the Belgian Law of 14 December 2005¹²]

(N.B. The option for an issue of Notes to be represented on issue by a Temporary Global Note exchangeable for Definitive Notes should not be expressed to be applicable if the Specified Denomination of the Notes in paragraph 6 includes language substantially to the following effect: "[€100,000] and integral multiples of [€1,000] in excess thereof up to and including [€199,000]." .)

[Registered Notes:

[Global Note registered in the name of a nominee for [a common depository for Euroclear and Clearstream, Luxembourg][a common safekeeper for Euroclear and Clearstream, Luxembourg]

[VPS Notes issued in uncertificated book entry form]

(b) New Global Note: [Yes][No]

(If VPS Notes or Registered Notes, must be "No")

(c) New Safekeeping Structure: [Yes][No]

(If VPS Notes or Bearer Notes, must be "No")

23. Additional Financial Centre(s): [Not Applicable/give details]
(Note that this paragraph relates to the date of payment and not the end dates of Interest Periods for the purposes of calculating the amount of interest, to which sub-paragraphs 15(c) relates)

24. Talons for future Coupons to be attached to Definitive Notes: [Yes, as the Notes have more than 27 coupon payments, Talons may be required if, on exchange into definitive form, more than 27 coupon payments are still to be made/No]

25. Other terms or special conditions: [Not Applicable/give details]

[THIRD PARTY INFORMATION

¹² Include for Notes that are to be offered in Belgium.

[[*Relevant third party information*] has been extracted from [*specify source*]. Each of the Issuer and the Guarantor confirms that such information has been accurately reproduced and that, so far as it is aware and is able to ascertain from information published by [*specify source*], no facts have been omitted which would render the reproduced information inaccurate or misleading.]

Signed on behalf of Citycon Treasury B.V.:

Signed on behalf of Citycon Oyj:

By:

By:

Duly authorised

Duly authorised

PART B – OTHER INFORMATION

1. LISTING AND ADMISSION TO TRADING

- (i) Listing and Admission to trading [Application [has been made/is expected to be made] by the Issuer (or on its behalf) for the Notes to be listed on [specify market – note this must not be a regulated market] with effect from [].] [Not Applicable]
- (ii) Estimate of total expenses related to admission to trading: []

2. RATINGS

Ratings: [The Notes to be issued [[have been]/[have not been]/[are expected to be]] rated:

[insert details] by [insert the legal name of the relevant credit rating agency entity(ies) and associated defined terms].

Each of [defined terms] is established in the European Union and is registered under Regulation (EC) No. 1060/2009 (as amended) (the **CRA Regulation**)

(The above disclosure should reflect the rating allocated to Notes of the type being issued under the Programme generally or, where the issue has been specifically rated, that rating.)

3. INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE

[Save for any fees payable to the [Managers/Dealers], so far as the Issuer is aware, no person involved in the issue of the Notes has an interest material to the offer. The [Managers/Dealers] and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform other services for, the Issuer [and the Guarantor] and [its/their] affiliates in the ordinary course of business - Amend as appropriate if there are other interests]

4. YIELD (Fixed Rate Notes only)

Indication of yield: []

The yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield.

5. OPERATIONAL INFORMATION

(i) ISIN: []

- (ii) Common Code: []
- (iii) Any clearing system(s) other than [Euroclear and Clearstream, Luxembourg] [the VPS]and the relevant identification number(s): [Not Applicable/give name(s) and number(s)]
- (iv) Delivery: Delivery [against/free of] payment
- (v) Names and addresses of additional Paying Agent(s) (if any): []
- (vi) Intended to be held in a manner which would allow Eurosystem eligibility: [Yes. Note that the designation "yes" simply means that the Notes are intended upon issue to be deposited with one of the ICSDs as common safekeeper[, and registered in the name of a nominee of one of the ICSDs acting as common safekeeper] [include this text for Registered Notes which are to be held under the NSS] and does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.]/
- [No. Whilst the designation is specified as "no" at the date of these Final Terms, should the Eurosystem eligibility criteria be amended in the future such that the Notes are capable of meeting them the Notes may then be deposited with one of the ICSDs as common safekeeper[, and registered in the name of a nominee of one of the ICSDs acting as common safekeeper][include this text for Registered Notes]. Note that this does not necessarily mean that the Notes will then be recognised as eligible collateral for Eurosystem monetary policy and intra day credit operations by the Eurosystem at any time during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.]

6. DISTRIBUTION

- (i) Method of distribution: [Syndicated/Non-syndicated]
- (ii) If syndicated, names of Managers: [Not Applicable/give names]
- (iii) Date of Subscription Agreement: []
- (iv) Stabilisation Manager(s) (if any): [Not Applicable/give name]

- (v) If non-syndicated, name of relevant Dealer: [Not Applicable/*give name*]
- (vi) U.S. Selling Restrictions: Reg. S Compliance Category 2; [TEFRA D/TEFRA C/TEFRA not applicable]
- (vii) Prohibition of Sales to EEA Retail Investors: [Applicable/Not Applicable]

(If the offer of the Notes is concluded prior to 1 January 2018, or on and after that date the Notes clearly do not constitute “packaged” products, “Not Applicable” should be specified. If the offer of the Notes will be concluded on or after 1 January 2018 and the Notes may constitute “packaged” products, “Applicable” should be specified.)

7. USE OF PROCEEDS []

TERMS AND CONDITIONS OF THE NOTES OTHER THAN THE VPS NOTES

The following are the Terms and Conditions of the Notes other than the VPS Notes which will be incorporated by reference into each Global Note (as defined below) and each definitive Note, in the latter case only if permitted by the relevant stock exchange or other relevant authority (if any) and agreed by the Issuer and the relevant Dealer at the time of issue but, if not so permitted and agreed, such definitive Note will have endorsed thereon or attached thereto such Terms and Conditions. The applicable Pricing Supplement in relation to any Tranche of Exempt Notes may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with the following Terms and Conditions, replace or modify the following Terms and Conditions for the purpose of such Notes. The applicable Final Terms (or the relevant provisions thereof) will be endorsed upon, or attached to, each Global Note and definitive Note. Reference should be made to "Applicable Final Terms" for a description of the content of Final Terms which will specify which of such terms are to apply in relation to the relevant Notes.

This Note is one of a Series (as defined below) of Notes issued by Citycon Treasury B.V. (the **Issuer**) constituted by a Trust Deed (such Trust Deed as modified and/or supplemented and/or restated from time to time, the **Trust Deed**) dated 18 July 2017 made between the Issuer, Citycon Oyj (the **Guarantor**) and Deutsche Trustee Company Limited (the **Trustee**, which expression shall include any successor as Trustee).

References herein to the **Notes** shall be references to the Notes of this Series and shall mean:

- (a) in relation to any Notes represented by a global Note (a **Global Note**), units of each Specified Denomination in the Specified Currency;
- (b) any Global Note;
- (c) any definitive Notes in bearer form (**Bearer Notes**) issued in exchange for a Global Note in bearer form; and
- (d) any definitive Notes in registered form (**Registered Notes**) (whether or not issued in exchange for a Global Note in registered form).

The Notes and the Coupons (as defined below) have the benefit of an Agency Agreement (such Agency Agreement as amended and/or supplemented and/or restated from time to time, the **Agency Agreement**) dated 18 July 2017 and made between the Issuer, the Guarantor, the Trustee, Deutsche Bank AG, London Branch as issuing and principal paying agent and agent bank (the **Principal Paying Agent**, which expression shall include any successor principal paying agent) and the other paying agents named therein (together with the Principal Paying Agent, the **Paying Agents**, which expression shall include any additional or successor paying agents), Deutsche Bank Luxembourg S.A. as registrar (the **Registrar**, which expression shall include any successor registrar) and transfer agent (together with the Registrar, the **Transfer Agents**, which expression shall include any additional or successor transfer agents). The Principal Paying Agent, the Registrar, the Paying Agents and the Transfer Agents are together referred to as the **Agents**.

The final terms for this Note (or the relevant provisions thereof) are set out in Part A of the Final Terms attached to or endorsed on this Note which supplement these Terms and Conditions (the **Conditions**) or, if this Note is a Note which is neither admitted to trading on a regulated market in the European Economic Area nor offered in the European Economic Area in circumstances where a prospectus is required to be published under the Prospectus Directive (an **Exempt Note**), the final terms (or the relevant provisions thereof) are set out in Part A of the Pricing Supplement and may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with the Conditions, replace or modify the Conditions for the purposes of this Note. References to the **applicable Final Terms** are, unless otherwise stated, to Part A of the Final Terms (or the relevant provisions thereof) attached to or endorsed on this Note. Any reference in the Conditions to **applicable Final Terms** shall be deemed to include a reference to

applicable Pricing Supplement where relevant. The expression **Prospectus Directive** means Directive 2003/71/EC (as amended, including by Directive 2010/73/EU), and includes any relevant implementing measure in a relevant Member State of the European Economic Area.

Interest bearing definitive Bearer Notes have interest coupons (**Coupons**) and, in the case of Bearer Notes which, when issued in definitive form, have more than 27 interest payments remaining, talons for further Coupons (**Talons**) attached on issue. Any reference herein to Coupons or coupons shall, unless the context otherwise requires, be deemed to include a reference to Talons or talons. Registered Notes and Global Notes do not have Coupons or Talons attached on issue.

The Trustee acts for the benefit of the **Noteholders** (which expression shall mean (in the case of Bearer Notes) the holders of the Notes and (in the case of Registered Notes) the persons in whose name the Notes are registered and shall, in relation to any Notes represented by a Global Note, be construed as provided below) and the holders of the Coupons (the **Couponholders**, which expression shall, unless the context otherwise requires, include the holders of the Talons), in accordance with the provisions of the Trust Deed.

As used herein, **Tranche** means Notes which are identical in all respects (including as to listing and admission to trading) and **Series** means a Tranche of Notes together with any further Tranche or Tranches of Notes which (a) are expressed to be consolidated and form a single series and (b) have the same terms and conditions or terms and conditions which are the same in all respects save for the amount and date of the first payment of interest thereon and the date from which interest starts to accrue.

Copies of the Trust Deed and the Agency Agreement are available for inspection during normal business hours at the principal office for the time being of the Trustee being at 18 July 2017 at Winchester House, 1 Great Winchester Street, London EC2N 2DB, United Kingdom and at the specified office of each of the Paying Agents. If the Notes are to be admitted to trading on the regulated market of the Irish Stock Exchange the applicable Final Terms will be published on the website of the Irish Stock Exchange (www.ise.ie). If this Note is an Exempt Note, the applicable Pricing Supplement will only be obtainable by a Noteholder holding one or more Notes and such Noteholder must produce evidence satisfactory to the Issuer, the Trustee and the relevant Agent as to its holding of such Notes and identity. The Noteholders and the Couponholders are deemed to have notice of, and are entitled to the benefit of, all the provisions of the Trust Deed, the Agency Agreement and the applicable Final Terms which are applicable to them. The statements in the Conditions include summaries of, and are subject to, the detailed provisions of the Trust Deed and the Agency Agreement.

Words and expressions defined in the Trust Deed, the Agency Agreement or used in the applicable Final Terms shall have the same meanings where used in the Conditions unless the context otherwise requires or unless otherwise stated and provided that, in the event of inconsistency between the Trust Deed and the Agency Agreement, the Trust Deed will prevail and, in the event of inconsistency between the Trust Deed or the Agency Agreement and the applicable Final Terms, the applicable Final Terms will prevail.

In the Conditions, **euro** means the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty on the Functioning of the European Union, as amended.

1. FORM, DENOMINATION AND TITLE

The Notes are in bearer form or in registered form as specified in the applicable Final Terms and, in the case of definitive Notes, serially numbered, in the currency (the **Specified Currency**) and the denominations (the **Specified Denomination(s)**) specified in the applicable Final Terms. Notes of one Specified Denomination may not be exchanged for Notes of another Specified Denomination and Bearer Notes may not be exchanged for Registered Notes and *vice versa*.

This Note may be a Fixed Rate Note, a Floating Rate Note or a Zero Coupon Note, or a combination of any of the foregoing, depending upon the Interest Basis shown in the applicable Final Terms.

Definitive Bearer Notes are issued with Coupons attached, unless they are Zero Coupon Notes in which case references to Coupons and Couponholders in the Conditions are not applicable.

Subject as set out below, title to the Bearer Notes and Coupons will pass by delivery and title to the Registered Notes will pass upon registration of transfers in accordance with the provisions of the Agency Agreement. The Issuer, the Guarantor, the Trustee and any Agent will (except as otherwise required by law) deem and treat the bearer of any Bearer Note or Coupon and the registered holder of any Registered Note as the absolute owner thereof (whether or not overdue and notwithstanding any notice of ownership or writing thereon or notice of any previous loss or theft thereof) for all purposes but, in the case of any Global Note, without prejudice to the provisions set out in the next succeeding paragraph.

For so long as any of the Notes is represented by a Global Note held on behalf of Euroclear Bank SA/NV (**Euroclear**) and/or Clearstream Banking S.A. (**Clearstream, Luxembourg**), each person (other than Euroclear or Clearstream, Luxembourg) who is for the time being shown in the records of Euroclear or of Clearstream, Luxembourg as the holder of a particular nominal amount of such Notes (in which regard any certificate or other document issued by Euroclear or Clearstream, Luxembourg as to the nominal amount of such Notes standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error) shall be treated by the Issuer, the Guarantor, the Trustee and the Agents as the holder of such nominal amount of such Notes for all purposes other than with respect to the payment of principal or interest on such nominal amount of such Notes, for which purpose the bearer of the relevant Bearer Global Note or the registered holder of the relevant Registered Global Note shall be treated by the Issuer, the Guarantor, the Trustee and any Agent as the holder of such nominal amount of such Notes in accordance with and subject to the terms of the relevant Global Note and the expressions **Noteholder** and **holder of Notes** and related expressions shall be construed accordingly.

In determining whether a particular person is entitled to a particular nominal amount of Notes as aforesaid, the Trustee may rely on such evidence and/or information and/or certification as it shall, in its absolute discretion, think fit and, if it does so rely, such evidence and/or information and/or certification shall, in the absence of manifest error, be conclusive and binding on all concerned.

Notes which are represented by a Global Note will be transferable only in accordance with the rules and procedures for the time being of Euroclear and/or Clearstream, Luxembourg, as the case may be. References to Euroclear and/or Clearstream, Luxembourg shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system specified in Part B of the applicable Final Terms.

2. TRANSFERS OF REGISTERED NOTES

2.1 Transfers of interests in Registered Global Notes

Transfers of beneficial interests in Registered Global Notes will be effected by Euroclear or Clearstream, Luxembourg, as the case may be, and, in turn, by other participants and, if appropriate, indirect participants in such clearing systems acting on behalf of transferors and transferees of such interests. A beneficial interest in a Registered Global Note will, subject to compliance with all applicable legal and regulatory restrictions, be transferable for Notes in definitive form or for a beneficial interest in another Registered Global Note of the same series only in the authorised denominations set out in the applicable Final Terms and only in accordance with the rules and operating procedures for the time being of Euroclear or Clearstream, Luxembourg, as the case may be, and in accordance with the terms and conditions specified in the Trust Deed and the Agency Agreement.

2.2 Transfers of Registered Notes in definitive form

Subject as provided in paragraph 2.3 below, upon the terms and subject to the conditions set forth in the Trust Deed and the Agency Agreement, a Registered Note in definitive form may be transferred in whole or in part (in the authorised denominations set out in the applicable Final Terms). In order to effect any such transfer (a) the holder or holders must (i) surrender the Registered Note for registration of the transfer of the Registered Note (or the relevant part of the Registered Note) at the specified office of any Transfer Agent, with the form of transfer thereon duly executed by the holder or holders thereof or his or their attorney or attorneys duly authorised in writing and (ii) complete and deposit such other certifications as may be required by the relevant Transfer Agent and (b) the relevant Transfer Agent must, after due and careful enquiry, be satisfied with the documents of title and the identity of the person making the request. Any such transfer will be subject to such reasonable regulations as the Issuer, the Trustee and the Registrar may from time to time prescribe (the initial such regulations being set out in Schedule 3 to the Agency Agreement). Subject as provided above, the relevant Transfer Agent will, within three business days (being for this purpose a day on which banks are open for business in the city where the specified office of the relevant Transfer Agent is located) of the request (or such longer period as may be required to comply with any applicable fiscal or other laws or regulations), authenticate and deliver, or procure the authentication and delivery of, at its specified office to the transferee or (at the risk of the transferee) send by uninsured mail, to such address as the transferee may request, a new Registered Note in definitive form of a like aggregate nominal amount to the Registered Note (or the relevant part of the Registered Note) transferred. In the case of the transfer of part only of a Registered Note in definitive form, a new Registered Note in definitive form in respect of the balance of the Registered Note not transferred will be so authenticated and delivered or (at the risk of the transferor) sent to the transferor.

2.3 Registration of transfer upon partial redemption

In the event of a partial redemption of Notes under Condition 7, the Issuer shall not be required to register the transfer of any Registered Note, or part of a Registered Note, called for partial redemption.

2.4 Costs of registration

Noteholders will not be required to bear the costs and expenses of effecting any registration of transfer as provided above, except for any costs or expenses of delivery other than by regular uninsured mail and except that the Issuer may require the payment of a sum sufficient to cover any stamp duty, tax or other governmental charge that may be imposed in relation to the registration.

3. STATUS OF THE NOTES AND THE GUARANTEE

3.1 Status of the Notes

The Notes and any relative Coupons are direct, unconditional, unsubordinated and (subject to the provisions of Condition 4.1) unsecured obligations of the Issuer and rank *pari passu* among themselves and (save for certain obligations required to be preferred by law) equally with all other unsecured obligations (other than subordinated obligations, if any) of the Issuer, from time to time outstanding.

3.2 Status of the Guarantee

The payment of principal and interest in respect of the Notes and all other moneys payable by the Issuer under or pursuant to the Trust Deed has been unconditionally and irrevocably guaranteed by the Guarantor in the Trust Deed (the **Guarantee**). The obligations of the Guarantor under the

Guarantee are direct, unconditional, unsubordinated and (subject to the provisions of Condition 4.1) unsecured obligations of the Guarantor and (save for certain obligations required to be preferred by law) rank equally with all other unsecured obligations (other than subordinated obligations, if any) of the Guarantor, from time to time outstanding.

4. COVENANTS

4.1 Negative Pledges

So long as any of the Notes remains outstanding (as defined in the Trust Deed):

- (a) the Issuer will not, and will procure that none of its Subsidiaries (as defined below) will, create or have outstanding any mortgage, charge, lien, pledge or other security interest (each a **Security Interest**) upon, or with respect to, any of the present or future business, undertaking, assets or revenues (including any uncalled capital) of the Issuer and/or any of its Subsidiaries, other than an Acquired Security Interest, to secure any Relevant Indebtedness (as defined below), unless the Issuer, in the case of the creation of the Security Interest, before or at the same time and, in any other case, promptly, takes any and all action necessary to ensure that:
 - (i) all amounts payable by it under the Notes, the Coupons and the Trust Deed are secured by the Security Interest equally and rateably with the Relevant Indebtedness to the satisfaction of the Trustee; or
 - (ii) such other Security Interest or other arrangement (whether or not it includes the giving of a Security Interest) is provided either (A) as the Trustee in its absolute discretion deems not materially less beneficial to the interests of the Noteholders or (B) as is approved by an Extraordinary Resolution (as defined in the Trust Deed) of the Noteholders; and
- (b) the Guarantor will not, and the Guarantor will procure that none of its Subsidiaries will, create or have outstanding any Security Interest upon, or with respect to, any of the present or future business, undertaking, assets or revenues (including any uncalled capital) of the Guarantor and/or any of its Subsidiaries, other than an Acquired Security Interest, to secure any Relevant Indebtedness unless the Guarantor, in the case of the creation of the Security Interest, before or at the same time and, in any other case, promptly, takes any and all action necessary to ensure that:
 - (i) all amounts payable by it under the Guarantee are secured by the Security Interest equally and rateably with the Relevant Indebtedness to the satisfaction of the Trustee; or
 - (ii) such other Security Interest or guarantee or other arrangement (whether or not it includes the giving of a Security Interest) is provided either (A) as the Trustee in its absolute discretion deems not materially less beneficial to the interests of the Noteholders or (B) as is approved by an Extraordinary Resolution of the Noteholders.

4.2 Financial Covenants

So long as any Note remains outstanding:

- (a) the Solvency Ratio shall not exceed 0.65; and

- (b) the Secured Solvency Ratio shall not exceed 0.25.

The Guarantor will promptly notify the Trustee in accordance with the Trust Deed in the event that any of the undertakings in this Condition 4.2 is breached at any time.

For so long as the Notes remain outstanding, the Guarantor will deliver a certificate to the Trustee on each Reporting Date signed by a duly Authorised Signatory (as defined in the Trust Deed) of the Guarantor, certifying that the Guarantor is and has been in compliance with the undertakings set out in this Condition 4.2 at all times since the last such certificate was delivered to the Trustee or, if none, since 18 July 2017.

A certificate by any two Authorised Signatories of the Guarantor as to any of the amounts referred to in this Condition 4.2, or any of the terms defined for the purposes of this Condition 4.2, shall be conclusive and binding on all parties.

4.3 Interpretation

For the purposes of these Conditions:

- (a) **Acquired Security Interest** means a Security Interest of any Person existing at the time such Person is acquired by and becomes a Subsidiary of the Issuer, the Guarantor or any of their respective Subsidiaries, provided such Security Interest (i) was not created in contemplation of, and the principal amount secured has not increased in contemplation of or since, such acquisition and (ii) has not been extended to any additional assets or revenues in contemplation of or since such acquisition;
- (b) **Consolidated Total Assets** means the total assets (excluding intangible assets) of the Group as shown in the most recent audited annual or unaudited semi-annual, as the case may be, consolidated financial statements of the Guarantor;
- (c) **Consolidated Total Indebtedness** means the total Indebtedness (on a consolidated basis) of the Group as determined by reference to the most recent audited annual or unaudited semi-annual, as the case may be, consolidated financial statements of the Guarantor;
- (d) **Group** means the Guarantor and its Subsidiaries;
- (e) **IFRS** means International Financial Reporting Standards, including International Accounting Standards and Interpretations, issued by the International Accounting Standards Board (as amended, supplemented or re-issued from time to time) as adopted by the European Union;
- (f) **Indebtedness** means, with respect to any Person at any date of determination (without duplication) any debt of such Person, including:
- (i) all indebtedness of such Person for borrowed money in whatever form;
 - (ii) all obligations of such Person evidenced by bonds, debentures, notes or other similar instruments;
 - (iii) all obligations of such Person in respect of letters of credit or other similar instruments (including reimbursement obligations with respect thereto, except to the extent any such reimbursement obligations relate to trade payables);
 - (iv) all obligations of such Person to pay the deferred and unpaid purchase price of property, assets or services which purchase price is due more than 90 days after the

earlier of the date of placing such property in service or taking delivery and title thereof or the completion of such services excluding:

- (A) any trade payables or other liability to trade creditors; and
 - (B) any post-closing payment adjustments in connection with the purchase by the Guarantor or any Subsidiary of any business to which the seller may become entitled, to the extent such payment is determined by a final closing balance sheet or such payment depends on the performance of such business after the closing and provided that (x) the amount of any such payment is not determinable at the time of closing and, (y) to the extent such payment thereafter becomes fixed and determined, the amount is paid within 90 days thereafter;
- (v) all capitalised lease obligations of such Person, to the extent treated as indebtedness in the financial statements of such Person under IFRS;
 - (vi) all obligations of the type referred to in paragraphs (i) to (v) of other Persons guaranteed by such Person to the extent such obligation is guaranteed by such Person; and
 - (vii) all obligations of the type referred to in paragraphs (i) to (vi) of other Persons secured by any Security Interest over any asset of such Person (the amount of such obligation being deemed to be the lesser of (A) the book value of such asset as shown in the most recent audited annual or unaudited semi-annual financial statements of such Person and (B) the amount of the obligation so secured), whether or not such indebtedness is assumed by such Person.

For the purpose of determining the euro-equivalent of Indebtedness denominated in a foreign currency, the euro-equivalent principal amount of such Indebtedness pursuant thereto shall be calculated based on the relevant official central bank currency exchange rate in effect on the date of determination thereof.

The amount of Indebtedness of any Person at any date shall be the outstanding balance at such date of all unconditional obligations as described above provided that (i) with respect to contingent obligations as described above, will be the value of the contingency, if any, giving rise to the obligation as reported in that Person's financial statements and (ii) in the case of Indebtedness sold at a discount, the amount of such Indebtedness at any time will be the accreted value thereof at such time;

- (g) **Measurement Date** means each day which is (i) the last day of the Guarantor's financial year in any year in respect of which audited annual consolidated financial statements of the Guarantor have been produced (the **Annual Measurement Date**) or (ii) the last day of the first half of the Guarantor's financial year in any year in respect of which unaudited semi-annual consolidated financial statements of the Guarantor have been produced (the **Semi-Annual Measurement Date**);
- (h) **Person** means any individual, company, corporation, firm, partnership, joint venture, association, organisation, state or agency of a state or other entity, whether or not having separate legal personality;
- (i) **Relevant Indebtedness** means (i) any present or future indebtedness (whether being principal, premium, interest or other amounts) for or in respect of any notes, bonds, debentures, debenture stock, loan stock or other securities which are for the time being, or

are capable of being, quoted, listed or ordinarily dealt in on any stock exchange, over-the-counter or other securities market, and (ii) any guarantee or indemnity in respect of any such indebtedness;

- (j) **Reporting Date** means a date falling no later than 30 days after (i) the publication of the Guarantor's audited annual consolidated financial statements, with respect to an Annual Measurement Date, or (ii) the publication of the Guarantor's unaudited semi-annual consolidated financial statements, with respect to a Semi-Annual Measurement Date;
- (k) **Secured Consolidated Total Indebtedness** means such amount of Consolidated Total Indebtedness that is secured by a Security Interest granted by the Guarantor or a Subsidiary of the Guarantor;
- (l) **Secured Solvency Ratio** means, in respect of any Measurement Date, (i) the Secured Consolidated Total Indebtedness divided by (ii) Consolidated Total Assets;
- (m) **Solvency Ratio** means, in respect of any Measurement Date, (i) the Consolidated Total Indebtedness (less cash and cash equivalents (as set out in the most recent audited annual or unaudited semi-annual, as the case may be, consolidated financial statements of the Guarantor)) divided by (ii) Consolidated Total Assets; and
- (n) **Subsidiary** means, in relation to the Issuer or the Guarantor (as the case may be), any company (i) in which the Issuer or, as the case may be, the Guarantor, holds a majority of the voting rights or (ii) of which the Issuer or, as the case may be, the Guarantor, is a member and has the right to appoint or remove a majority of the board of directors or (iii) of which the Issuer or, as the case may be, the Guarantor is a member and controls a majority of the voting rights, and includes any company which is a Subsidiary of a Subsidiary of the Issuer or, as the case may be, the Guarantor.

5. INTEREST

5.1 Interest on Fixed Rate Notes

Each Fixed Rate Note bears interest from (and including) the Interest Commencement Date at the rate(s) per annum equal to the Rate(s) of Interest. Interest will be payable in arrear on the Interest Payment Date(s) in each year up to (and including) the Maturity Date.

If the Notes are in definitive form, except as provided in the applicable Final Terms, the amount of interest payable on each Interest Payment Date in respect of the Fixed Interest Period ending on (but excluding) such date will amount to the Fixed Coupon Amount. Payments of interest on any Interest Payment Date will, if so specified in the applicable Final Terms, amount to the Broken Amount so specified.

As used in the Conditions, **Fixed Interest Period** means the period from (and including) an Interest Payment Date (or the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date.

Except in the case of Notes in definitive form where an applicable Fixed Coupon Amount or Broken Amount is specified in the applicable Final Terms, interest shall be calculated in respect of any period by applying the Rate of Interest to:

- (a) in the case of Fixed Rate Notes which are represented by a Global Note, the aggregate outstanding nominal amount of the Fixed Rate Notes represented by such Global Note; or

(b) in the case of Fixed Rate Notes in definitive form, the Calculation Amount;

and, in each case, multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention. Where the Specified Denomination of a Fixed Rate Note in definitive form is a multiple of the Calculation Amount, the amount of interest payable in respect of such Fixed Rate Note shall be the product of the amount (determined in the manner provided above) for the Calculation Amount and the amount by which the Calculation Amount is multiplied to reach the Specified Denomination, without any further rounding.

In these Conditions:

Day Count Fraction means, in respect of the calculation of an amount of interest, in accordance with this Condition 5.1:

- (i) if "Actual/Actual (ICMA)" is specified in the applicable Final Terms:
 - (A) in the case of Notes where the number of days in the relevant period from (and including) the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to (but excluding) the relevant payment date (the **Accrual Period**) is equal to or shorter than the Determination Period during which the Accrual Period ends, the number of days in such Accrual Period divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Dates (as specified in the applicable Final Terms) that would occur in one calendar year; or
 - (B) in the case of Notes where the Accrual Period is longer than the Determination Period during which the Accrual Period ends, the sum of:
 - (1) the number of days in such Accrual Period falling in the Determination Period in which the Accrual Period begins divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates that would occur in one calendar year; and
 - (2) the number of days in such Accrual Period falling in the next Determination Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates that would occur in one calendar year; and
- (ii) if "30/360" is specified in the applicable Final Terms, the number of days in the period from (and including) the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to (but excluding) the relevant payment date (such number of days being calculated on the basis of a year of 360 days with 12 30-day months) divided by 360.

Determination Period means each period from (and including) a Determination Date to (but excluding) the next Determination Date (including, where either the Interest Commencement Date or the final Interest Payment Date is not a Determination Date, the period commencing on the first Determination Date prior to, and ending on the first Determination Date falling after, such date); and

sub-unit means, with respect to any currency other than euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, with respect to euro, one cent.

5.2 Interest on Floating Rate Notes

(a) Interest Payment Dates

Each Floating Rate Note bears interest from (and including) the Interest Commencement Date and such interest will be payable in arrear on either:

- (i) the Specified Interest Payment Date(s) in each year specified in the applicable Final Terms; or
- (ii) if no Specified Interest Payment Date(s) is/are specified in the applicable Final Terms, each date (each such date, together with each Specified Interest Payment Date, an **Interest Payment Date**) which falls the number of months or other period specified as the Specified Period in the applicable Final Terms after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date.

Such interest will be payable in respect of each Interest Period. In these Conditions, **Interest Period** means the period from (and including) an Interest Payment Date (or the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date.

If a Business Day Convention is specified in the applicable Final Terms and (x) if there is no numerically corresponding day in the calendar month in which an Interest Payment Date should occur or (y) if any Interest Payment Date would otherwise fall on a day which is not a Business Day, then, if the Business Day Convention specified is:

- (A) in any case where Specified Periods are specified in accordance with Condition 5.2(a)(ii) above, the Floating Rate Convention, such Interest Payment Date (a) in the case of (x) above, shall be the last day that is a Business Day in the relevant month and the provisions of (ii) below shall apply *mutatis mutandis* or (b) in the case of (y) above, shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event (i) such Interest Payment Date shall be brought forward to the immediately preceding Business Day and (ii) each subsequent Interest Payment Date shall be the last Business Day in the month which falls the Specified Period after the preceding applicable Interest Payment Date occurred; or
- (B) the Following Business Day Convention, such Interest Payment Date shall be postponed to the next day which is a Business Day; or
- (C) the Modified Following Business Day Convention, such Interest Payment Date shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event such Interest Payment Date shall be brought forward to the immediately preceding Business Day; or
- (D) the Preceding Business Day Convention, such Interest Payment Date shall be brought forward to the immediately preceding Business Day.

In these Conditions, **Business Day** means:

- (a) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in London and each Additional Business Centre (other than TARGET2 System) specified in the applicable Final Terms;

- (b) if TARGET2 System is specified as an Additional Business Centre in the applicable Final Terms, a day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET2) System (the **TARGET2 System**) is open; and
- (c) either (1) in relation to any sum payable in a Specified Currency other than euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Specified Currency (which if the Specified Currency is Australian dollars or New Zealand dollars shall be Sydney and Auckland, respectively) or (2) in relation to any sum payable in euro, a day on which the TARGET2 System is open.

(b) Rate of Interest

The Rate of Interest payable from time to time in respect of Floating Rate Notes will be determined in the manner specified in the applicable Final Terms.

(i) ISDA Determination for Floating Rate Notes

Where ISDA Determination is specified in the applicable Final Terms as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Period will (subject to Condition 5.2(e) below) be the relevant ISDA Rate plus or minus (as indicated in the applicable Final Terms) the Margin (if any). For the purposes of this subparagraph (i), **ISDA Rate** for an Interest Period means a rate equal to the Floating Rate that would be determined by the Principal Paying Agent under an interest rate swap transaction if the Principal Paying Agent were acting as Calculation Agent for that swap transaction under the terms of an agreement incorporating the 2006 ISDA Definitions, as published by the International Swaps and Derivatives Association, Inc. and as amended and updated as at the Issue Date of the first Tranche of the Notes (the **ISDA Definitions**) and under which:

- (A) the Floating Rate Option is as specified in the applicable Final Terms;
- (B) the Designated Maturity is a period specified in the applicable Final Terms; and
- (C) the relevant Reset Date is the day specified in the applicable Final Terms.

For the purposes of this subparagraph (i), **Floating Rate, Calculation Agent, Floating Rate Option, Designated Maturity** and **Reset Date** have the meanings given to those terms in the ISDA Definitions.

Unless otherwise stated in the applicable Final Terms the Minimum Rate of Interest shall be deemed to be zero.

(ii) Screen Rate Determination for Floating Rate Notes

Where Screen Rate Determination is specified in the applicable Final Terms as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Period will, subject as provided below, be either:

- (A) the offered quotation; or
- (B) the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) of the offered quotations,

(expressed as a percentage rate per annum) for the Reference Rate (being either LIBOR, EURIBOR, CIBOR, STIBOR or NIBOR, as specified in the applicable Final Terms) which appears or appear, as the case may be, on the Relevant Screen Page (or such replacement page on that service which displays the information) as at 11.00 a.m. (London time, in the case of LIBOR, Brussels time, in the case of EURIBOR, Copenhagen time, in the case of CIBOR or Stockholm time, in the case of STIBOR) or 12.00 noon (Oslo time, in the case of NIBOR) on the Interest Determination Date in question plus or minus (as indicated in the applicable Final Terms) the Margin (if any), all as determined by the Principal Paying Agent. If five or more of such offered quotations are available on the Relevant Screen Page, the highest (or, if there is more than one such highest quotation, one only of such quotations) and the lowest (or, if there is more than one such lowest quotation, one only of such quotations) shall be disregarded by the Principal Paying Agent for the purpose of determining the arithmetic mean (rounded as provided above) of such offered quotations.

The Agency Agreement contains provisions for determining the Rate of Interest in the event that the Relevant Screen Page is not available or if, in the case of (A) above, no such offered quotation appears or, in the case of (B) above, fewer than three such offered quotations appear, in each case as at the time specified in the preceding paragraph.

(c) Minimum Rate of Interest and/or Maximum Rate of Interest

If the applicable Final Terms specifies a Minimum Rate of Interest for any Interest Period, then, in the event that the Rate of Interest in respect of such Interest Period determined in accordance with the provisions of paragraph (b) above is less than such Minimum Rate of Interest, the Rate of Interest for such Interest Period shall be such Minimum Rate of Interest.

If the applicable Final Terms specifies a Maximum Rate of Interest for any Interest Period, then, in the event that the Rate of Interest in respect of such Interest Period determined in accordance with the provisions of paragraph (b) above is greater than such Maximum Rate of Interest, the Rate of Interest for such Interest Period shall be such Maximum Rate of Interest.

(d) Determination of Rate of Interest and calculation of Interest Amounts

The Principal Paying Agent will at or as soon as practicable after each time at which the Rate of Interest is to be determined, determine the Rate of Interest for the relevant Interest Period.

The Principal Paying Agent will calculate the amount of interest (the **Interest Amount**) payable on the Floating Rate Notes for the relevant Interest Period by applying the Rate of Interest to:

- (i) in the case of Floating Rate Notes which are represented by a Global Note, the aggregate outstanding nominal amount of the Notes represented by such Global Note; or
- (ii) in the case of Floating Rate Notes in definitive form, the Calculation Amount;

and, in each case, multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention. Where the Specified Denomination of a Floating Rate Note in definitive form is a multiple of the Calculation Amount, the Interest Amount payable in respect of such Note shall be the product of the amount (determined in the manner provided above) for the Calculation Amount and the amount by which the Calculation Amount is multiplied to reach the Specified Denomination without any further rounding.

Day Count Fraction means, in respect of the calculation of an amount of interest in accordance with this Condition 5.2:

- (i) if "Actual/Actual (ISDA)" or "Actual/Actual" is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365 (or, if any portion of that Interest Period falls in a leap year, the sum of (I) the actual number of days in that portion of the Interest Period falling in a leap year divided by 366 and (II) the actual number of days in that portion of the Interest Period falling in a non-leap year divided by 365);
- (ii) if "Actual/365 (Fixed)" is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365;
- (iii) if "Actual/365 (Sterling)" is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365 or, in the case of an Interest Payment Date falling in a leap year, 366;
- (iv) if "Actual/360" is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 360;
- (v) if "30/360", "360/360" or "Bond Basis" is specified in the applicable Final Terms, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{\lfloor 360 \times (Y_2 - Y_1) \rfloor + \lfloor 30 \times (M_2 - M_1) \rfloor + (D_2 - D_1)}{360}$$

where:

Y₁ is the year, expressed as a number, in which the first day of the Interest Period falls;

Y₂ is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

M₁ is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

M₂ is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

D₁ is the first calendar day, expressed as a number, of the Interest Period, unless such number is 31, in which case D₁ will be 30; and

D₂ is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless such number would be 31 and D₁ is greater than 29, in which case D₂ will be 30;

- (vi) if "30E/360" or "Eurobond Basis" is specified in the applicable Final Terms, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{\lfloor 360 \times (Y_2 - Y_1) \rfloor + \lfloor 30 \times (M_2 - M_1) \rfloor + (D_2 - D_1)}{360}$$

where:

Y₁ is the year, expressed as a number, in which the first day of the Interest Period falls;

Y_2 is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

M_1 is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

M_2 is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

D_1 is the first calendar day, expressed as a number, of the Interest Period, unless such number would be 31, in which case D_1 will be 30; and

D_2 is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless such number would be 31, in which case D_2 will be 30;

- (vii) if "30E/360 (ISDA)" is specified in the applicable Final Terms, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

Y_1 is the year, expressed as a number, in which the first day of the Interest Period falls;

Y_2 is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

M_1 is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

M_2 is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

D_1 is the first calendar day, expressed as a number, of the Interest Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case D_1 will be 30; and

D_2 is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless (i) that day is the last day of February but not the Maturity Date or (ii) such number would be 31, in which case D_2 will be 30.

(e) Linear Interpolation

Where Linear Interpolation is specified as applicable in respect of an Interest Period in the applicable Final Terms, the Rate of Interest for such Interest Period shall be calculated by the Principal Paying Agent by straight line linear interpolation by reference to two rates based on the relevant Reference Rate (where Screen Rate Determination is specified as applicable in the applicable Final Terms) or the relevant Floating Rate Option (where ISDA Determination is specified as applicable in the applicable Final Terms), one of which shall be determined as if the Designated Maturity were the period of time for which rates are available next shorter than the length of the relevant Interest Period and the other of which shall be determined as if the Designated Maturity were the period of time for which rates are available next longer than the length of the relevant Interest Period provided however that if there is no rate available for a period of time next

shorter or, as the case may be, next longer, then the Principal Paying Agent shall determine such rate at such time and by reference to such sources as it determines appropriate.

Designated Maturity means, in relation to Screen Rate Determination, the period of time designated in the Reference Rate.

(f) Notification of Rate of Interest and Interest Amounts

The Principal Paying Agent will cause the Rate of Interest and each Interest Amount for each Interest Period and the relevant Interest Payment Date to be notified to the Issuer, the Trustee and any stock exchange on which the relevant Floating Rate Notes are for the time being listed and notice thereof to be published in accordance with Condition 14 as soon as possible after their determination but in no event later than the fourth London Business Day thereafter. Each Interest Amount and Interest Payment Date so notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without prior notice in the event of an extension or shortening of the Interest Period. Any such amendment will promptly be notified to each stock exchange on which the relevant Floating Rate Notes are for the time being listed and to the Noteholders in accordance with Condition 14. For the purposes of this paragraph, the expression **London Business Day** means a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets are open for general business in London.

(g) Determination or Calculation by Trustee

If for any reason at any relevant time the Principal Paying Agent defaults in its obligation to determine the Rate of Interest or in its obligation to calculate any Interest Amount in accordance with subparagraph (b)(i) or subparagraph (b)(ii) above, as the case may be, and in each case in accordance with paragraph (d) and (e) above, the Trustee shall determine the Rate of Interest at such rate as, in its absolute discretion (having such regard as it shall think fit to the foregoing provisions of this Condition, but subject always to any Minimum Rate of Interest or Maximum Rate of Interest specified in the applicable Final Terms), it shall deem fair and reasonable in all the circumstances or, as the case may be, the Trustee shall calculate the Interest Amount(s) in such manner as it shall deem fair and reasonable in all the circumstances and each such determination or calculation shall be deemed to have been made by the Principal Paying Agent.

(h) Certificates to be final

All certificates, communications, opinions, determinations, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 5.2 by the Principal Paying Agent shall (in the absence of wilful default, bad faith or manifest error) be binding on the Issuer, the Guarantor, the Principal Paying Agent, the other Agents and all Noteholders and Couponholders and (in the absence of wilful default or bad faith) no liability to the Issuer, the Guarantor, the Noteholders or the Couponholders shall attach to the Principal Paying Agent or the Trustee in connection with the exercise or non exercise by it of its powers, duties and discretions pursuant to such provisions.

5.3 Accrual of interest

Each Note (or in the case of the redemption of part only of a Note, that part only of such Note) will cease to bear interest (if any) from the date for its redemption unless payment of principal is improperly withheld or refused. In such event, interest will continue to accrue until whichever is the earlier of:

- (a) the date on which all amounts due in respect of such Note have been paid; and

(b) as provided in the Trust Deed.

6. PAYMENTS

6.1 Method of payment

Subject as provided below:

- (a) payments in a Specified Currency other than euro will be made by credit or transfer to an account in the relevant Specified Currency maintained by the payee with a bank in the principal financial centre of the country of such Specified Currency (which, if the Specified Currency is Australian dollars or New Zealand dollars, shall be Sydney and Auckland, respectively); and
- (b) payments will be made in euro by credit or transfer to a euro account (or any other account to which euro may be credited or transferred) specified by the payee.

Payments will be subject in all cases to (i) any fiscal or other laws and regulations applicable thereto in the place of payment, but without prejudice to the provisions of Condition 8 and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 (the **Code**) or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof, or (without prejudice to the provisions of Condition 8) any law implementing an intergovernmental approach thereto.

6.2 Presentation of definitive Bearer Notes and Coupons

Payments of principal in respect of definitive Bearer Notes will (subject as provided below) be made in the manner provided in Condition 6.1 above only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of definitive Bearer Notes, and payments of interest in respect of definitive Bearer Notes will (subject as provided below) be made as aforesaid only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of Coupons, in each case at the specified office of any Paying Agent outside the United States (which expression, as used herein, means the United States of America (including the States and the District of Columbia and its possessions)).

Fixed Rate Notes in definitive bearer form (other than Long Maturity Notes (as defined below)) should be presented for payment together with all unmatured Coupons appertaining thereto (which expression shall for this purpose include Coupons falling to be issued on exchange of matured Talons), failing which the amount of any missing unmatured Coupon (or, in the case of payment not being made in full, the same proportion of the amount of such missing unmatured Coupon as the sum so paid bears to the sum due) will be deducted from the sum due for payment. Each amount of principal so deducted will be paid in the manner mentioned above against surrender of the relative missing Coupon at any time before the expiry of 10 years after the Relevant Date (as defined in Condition 8) in respect of such principal (whether or not such Coupon would otherwise have become void under Condition 9 or, if later, five years from the date on which such Coupon would otherwise have become due, but in no event thereafter).

Upon any Fixed Rate Note in definitive bearer form becoming due and repayable prior to its Maturity Date, all unmatured Talons (if any) appertaining thereto will become void and no further Coupons will be issued in respect thereof.

Upon the date on which any Floating Rate Note or Long Maturity Note in definitive bearer form becomes due and repayable, unmatured Coupons and Talons (if any) relating thereto (whether or not

attached) shall become void and no payment or, as the case may be, exchange for further Coupons shall be made in respect thereof. A **Long Maturity Note** is a Fixed Rate Note (other than a Fixed Rate Note which on issue had a Talon attached) whose nominal amount on issue is less than the aggregate interest payable thereon provided that such Note shall cease to be a Long Maturity Note on the Interest Payment Date on which the aggregate amount of interest remaining to be paid after that date is less than the nominal amount of such Note.

If the due date for redemption of any definitive Bearer Note is not an Interest Payment Date, interest (if any) accrued in respect of such Note from (and including) the preceding Interest Payment Date or, as the case may be, the Interest Commencement Date shall be payable only against surrender of the relevant definitive Bearer Note.

6.3 Payments in respect of Bearer Global Notes

Payments of principal and interest (if any) in respect of Notes represented by any Global Note in bearer form will (subject as provided below) be made in the manner specified above in relation to definitive Bearer Notes or otherwise in the manner specified in the relevant Global Note, where applicable against presentation or surrender, as the case may be, of such Global Note at the specified office of any Paying Agent outside the United States. A record of each payment made, distinguishing between any payment of principal and any payment of interest, will be made either on such Global Note by the Paying Agent to which it was presented or in the records of Euroclear and Clearstream, Luxembourg, as applicable.

6.4 Payments in respect of Registered Notes

Payments of principal in respect of each Registered Note (whether or not in global form) will be made against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of the Registered Note at the specified office of the Registrar or any of the Paying Agents. Such payments will be made by transfer to the Designated Account (as defined below) of the holder (or the first named of joint holders) of the Registered Note appearing in the register of holders of the Registered Notes maintained by the Registrar (the **Register**) (i) where in global form, at the close of the business day (being for this purpose a day on which Euroclear and Clearstream, Luxembourg are open for business) before the relevant due date, and (ii) where in definitive form, at the close of business on the third business day (being for this purpose a day on which banks are open for business in the city where the specified office of the Registrar is located) before the relevant due date. For these purposes, **Designated Account** means the account (which, in the case of a payment in Japanese yen to a non resident of Japan, shall be a non resident account) maintained by a holder with a Designated Bank and identified as such in the Register and **Designated Bank** means (in the case of payment in a Specified Currency other than euro) a bank in the principal financial centre of the country of such Specified Currency (which, if the Specified Currency is Australian dollars or New Zealand dollars, shall be Sydney and Auckland, respectively) and (in the case of a payment in euro) any bank which processes payments in euro.

Payments of interest in respect of each Registered Note (whether or not in global form) will be made by transfer on the due date to the Designated Account of the holder (or the first named of joint holders) of the Registered Note appearing in the Register (i) where in global form, at the close of the business day (being for this purpose a day on which Euroclear and Clearstream, Luxembourg are open for business) before the relevant due date, and (ii) where in definitive form, at the close of business on the fifteenth day (whether or not such fifteenth day is a business day) before the relevant due date (the **Record Date**). Payment of the interest due in respect of each Registered Note on redemption will be made in the same manner as payment of the principal amount of such Registered Note.

No commissions or expenses shall be charged to the holders by the Registrar in respect of any payments of principal or interest in respect of Registered Notes.

None of the Issuer, the Guarantor, the Trustee or the Agents will have any responsibility or liability for any aspect of the records relating to, or payments made on account of, beneficial ownership interests in the Registered Global Notes or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

6.5 General provisions applicable to payments

The holder of a Global Note shall be the only person entitled to receive payments in respect of Notes represented by such Global Note and the Issuer or, as the case may be, the Guarantor will be discharged by payment to, or to the order of, the holder of such Global Note in respect of each amount so paid. Each of the persons shown in the records of Euroclear or Clearstream, Luxembourg as the beneficial holder of a particular nominal amount of Notes represented by such Global Note must look solely to Euroclear or Clearstream, Luxembourg, as the case may be, for his share of each payment so made by the Issuer or, as the case may be, the Guarantor to, or to the order of, the holder of such Global Note.

Notwithstanding the foregoing provisions of this Condition, if any amount of principal and/or interest in respect of Bearer Notes is payable in U.S. dollars, such U.S. dollar payments of principal and/or interest in respect of such Notes will be made at the specified office of a Paying Agent in the United States if:

- (a) the Issuer has appointed Paying Agents with specified offices outside the United States with the reasonable expectation that such Paying Agents would be able to make payment in U.S. dollars at such specified offices outside the United States of the full amount of principal and interest on the Bearer Notes in the manner provided above when due;
- (b) payment of the full amount of such principal and interest at all such specified offices outside the United States is illegal or effectively precluded by exchange controls or other similar restrictions on the full payment or receipt of principal and interest in U.S. dollars; and
- (c) such payment is then permitted under United States law without involving, in the opinion of the Issuer and the Guarantor, adverse tax consequences to the Issuer or the Guarantor.

6.6 Payment Day

If the date for payment of any amount in respect of any Note or Coupon is not a Payment Day, the holder thereof shall not be entitled to payment until the next following Payment Day in the relevant place and shall not be entitled to further interest or other payment in respect of such delay. For these purposes, **Payment Day** means any day which (subject to Condition 9) is:

- (a) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits):
 - (i) in the case of Notes in definitive form only, in the relevant place of presentation; and
 - (ii) in each Additional Financial Centre (other than TARGET2 System) specified in the applicable Final Terms;

- (b) if TARGET2 System is specified as an Additional Financial Centre in the applicable Final Terms, a day on which the TARGET2 System is open; and
- (c) either (1) in relation to any sum payable in a Specified Currency other than euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Specified Currency (which if the Specified Currency is Australian dollars or New Zealand dollars shall be Sydney and Auckland, respectively) or (2) in relation to any sum payable in euro, a day on which the TARGET2 System is open.

6.7 Interpretation of principal and interest

Any reference in the Conditions to principal in respect of the Notes shall be deemed to include, as applicable:

- (a) any additional amounts which may be payable with respect to principal under Condition 8 or under any undertaking or covenant given in addition thereto, or in substitution therefor, pursuant to the Trust Deed;
- (b) the Final Redemption Amount of the Notes;
- (c) the Early Redemption Amount of the Notes;
- (d) the Optional Redemption Amount(s) (if any) of the Notes;
- (e) the Make-whole Redemption Amount (if any) of the Notes;
- (f) in relation to Zero Coupon Notes, the Amortised Face Amount (as defined in Condition 7.5); and
- (g) any premium and any other amounts (other than interest) which may be payable by the Issuer under or in respect of the Notes.

Any reference in the Conditions to interest in respect of the Notes shall be deemed to include, as applicable, any additional amounts which may be payable with respect to interest under Condition 8 or under any undertaking or covenant given in addition thereto, or in substitution therefor, pursuant to the Trust Deed.

7. REDEMPTION AND PURCHASE

7.1 Redemption at maturity

Unless previously redeemed or purchased and cancelled as specified below, each Note will be redeemed by the Issuer at its Final Redemption Amount specified in the applicable Final Terms in the relevant Specified Currency on the Maturity Date specified in the applicable Final Terms.

7.2 Redemption for tax reasons

Subject to Condition 7.5, the Notes may be redeemed at the option of the Issuer in whole, but not in part, at any time (if this Note is not a Floating Rate Note) or on any Interest Payment Date (if this Note is a Floating Rate Note), on giving not less than the minimum period nor more than the maximum period of notice specified in the applicable Final Terms to the Trustee and the Principal Paying Agent and, in accordance with Condition 14, the Noteholders (which notice shall be irrevocable), if the Issuer satisfies the Trustee immediately before the giving of such notice that:

- (a) on the occasion of the next payment due under the Notes, the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 8 or the Guarantor would be unable for reasons outside its control to procure payment by the Issuer and in making payment itself would be required to pay such additional amounts, in each case as a result of any change in, or amendment to, the laws or regulations of a Tax Jurisdiction (as defined in Condition 8) or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the date on which agreement is reached to issue the first Tranche of the Notes; and
- (b) such obligation cannot be avoided by the Issuer or, as the case may be, the Guarantor taking reasonable measures available to it,

provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer or, as the case may be, the Guarantor would be obliged to pay such additional amounts were a payment in respect of the Notes then due.

Prior to the publication of any notice of redemption pursuant to this Condition, the Issuer shall deliver to the Trustee to make available at its specified office to the Noteholders (i) a certificate signed by two Directors of the Issuer or, as the case may be, two Directors of the Guarantor stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred and (ii) an opinion of independent legal advisers of recognised standing to the effect that the Issuer or, as the case may be, the Guarantor has or will become obliged to pay such additional amounts as a result of such change or amendment and the Trustee shall be entitled to accept the certificate as sufficient evidence of the satisfaction of the conditions precedent set out above, in which event it shall be conclusive and binding on the Noteholders and the Couponholders.

Notes redeemed pursuant to this Condition 7.2 will be redeemed at their Early Redemption Amount referred to in Condition 7.5 below together (if appropriate) with interest accrued to (but excluding) the date of redemption.

7.3 Redemption at the option of the Issuer (Issuer Call)

- (a) *Issuer Call (other than Make-Whole Redemption by the Issuer)*

If Issuer Call is specified as being applicable in the applicable Final Terms, the Issuer may, having given not less than the minimum period nor more than the maximum period of notice specified in applicable Final Terms to the Noteholders in accordance with Condition 14 (which notice shall be irrevocable and shall specify the date fixed for redemption), redeem all or (if redemption in part is specified as being applicable in the applicable Final Terms) some only of the Notes then outstanding on any Optional Redemption Date and at the Optional Redemption Amount(s) specified in the applicable Final Terms together, if appropriate, with interest accrued to (but excluding) the relevant Optional Redemption Date. If redemption in part is specified as being applicable in the applicable Final Terms, any such redemption must be of a nominal amount not less than the Minimum Redemption Amount and not more than the Maximum Redemption Amount, in each case as may be specified in the applicable Final Terms.

In the case of a partial redemption of Notes, the Notes to be redeemed (**Redeemed Notes**) will (i) in the case of Redeemed Notes represented by definitive Notes, be selected individually by lot, not more than 30 days prior to the date fixed for redemption and (ii) in the case of Redeemed Notes represented by a Global Note, be selected in accordance with the rules of Euroclear and/or Clearstream, Luxembourg (to be reflected in the records of Euroclear and Clearstream, Luxembourg as either a pool factor or a reduction in nominal amount, at their discretion). In the case of Redeemed Notes represented by definitive Notes, a list of the serial numbers of such Redeemed

Notes will be published in accordance with Condition 14 not less than 15 days prior to the date fixed for redemption.

(b) *Issuer Call (Make-Whole Redemption by the Issuer)*

If Make-whole Redemption by the Issuer is specified as being applicable in the applicable Final Terms, the Issuer may, having given not less than the minimum period nor more than the maximum period of notice specified in the applicable Final Terms to the Noteholders in accordance with Condition 14 (which notice shall be irrevocable and shall specify the date fixed for redemption (the **Make-whole Redemption Date**)), redeem all or (if redemption in part is specified as being applicable in the applicable Final Terms) some only of the Notes then outstanding on any Make-whole Redemption Date specified in the applicable Final Terms and at the Make-whole Redemption Amount together, if appropriate, with interest accrued to (but excluding) the relevant Make-whole Redemption Date. If redemption in part is specified as being applicable in the applicable Final Terms, any such redemption must be of a nominal amount not less than the Minimum Redemption Amount and not more than the Maximum Redemption Amount in each case as may be specified in the applicable Final Terms.

In the case of a partial redemption of Notes, the Redeemed Notes will (i) in the case of Redeemed Notes represented by definitive Notes, be selected individually by lot, not more than 30 days prior to the Make-whole Redemption Date and (ii) in the case of Redeemed Notes represented by a Global Note, be selected in accordance with the rules of Euroclear and/or Clearstream, Luxembourg (to be reflected in the records of Euroclear and Clearstream, Luxembourg as either a pool factor or a reduction in nominal amount, at their discretion). In the case of Redeemed Notes represented by definitive Notes, a list of the serial numbers of such Redeemed Notes will be published in accordance with Condition 14 not less than 15 days prior to the Make-whole Redemption Date.

In this Condition 7.3(b), **Make-whole Redemption Amount** means:

(A) the outstanding principal amount of the relevant Note or (B) if higher, the sum, as determined by the Calculation Agent, of the present values of the remaining scheduled payments of principal and interest on the Notes to be redeemed (not including any portion of such payments of interest accrued to the date of redemption) discounted to the Make-whole Redemption Date on an annual basis at the Reference Rate plus the Make-whole Redemption Margin specified in the applicable Final Terms, where:

CA Selected Bond means a government security or securities (which, if the Specified Currency is euro, will be a German *Bundesobligationen*) selected by the Calculation Agent as having a maturity comparable to the remaining term of the Notes to be redeemed that would be utilised, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to the remaining term of such Notes;

Calculation Agent means a leading investment, merchant or commercial bank appointed by the Issuer for the purposes of calculating the Make-whole Redemption Amount and approved by the Trustee, and notified to the Noteholders in accordance with Condition 14;

Reference Bond means (A) if CA Selected Bond is specified in the applicable Final Terms, the relevant CA Selected Bond or (B) if CA Selected Bond is not specified in the applicable Final Terms, the security specified in the applicable Final Terms, provided that if the Calculation Agent advises the Issuer and the Trustee that, for reasons of illiquidity or otherwise, the relevant security specified is not appropriate for such purpose, such other central bank or government security as the Calculation Agent may, with the advice of Reference Market Makers, determined to be appropriate;

Reference Bond Price means (i) the average of five Reference Market Maker Quotations for the relevant Make-whole Redemption Date, after excluding the highest and lowest Reference Market Maker Quotations, (ii) if the Calculation Agent obtains fewer than five, but more than one, such Reference Market Maker Quotations, the average of all such quotations, or (iii) if only one such Reference Market Maker Quotation is obtained, the amount of the Reference Market Maker Quotation so obtained;

Reference Market Maker Quotations means, with respect to each Reference Market Maker and any Make-whole Redemption Date, the average, as determined by the Calculation Agent, of the bid and asked prices for the Reference Bond (expressed in each case as a percentage of its principal amount) quoted in writing to the Calculation Agent at the Quotation Time specified in the applicable Final Terms on the Reference Rate Determination Date specified in the applicable Final Terms;

Reference Market Makers means five brokers or market makers of securities such as the Reference Bond selected by the Calculation Agent or such other five persons operating in the market for securities such as the Reference Bond as are selected by the Calculation Agent in consultation with the Issuer; and

Reference Rate means, with respect to any Make-whole Redemption Date, the rate per annum equal to the equivalent yield to maturity of the Reference Bond, calculated using a price for the Reference Bond (expressed as a percentage of its principal amount) equal to the Reference Bond Price for such Make-whole Redemption Date. The Reference Rate will be calculated on the Reference Rate Determination Date specified in the applicable Final Terms.

7.4 Redemption at the option of the Noteholders upon a Change of Control

If a Change of Control Put Event (as defined below) occurs, each Noteholder shall have the option (unless, prior to the giving of the Change of Control Notice (as defined below), the Issuer shall have given notice of redemption under Condition 7.2 or Condition 7.3 (if applicable)) to require the Issuer to redeem or, at the Issuer's option, purchase (or procure the purchase of) that Noteholder's Notes at their Early Redemption Amount together with interest accrued to but excluding the Change of Control Settlement Date (as defined below). Such option (the **Change of Control Put Option**) shall operate as set out below.

If a Change of Control Put Event occurs then, within 5 days of the Issuer or the Guarantor becoming aware that such Change of Control Put Event has occurred, the Issuer or the Guarantor shall, and upon the Trustee becoming so aware (the Issuer and the Guarantor each having failed to do so) the Trustee may, and, if so requested by the holders of at least one-quarter in principal amount of the Notes then outstanding, shall, (subject in each case to being indemnified and/or secured and/or prefunded to its satisfaction) give notice (a **Change of Control Notice**) to the Noteholders in accordance with Condition 14 specifying the nature of the Change of Control Put Event and the procedure for exercising the Change of Control Put Option.

To exercise the Change of Control Put Option, the holder of this Note must, if this Note is in definitive form and held outside Euroclear and Clearstream, Luxembourg, deliver, at the specified office of any Paying Agent (in the case of Bearer Notes) or the Registrar in the case of Registered Notes) at any time during normal business hours of such Paying Agent or, as the case may be, the Registrar, on any Payment Day (as defined in Condition 6.6) at the place of such specified office falling within the period of 30 days after the Change of Control Notice is given by the Issuer, the Guarantor or the Trustee, as applicable, (the **Change of Control Put Period**), a duly signed and completed notice of exercise in the form (for the time being current and which may, if this Note is held through Euroclear or Clearstream, Luxembourg), be any form acceptable to and delivered in a manner acceptable to Euroclear or Clearstream, Luxembourg, as applicable) obtainable from any specified office of any Paying Agent or, as the case may be, the Registrar (a **Change of Control**

Exercise Notice) and in which the holder must specify a bank account (or, if payment is to be made by cheque, an address) to which payment is to be made under this Condition 7.4 and, in the case of Registered Notes, the nominal amount thereof to be redeemed and, if less than the full nominal amount of the Registered Notes so surrendered is to be redeemed, an address to which a new Registered Note in respect of the balance of such Registered Notes is to be sent subject to and in accordance with the provisions of Condition 2.2. If this Note is in definitive bearer form, this Change of Control Exercise Notice must be accompanied by this Note or evidence satisfactory to the Paying Agent concerned that this Note will, following the delivery of the Change of Control Exercise Notice, be held to its order or under its control.

A Change of Control Exercise Notice given by a holder of any Note shall be irrevocable except where, prior to the due date of redemption, an Event of Default has occurred and is continuing, in which event such holder, at its option, may elect by notice to the Issuer in accordance with Condition 14 to withdraw the Change of Control Exercise Notice.

Any Note which is the subject of a Change of Control Exercise Notice which has been delivered as described above prior to the expiry of the Change of Control Put Period shall be redeemed or, as the case may be, purchased by (or on behalf of) the Issuer on the date which is the seventh Business Day as defined in Condition 5.2(a) immediately following the last day of the Change of Control Put Period (the **Change of Control Settlement Date**).

If 80 per cent. or more in nominal amount of the Notes outstanding on the date on which the Change of Control Notice is given have been redeemed pursuant to this Condition 7.4, the Issuer may, having given not less than the minimum period nor more than the maximum period of notice specified in applicable Final Terms to the Trustee and the Principal Paying Agent and, in accordance with Condition 14, the Noteholders (which notice shall be irrevocable and shall specify the date fixed for redemption) given within 30 days after the Change of Control Settlement Date, redeem or purchase all outstanding Notes at their Early Redemption Amount together with interest accrued to but excluding the date of such redemption.

The Trustee shall not be required to take any steps to ascertain whether a Change of Control Put Event or any event which could lead to the occurrence of a Change of Control has occurred and will not be responsible or liable to Noteholders or Couponholders for any loss arising from any failure by it to do so. If the rating designations employed by any of Moody's Investors Service Ltd (**Moody's**) or Standard & Poor's Credit Market Services France SAS (**S&P**) are changed from those which are described in paragraph (b) of the definition of "Change of Control Put Event" below, or if a rating is procured from a Substitute Rating Agency, the Guarantor shall determine the rating designations of Moody's or S&P or such Substitute Rating Agency (as appropriate) as are most equivalent to the prior rating designations of Moody's or S&P and this Condition 7.4 shall be construed accordingly.

A **Change of Control Put Event** will be deemed to occur if:

- (a) any person or any persons acting in concert, other than the Existing Holders or a holding company whose shareholders are or are to be substantially similar to the pre-existing shareholders of the Guarantor and/or any direct or indirect holding company of the Guarantor, shall acquire a controlling interest in (A) shares in the stated capital of the Guarantor carrying more than 45 per cent. of the voting rights represented by the shares of the Guarantor (being voting rights which are capable of being exercised at a general meeting of the Guarantor) where as a result of such acquisition, such person will have an interest that is greater than that of the Existing Holders at the time of such acquisition or (B) shares in the stated capital of the Guarantor carrying more than 50 per cent. of the voting rights represented by the shares of the Guarantor (being votes which are capable of being cast at a general meeting of the Guarantor) (each such event being, a **Change of Control**); and

- (a) on the date (the **Relevant Announcement Date**) that is the earlier of (1) the date of the first public announcement of the relevant Change of Control and (2) the date of the earliest Relevant Potential Change of Control Announcement (as defined below) (if any):
- (i) the Notes carry an investment grade credit rating (*BBB-*, or its equivalent, or better) (an **Investment Grade Rating**) from one or more Rating Agencies and, within the Change of Control Period, any such Rating Agency downgrades its rating of the Notes to a non-investment grade credit rating (*BB+*, or its equivalent, or worse) or withdraws its rating of the Notes and such rating is not within the Change of Control Period restored to an Investment Grade Rating by one or more such Rating Agencies or replaced by an Investment Grade Rating of another Rating Agency; or
 - (ii) the Notes do not carry an Investment Grade Rating from at least one Rating Agency and neither the Issuer nor the Guarantor is able to acquire and maintain thereafter an Investment Grade Rating during the Change of Control Period from at least one Rating Agency; and
- (b) in making any decision to downgrade or withdraw a credit rating pursuant to paragraph (a) above or to decline to confer an Investment Grade Rating, the relevant Rating Agency announces publicly or confirms in writing to the Issuer or the Guarantor that such decision(s) resulted, in whole or in part, from the occurrence of the Change of Control or the Relevant Potential Change of Control Announcement.

Change of Control Period means the period commencing on the Relevant Announcement Date and ending 180 days after the Change of Control (or such longer period for which the Notes are under consideration (such consideration having been announced publicly within the period ending 180 days after the Change of Control) for rating review or, as the case may be, rating by a Rating Agency, such period not to exceed 180 days after the public announcement of such consideration);

Existing Holders means, individually or jointly, any and all of (i) Gazit-Globe Ltd., and (ii) any person or persons from time to time controlling, controlled by or under common control with Gazit-Globe Ltd., including (a) any person or persons that acquires a controlling interest in any of the persons referred to in (i) and (ii) above or (b) any person that succeeds to any of the persons referred to in (i) and (ii) above by way of a merger, liquidation, dissolution, reorganisation or otherwise. For the purposes of this definition, **control** is deemed to be the ownership of or ability to direct 30 per cent. or more of the equity share capital of a person;

Rating Agency means Moody's, S&P or any of their respective successors or any other internationally recognised rating agency (a **Substitute Rating Agency**) substituted for any of them by the Guarantor from time to time and notified to the Noteholders in accordance with Condition 14; and

Relevant Potential Change of Control Announcement means any public announcement or statement by the Issuer or the Guarantor, any actual or potential bidder or any adviser acting on behalf of any actual or potential bidder relating to any potential Change of Control where within 180 days following the date of such announcement or statement, a Change of Control occurs.

7.5 Early Redemption Amounts

For the purpose of Condition 7.2, Condition 7.4 and Condition 10, each Note will be redeemed at its Early Redemption Amount calculated as follows:

- (a) in the case of a Note with a Final Redemption Amount equal to the Issue Price, at the Final Redemption Amount thereof;

- (b) in the case of a Note (other than a Zero Coupon Note) with a Final Redemption Amount which is or may be less or greater than the Issue Price or which is payable in a Specified Currency other than that in which the Note is denominated, at the amount specified in the applicable Final Terms or, if no such amount or manner is so specified in the applicable Final Terms, at its nominal amount; or
- (c) in the case of a Zero Coupon Note, at an amount (the **Amortised Face Amount**) calculated in accordance with the following formula:

$$\text{Early Redemption Amount} = \text{RP} \times (1 + \text{AY})^y$$

where:

RP means the Reference Price;

AY means the Accrual Yield expressed as a decimal; and

y is the Day Count Fraction specified in the applicable Final Terms which will be either (i) 30/360 (in which case the numerator will be equal to the number of days (calculated on the basis of a 360-day year consisting of 12 months of 30 days each) from (and including) the Issue Date of the first Tranche of the Notes to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such Note becomes due and repayable and the denominator will be 360) or (ii) Actual/360 (in which case the numerator will be equal to the actual number of days from (and including) the Issue Date of the first Tranche of the Notes to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such Note becomes due and repayable and the denominator will be 360) or (iii) Actual/365 (in which case the numerator will be equal to the actual number of days from (and including) the Issue Date of the first Tranche of the Notes to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such Note becomes due and repayable and the denominator will be 365).

7.6 Purchases

The Issuer, the Guarantor or any Subsidiary of the Issuer or the Guarantor may at any time purchase Notes (provided that, in the case of definitive Bearer Notes, all unmatured Coupons and Talons appertaining thereto are purchased therewith) at any price in the open market or otherwise. Such Notes may be held, reissued, resold or, at the option of the Issuer or the Guarantor, surrendered to any Paying Agent and/or the Registrar for cancellation.

7.7 Cancellation

All Notes which are redeemed will forthwith be cancelled (together with all unmatured Coupons and Talons attached thereto or surrendered therewith at the time of redemption). All Notes so cancelled and any Notes purchased and cancelled pursuant to Condition 7.6 above (together with all unmatured Coupons and Talons cancelled therewith) shall be forwarded to the Principal Paying Agent and cannot be reissued or resold.

7.8 Late payment on Zero Coupon Notes

If the amount payable in respect of any Zero Coupon Note upon redemption of such Zero Coupon Note pursuant to Condition 7.1, 7.2, 7.3 or 7.4 above or upon its becoming due and repayable as provided in Condition 10 is improperly withheld or refused, the amount due and repayable in respect of such Zero Coupon Note shall be the amount calculated as provided in Condition 7.5(c) as though

the references therein to the date fixed for the redemption or the date upon which such Zero Coupon Note becomes due and payable were replaced by references to the date which is the earlier of:

- (a) the date on which all amounts due in respect of such Zero Coupon Note have been paid; and
- (b) five days after the date on which the full amount of the moneys payable in respect of such Zero Coupon Notes has been received by the Principal Paying Agent or the Registrar or the Trustee and notice to that effect has been given to the Noteholders in accordance with Condition 14.

8. TAXATION

All payments of principal and interest in respect of the Notes and Coupons by or on behalf of the Issuer or the Guarantor will be made without withholding or deduction for or on account of any present or future taxes or duties of whatever nature imposed or levied by or on behalf of any Tax Jurisdiction unless such withholding or deduction is required by law. In such event, the Issuer or, as the case may be, the Guarantor will pay such additional amounts as shall be necessary in order that the net amounts received by the holders of the Notes or Coupons after such withholding or deduction shall equal the respective amounts of principal and interest which would otherwise have been receivable in respect of the Notes or Coupons, as the case may be, in the absence of such withholding or deduction; except that no such additional amounts shall be payable with respect to any Note or Coupon:

- (a) presented for payment in the Netherlands or the Republic of Finland; or
- (b) the holder of which is liable for such taxes or duties in respect of such Note or Coupon by reason of his having some connection with a Tax Jurisdiction other than the mere holding of such Note or Coupon; or
- (c) presented for payment more than 30 days after the Relevant Date (as defined below) except to the extent that the holder thereof would have been entitled to an additional amount on presenting the same for payment on such thirtieth day assuming that day to have been a Payment Day (as defined in Condition 6.6).

As used herein:

- (i) **Tax Jurisdiction** means the Netherlands or any political subdivision or any authority thereof or therein having power to tax (in the case of payments by the Issuer) or the Republic of Finland or any political subdivision or any authority thereof or therein having power to tax (in the case of payments by the Guarantor) or in either case any other jurisdiction or any political subdivision or any authority thereof or therein having power to tax to which payments made by the Issuer or the Guarantor, as the case may be, of principal and interest on the Notes become generally subject; and
- (ii) the **Relevant Date** means the date on which such payment first becomes due, except that, if the full amount of the moneys payable has not been duly received by the Trustee or the Principal Paying Agent or the Registrar, as the case may be, on or prior to such due date, it means the date on which, the full amount of such moneys having been so received, notice to that effect is duly given to the Noteholders in accordance with Condition 14.

9. PRESCRIPTION

The Notes (whether in bearer or registered form) and Coupons will become void unless claims in respect of principal and/or interest are made within a period of 10 years (in the case of principal) and five years (in the case of interest) after the Relevant Date (as defined in Condition 8) therefor.

There shall not be included in any Coupon sheet issued on exchange of a Talon any Coupon the claim for payment in respect of which would be void pursuant to this Condition or Condition 6.2 or any Talon which would be void pursuant to Condition 6.2.

10. EVENTS OF DEFAULT AND ENFORCEMENT

10.1 Events of Default

The Trustee at its discretion may, and if so requested in writing by the holders of at least one-fifth in nominal amount of the Notes then outstanding or if so directed by an Extraordinary Resolution shall (subject in each case to being indemnified and/or secured and/or pre-funded to its satisfaction), (but in the case of the happening of any of the events described in paragraphs 10.1(b) to 10.1(d) (other than the winding up or dissolution of the Issuer or the Guarantor) and 10.1(e) to (g) inclusive and 10.1(i) and 10.1(j) below, only if the Trustee shall have certified in writing to the Issuer and the Guarantor that such event is, in its opinion, materially prejudicial to the interests of the Noteholders), give notice in writing to the Issuer that each Note is, and each Note shall thereupon immediately become, due and repayable at its Early Redemption Amount together with accrued interest as provided in the Trust Deed in any of the following events (each an **Event of Default**):

- (a) if default is made in the payment in the Specified Currency of any principal or interest due in respect of the Notes or any of them and the default continues for a period of three days; or
- (b) if the Issuer or the Guarantor fails to perform or observe any of its other obligations under these Conditions or the Trust Deed and (except in any case where, in the opinion of the Trustee, the failure is incapable of remedy when no such continuation or notice as is hereinafter mentioned will be required) the failure continues for the period of 14 days (or such longer period as the Trustee may permit) following the service by the Trustee on the Issuer or the Guarantor (as the case may be) of notice requiring the same to be remedied; or
- (c) if (i) any Indebtedness for Borrowed Money (as defined below) of the Issuer, the Guarantor or any of the Guarantor's other Subsidiaries becomes capable of being declared due and repayable prematurely by reason of an event of default (however described); (ii) the Issuer, the Guarantor or any of the Guarantor's other Subsidiaries fails to make any payment in respect of any Indebtedness for Borrowed Money on the due date for payment; (iii) any security given by the Issuer, the Guarantor or any of the Guarantor's other Subsidiaries for any Indebtedness for Borrowed Money becomes enforceable; or (iv) default is made by the Issuer, the Guarantor or any of the Guarantor's other Subsidiaries in making any payment due under any guarantee and/or indemnity given by it in relation to any Indebtedness for Borrowed Money of any other person; provided that no event described in this subparagraph 10.1(c) shall constitute an Event of Default unless the relevant amount of Indebtedness for Borrowed Money or other relative liability due and unpaid, either alone or when aggregated (without duplication) with other amounts of Indebtedness for Borrowed Money and/or other liabilities due and unpaid relative to all (if any) other events specified in (i) to (iv) above, amounts to at least €35,000,000 (or its equivalent in any other currency); or
- (d) if any order is made by any competent court or resolution passed for the winding up or dissolution of the Issuer, the Guarantor or any of the Guarantor's other Subsidiaries, save for

the purposes of reorganisation on terms previously approved in writing by the Trustee or by an Extraordinary Resolution; or

- (e) if the Issuer or the Guarantor ceases or threatens to cease to carry on the whole or a substantial part of its business or any of the Guarantor's other Subsidiaries ceases or threatens to cease to carry on the whole or substantially the whole of its business, save in either case for the purposes of reorganisation on terms previously approved in writing by the Trustee or by an Extraordinary Resolution, or the Issuer, the Guarantor or any of the Guarantor's other Subsidiaries stops or threatens to stop payment of, or is unable to, or admits inability to, pay, its debts (or any class of its debts) as they fall due, or is deemed unable to pay its debts pursuant to or for the purposes of any applicable law, or is adjudicated or found bankrupt or insolvent; or
- (f) if (i) proceedings are initiated against the Issuer, the Guarantor or any of the Guarantor's other Subsidiaries under any applicable liquidation, insolvency, composition, reorganisation or other similar laws, or an application is made (or documents filed with a court) for the appointment of an administrative or other receiver, manager, administrator or other similar official, or an administrative or other receiver, manager, administrator or other similar official is appointed, in relation to the Issuer, the Guarantor or any of the Guarantor's other Subsidiaries or, as the case may be, in relation to the whole or any part of the undertaking or assets of any of them, or an encumbrancer takes possession of the whole or any part of the undertaking or assets of any of them, or a distress, execution, attachment, sequestration or other process is levied, enforced upon, sued out or put in force against the whole or any part of the undertaking or assets of any of them and (ii) in any case (other than the appointment of an administrator or an administrative receiver appointed following presentation of a petition for an administration order) unless initiated by the relevant company, is not discharged within 14 days; or
- (g) if the Issuer, the Guarantor or any of the Guarantor's other Subsidiaries (or their respective directors or shareholders) initiates or consents to judicial proceedings relating to itself under any applicable liquidation, insolvency, composition, reorganisation or other similar laws (including the obtaining of a moratorium) or makes a conveyance or assignment for the benefit of, or enters into any composition or other arrangement with, its creditors generally (or any class of its creditors) or any meeting is convened to consider a proposal for an arrangement or composition with its creditors generally (or any class of its creditors); or
- (h) if the Guarantee ceases to be, or is claimed by the Issuer or the Guarantor not to be, in full force and effect; or
- (i) if the Issuer ceases to be a subsidiary wholly owned and controlled, directly or indirectly, by the Guarantor; or
- (j) if any event occurs which, under the laws of any relevant jurisdiction, has or may have, in the Trustee's opinion, an analogous effect to any of the events referred to in paragraphs (d) to (i) above.

10.2 Enforcement

The Trustee may at any time, at its discretion and without notice, take such proceedings against the Issuer and/or the Guarantor as it may think fit to enforce the provisions of the Trust Deed, the Notes and the Coupons, but it shall not be bound to take any such proceedings or any other action in relation to the Trust Deed, the Notes or the Coupons unless (a) it shall have been so directed by an Extraordinary Resolution or so requested in writing by the holders of at least one-fifth in nominal

amount of the Notes then outstanding and (b) it shall have been indemnified and/or secured and/or pre-funded to its satisfaction.

No Noteholder or Couponholder shall be entitled to proceed directly against the Issuer or the Guarantor unless the Trustee, having become bound so to proceed, fails so to do within a reasonable period and the failure shall be continuing.

10.3 Definitions

For the purposes of the Conditions, **Indebtedness for Borrowed Money** means any indebtedness (whether being principal, premium, interest or other amounts) for or in respect of any borrowed money or any liability under or in respect of any acceptance or acceptance credit or any notes, bonds, debentures, debenture stock, loan stock or other securities.

11. REPLACEMENT OF NOTES, COUPONS AND TALONS

Should any Note, Coupon or Talon be lost, stolen, mutilated, defaced or destroyed, it may be replaced at the specified office of the Principal Paying Agent (in the case of Bearer Notes or Coupons) or the Registrar (in the case of Registered Notes) upon payment by the claimant of such costs and expenses as may be incurred in connection therewith and on such terms as to evidence and indemnity as the Issuer may reasonably require. Mutilated or defaced Notes, Coupons or Talons must be surrendered before replacements will be issued.

12. AGENTS

The initial Agents are set out above. If any additional Paying Agents are appointed in connection with any Series, the names of such Paying Agents will be specified in Part B of the applicable Final Terms.

The Issuer is entitled, with the prior written approval of the Trustee, to vary or terminate the appointment of any Agent and/or appoint additional or other Agents and/or approve any change in the specified office through which any Agent acts, provided that:

- (a) there will at all times be a Principal Paying Agent and a Registrar;
- (b) so long as the Notes are listed on any stock exchange or admitted to listing by any other relevant authority, there will at all times be a Paying Agent (in the case of Bearer Notes) and a Transfer Agent (in the case of Registered Notes) with a specified office in such place as may be required by the rules and regulations of the relevant stock exchange or other relevant authority; and
- (c) there will at all times be a Paying Agent in a jurisdiction within Europe, other than the jurisdiction in which the Issuer or the Guarantor is incorporated.

In addition, the Issuer shall forthwith appoint a Paying Agent having a specified office in New York City in the circumstances described in Condition 6.5. Notice of any variation, termination, appointment or change in Paying Agents will be given to the Noteholders promptly by the Issuer in accordance with Condition 14.

In acting under the Agency Agreement, the Agents act solely as agents of the Issuer and the Guarantor and, in certain circumstances specified therein, of the Trustee and do not assume any obligation to, or relationship of agency or trust with, any Noteholder or Couponholder. The Agency Agreement contains provisions permitting any entity into which any Agent is merged or converted or

with which it is consolidated or to which it transfers all or substantially all of its assets to become the successor agent.

13. EXCHANGE OF TALONS

On and after the Interest Payment Date on which the final Coupon comprised in any Coupon sheet matures, the Talon (if any) forming part of such Coupon sheet may be surrendered at the specified office of any Paying Agent in exchange for a further Coupon sheet including (if such further Coupon sheet does not include Coupons to (and including) the final date for the payment of interest due in respect of the Note to which it appertains) a further Talon, subject to the provisions of Condition 9.

14. NOTICES

All notices regarding the Bearer Notes will be deemed to be validly given if published in a leading English language daily newspaper of general circulation in London. It is expected that any such publication in a newspaper will be made in the *Financial Times* in London. The Issuer shall also ensure that notices are duly published in a manner which complies with the rules of any stock exchange or other relevant authority on which the Bearer Notes are for the time being listed or by which they have been admitted to trading including publication on the website of the relevant stock exchange or relevant authority if required by those rules. Any such notice will be deemed to have been given on the date of the first publication or, where required to be published in more than one newspaper, on the date of the first publication in all required newspapers. If publication as provided above is not practicable, a notice will be given in such other manner, and will be deemed to have been given on such date, as the Trustee shall approve.

All notices regarding the Registered Notes will be deemed to be validly given if sent by first class mail or (if posted to an address overseas) by airmail to the holders (or the first named of joint holders) at their respective addresses recorded in the Register and will be deemed to have been given on the fourth day after mailing and, in addition, for so long as any Registered Notes are listed on a stock exchange or are admitted to trading by another relevant authority and the rules of that stock exchange or relevant authority so require, such notice will be published on the website of the relevant stock exchange or relevant authority and/or in a daily newspaper of general circulation in the place or places required by those rules.

Until such time as any definitive Notes are issued, there may, so long as any Global Notes representing the Notes are held in their entirety on behalf of Euroclear and/or Clearstream, Luxembourg, be substituted for such publication in such newspaper(s) or such mailing the delivery of the relevant notice to Euroclear and/or Clearstream, Luxembourg for communication by them to the holders of the Notes and, in addition, for so long as any Notes are listed on a stock exchange or are admitted to trading by another relevant authority and the rules of that stock exchange or relevant authority so require, such notice will be published on the website of the relevant stock exchange or relevant authority and/or in a daily newspaper of general circulation in the place or places required by those rules. Any such notice shall be deemed to have been given to the holders of the Notes on the day after the day on which the said notice was given to Euroclear and/or Clearstream, Luxembourg.

Notices to be given by any Noteholder shall be in writing and given by lodging the same, together (in the case of any Note in definitive form) with the relative Note or Notes, with the Principal Paying Agent (in the case of Bearer Notes) or the Registrar (in the case of Registered Notes). Whilst any of the Notes are represented by a Global Note, such notice may be given by any holder of a Note to the Principal Paying Agent or the Registrar through Euroclear and/or Clearstream, Luxembourg, as the case may be, in such manner as the Principal Paying Agent, the Registrar and Euroclear and/or Clearstream, Luxembourg, as the case may be, may approve for this purpose.

15. SUBSTITUTION

The Trustee may, without the consent of the Noteholders or Couponholders, agree with the Issuer and the Guarantor to the substitution in place of the Issuer (or of any previous substitute under this Condition) as the principal debtor under the Notes, the Coupons and the Trust Deed of the Guarantor or any company being a Subsidiary of the Guarantor, subject to:

- (a) except in the case of the substitution of the Guarantor, the Notes being unconditionally and irrevocably guaranteed by the Guarantor;
- (b) the Trustee being satisfied that the substitution is not materially prejudicial to the interests of the Noteholders; and
- (c) certain other conditions set out in the Trust Deed being complied with.

16. MEETINGS OF NOTEHOLDERS, MODIFICATION, WAIVER, AUTHORISATION AND DETERMINATION

16.1 Meetings of Noteholders

The Trust Deed contains provisions for convening meetings of the Noteholders to consider any matter affecting their interests, including the modification or abrogation by Extraordinary Resolution of any of these Conditions or any of the provisions of the Trust Deed. The quorum at any meeting for passing an Extraordinary Resolution will be one or more persons present holding or representing more than 50 per cent. in nominal amount of the Notes for the time being outstanding, or at any adjourned such meeting one or more persons present whatever the nominal amount of the Notes so held or represented by him or them, except that, at any meeting the business of which includes any matter defined in the Trust Deed as a Basic Terms Modification, including the modification or abrogation of certain provisions of these Conditions and certain provisions of the Trust Deed, the necessary quorum for passing an Extraordinary Resolution will be one or more persons present holding or representing not less than two-thirds, or at any adjourned such meeting not less than one-third, of the nominal amount of the Notes for the time being outstanding. The Trust Deed provides that (i) a resolution passed at a meeting duly convened and held in accordance with the Trust Deed by a majority consisting of not less than three-fourths of the votes cast on such resolution, (ii) a resolution in writing signed by or on behalf of the holders of not less than three-fourths in nominal amount of the Notes for the time being outstanding or (iii) consent given by way of electronic consents through the relevant clearing system(s) (in a form satisfactory to the Trustee) by or on behalf of the holders of not less than three-fourths in nominal amount of the Notes for the time being outstanding, shall, in each case, be effective as an Extraordinary Resolution of the Noteholders. An Extraordinary Resolution passed by the Noteholders will be binding on all Noteholders, whether or not they are present at any meeting and whether or not they voted on the resolution, and on all Couponholders.

16.2 Modification, Waiver, Authorisation and Determination

The Trustee may agree, without the consent of the Noteholders or Couponholders, to any modification of, or to the waiver or authorisation of any breach or proposed breach of, any of these Conditions or any of the provisions of the Trust Deed or the Agency Agreement, or determine, without any such consent as aforesaid, that any Event of Default or Potential Event of Default (as defined in the Trust Deed) shall not be treated as such (provided that, in any such case, it is not, in the opinion of the Trustee, materially prejudicial to the interests of the Noteholders) or may agree, without any such consent as aforesaid, to any modification which, in its opinion, is of a formal, minor or technical nature or to correct a manifest error or an error which, in the opinion of the Trustee, is proven.

16.3 Trustee to have Regard to Interests of Noteholders as a Class

In connection with the exercise by it of any of its trusts, powers, authorities and discretions (including, without limitation, any modification, waiver, authorisation, determination or substitution), the Trustee shall have regard to the general interests of the Noteholders as a class but shall not have regard to any interests arising from circumstances particular to individual Noteholders or Couponholders (whatever their number) and, in particular but without limitation, shall not have regard to the consequences of any such exercise for individual Noteholders or Couponholders (whatever their number) resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory or any political sub-division thereof and the Trustee shall not be entitled to require, nor shall any Noteholder or Couponholder be entitled to claim, from the Issuer, the Guarantor, the Trustee or any other person any indemnification or payment in respect of any tax consequences of any such exercise upon individual Noteholders or Couponholders except to the extent already provided for in Condition 8 and/or any undertaking or covenant given in addition to, or in substitution for, Condition 8 pursuant to the Trust Deed.

16.4 Notification to the Noteholders

Any modification, abrogation, waiver, authorisation, determination or substitution shall be binding on the Noteholders and the Couponholders and, unless the Trustee agrees otherwise, any modification or substitution shall be notified by the Issuer to the Noteholders as soon as practicable thereafter in accordance with Condition 14.

17. INDEMNIFICATION AND PROTECTION OF THE TRUSTEE AND ITS CONTRACTING WITH THE ISSUER AND THE GUARANTOR

17.1 Indemnification and protection of the Trustee

The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility and liability towards the Issuer, the Guarantor, the Noteholders and the Couponholders, including (i) provisions relieving it from taking action unless indemnified and/or secured and/or pre-funded to its satisfaction and (ii) provisions limiting or excluding its liability in certain circumstances. The Trust Deed provides that, when determining whether an indemnity or any security or pre-funding is satisfactory to it, the Trustee shall be entitled (i) to evaluate its risk in any given circumstance by considering the worst-case scenario and (ii) to require that any indemnity or security given to it by the Noteholders or any of them be given on a joint and several basis and be supported by evidence satisfactory to it as to the financial standing and creditworthiness of each counterparty and/or as to the value of the security and an opinion as to the capacity, power and authority of each counterparty and/or the validity and effectiveness of the security. The Trustee may rely without liability to the Noteholders or Couponholders on a report, confirmation or certificate or opinion or any advice of any accountants, financial advisers, financial institution or other expert, whether or not addressed to it and whether their liability in relation thereto is limited (by its terms or by any engagement letter relating thereto entered into by the Trustee or in any other manner) by reference to a monetary cap, methodology or otherwise. The Trustee may accept and shall be entitled to rely on any such report, opinion, confirmation or certificate or advice and such report, opinion, confirmation, or certificate or advice shall be binding on the Issuer, the Guarantor, the Trustee, the Noteholders and the Couponholders.

17.2 Trustee Contracting with the Issuer and the Guarantor

The Trust Deed also contains provisions pursuant to which the Trustee is entitled, *inter alia*, (a) to enter into business transactions with the Issuer, the Guarantor and/or any of the Guarantor's other Subsidiaries and to act as trustee for the holders of any other securities issued or guaranteed by, or

relating to, the Issuer, the Guarantor and/or any of the Guarantor's other Subsidiaries, (b) to exercise and enforce its rights, comply with its obligations and perform its duties under or in relation to any such transactions or, as the case may be, any such trusteeship without regard to the interests of, or consequences for, the Noteholders or Couponholders and (c) to retain and not be liable to account for any profit made or any other amount or benefit received thereby or in connection therewith.

17.3 Trustee Actions

The Trustee may refrain from taking any action in any jurisdiction if the taking of such action in that jurisdiction would, in its opinion based upon legal advice in the relevant jurisdiction, be contrary to any law of that jurisdiction. Furthermore, the Trustee may also refrain from taking such action if it would otherwise render it liable to any person in that jurisdiction or if, in its opinion based upon such legal advice, it would not have the power to do the relevant thing in that jurisdiction by virtue of any applicable law in that jurisdiction or if it is determined by any court or other competent authority in that jurisdiction that it does not have such power.

18. FURTHER ISSUES

The Issuer shall be at liberty from time to time without the consent of the Noteholders or the Couponholders to create and issue further notes having terms and conditions the same as the Notes or the same in all respects save for the amount and date of the first payment of interest thereon and the date from which interest starts to accrue and so that the same shall be consolidated and form a single Series with the outstanding Notes.

19. CONTRACTS (RIGHTS OF THIRD PARTIES) ACT 1999

No person shall have any right to enforce any term or condition of this Note under the Contracts (Rights of Third Parties) Act 1999, but this does not affect any right or remedy of any person which exists or is available apart from that Act.

20. GOVERNING LAW AND SUBMISSION TO JURISDICTION

20.1 Governing law

The Trust Deed, the Agency Agreement, the Notes and the Coupons and any non-contractual obligations arising out of or in connection with the Trust Deed, the Agency Agreement, the Notes and the Coupons are governed by, and construed in accordance with, English law.

20.2 Submission to jurisdiction

- (a) Subject to Condition 20.2(c) below, the English courts have exclusive jurisdiction to settle any dispute arising out of or in connection with the Trust Deed, the Notes and/or the Coupons, including any dispute as to their existence, validity, interpretation, performance, breach or termination or the consequences of their nullity and any dispute relating to any non-contractual obligations arising out of or in connection with the Trust Deed, the Notes and/or the Coupons (a **Dispute**) and accordingly each of the Issuer and the Trustee and any Noteholders or Couponholders in relation to any Dispute submits to the exclusive jurisdiction of the English courts.
- (b) For the purposes of this Condition 20.2, the Issuer waives any objection to the English courts on the grounds that they are an inconvenient or inappropriate forum to settle any Dispute.

- (c) To the extent allowed by law, the Trustee, the Noteholders and the Couponholders may, in respect of any Dispute or Disputes, take (i) proceedings in any other court with jurisdiction; and (ii) concurrent proceedings in any number of jurisdictions.

20.3 Appointment of Process Agent

Each of the Issuer and the Guarantor irrevocably appoints Law Debenture Corporate Services Limited as its agent for service of process in any proceedings before the English courts in relation to any Dispute and agrees that, in the event of Law Debenture Corporate Services Limited being unable or unwilling for any reason so to act, it will immediately appoint another person approved by the Trustee as its agent for service of process in England in respect of any Dispute. The Issuer agrees that failure by a process agent to notify it of any process will not invalidate service. Nothing herein shall affect the right to serve process in any other manner permitted by law.

20.4 Other documents and the Guarantor

The Issuer and the Guarantor have in the Trust Deed and Agency Agreement submitted to the jurisdiction of the English courts and appointed an agent for service of process in terms substantially similar to those set out above.

TERMS AND CONDITIONS OF THE VPS NOTES

The following are the Terms and Conditions of the VPS Notes. VPS Notes will not be evidenced by any physical note or document of title other than a statement of account made by the VPS. Ownership of VPS Notes will be recorded and transfer effected only through the book entry system and register maintained by the VPS. The applicable Pricing Supplement in relation to any Tranche of VPS Notes which are Exempt Notes may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with the following Terms and Conditions, replace or modify the following Terms and Conditions for the purpose of such VPS Notes. Reference should be made to "Applicable Final Terms" for a description of the content of Final Terms which will specify which of such terms are to apply in relation to the relevant VPS Notes.

Each VPS Note is one of a Series (as defined below) of VPS Notes issued by Citycon Treasury B.V. (the **Issuer**) and each VPS Note will be issued in accordance with and subject to an agency agreement (such agency agreement as amended and/or supplemented and/or restated from time to time, the **VPS Agency Agreement**) dated 18 July 2017 made between the Issuer, Citycon Oyj (the **Guarantor**) and Danske Bank A/S (the **VPS Agent**, which expression shall include any successor as VPS agent).

References herein to the **VPS Notes** shall be references to the VPS Notes of the relevant Series and shall mean notes cleared through the Norwegian Central Securities Depository, the *Verdipapirsentralen* (the **VPS**).

The VPS Notes have the benefit of a trust agreement (such trust agreement as amended and/or supplemented and/or restated from time to time, the **VPS Trustee Agreement**) dated 18 July 2017 and made between the Issuer, the Guarantor and Nordic Trustee ASA (the **VPS Trustee**, which expression shall include any successor VPS Trustee). The VPS Trustee Agreement provides that, unless otherwise agreed, Nordic Trustee ASA will act as calculation agent in respect of VPS Notes (the **Calculation Agent**, which expression shall include any successor or alternative Calculation Agent that may be appointed).

The VPS Notes will also have the benefit of the deed of guarantee executed by the Guarantor (such deed as modified and/or restated and/or supplemented from time to time, the **Guarantee**) dated 18 July 2017. The original of the Guarantee is held by the VPS Trustee on behalf of the Noteholders at its registered office

Each Tranche of VPS Notes will be created and held in uncertificated book entry form in accounts with the VPS. The VPS Agent will act as agent of the Issuer in respect of all dealings with the VPS in respect of VPS Notes as detailed in the VPS Agency Agreement.

The final terms for any Tranche of VPS Notes (or the relevant provisions thereof) are set out in Part A of the Final Terms prepared in connection with the relevant Tranche of VPS Notes, which supplement these Terms and Conditions of the VPS Notes (the **VPS Conditions**) or, if the relevant VPS Notes are VPS Notes which are neither admitted to trading on a regulated market in the European Economic Area nor offered in the European Economic Area in circumstances where a prospectus is required to be published under the Prospectus Directive (an **Exempt Note**), the final terms (or the relevant provisions thereof) are set out in Part A of the Pricing Supplement and may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with the VPS Conditions, replace or modify the VPS Conditions for the purposes of the relevant VPS Notes. References to the **applicable Final Terms** are, unless otherwise stated, to Part A of the Final Terms (or the relevant provisions thereof) prepared in connection with the relevant Tranche of VPS Notes. Any reference in the VPS Conditions to **applicable Final Terms** shall be deemed to include a reference to applicable Pricing Supplement where relevant. The expression **Prospectus Directive** means Directive 2003/71/EC (as amended, including by Directive 2010/73/EU), and includes any relevant implementing measure in a relevant Member State of the European Economic Area.

The VPS Trustee acts for the benefit of the holders for the time being of the VPS Notes (the **VPS Noteholders** or the **holders of VPS Notes**), in accordance with the provisions of the VPS Trustee Agreement and these VPS Conditions.

As used herein, **Tranche** means VPS Notes which are identical in all respects (including as to listing and admission to trading) and **Series** means a Tranche of VPS Notes together with any further Tranche or Tranches of VPS Notes which (a) are expressed to be consolidated and form a single series and (b) have the same terms and conditions or terms and conditions which are the same in all respects save for the amount and date of the first payment of interest thereon and the date from which interest starts to accrue.

A copy of the VPS Trustee Agreement is available for inspection during normal business hours at the registered office for the time being of the VPS Trustee, being at 18 July 2017 at Haakon VII Gate 1, 0161, Oslo, Norway. The VPS Noteholders are deemed to have notice of, and are entitled to the benefit of, all the provisions of the VPS Trustee Agreement, the Guarantee and the applicable Final Terms which are applicable to them. The statements in the VPS Conditions include summaries of, and are subject to, the detailed provisions of the VPS Trustee Agreement and the Guarantee.

If the VPS Notes are to be admitted to trading on the regulated market of the Irish Stock Exchange the applicable Final Terms will be published on the website of the Irish Stock Exchange (www.ise.ie). If the VPS Notes are to be admitted to trading on the regulated market of the Oslo Stock Exchange the applicable Final Terms will be published on the website of the Oslo Stock Exchange (www.oslobors.no). If the VPS Notes are Exempt Notes, the applicable Pricing Supplement will only be obtainable by a VPS Noteholder holding one or more VPS Notes and such VPS Noteholder must produce evidence satisfactory to the Issuer, the VPS Trustee and the VPS Agent as to its holding of such Notes and identity.

Words and expressions defined in the VPS Trustee Agreement, the VPS Agency Agreement or used in the applicable Final Terms shall have the same meanings where used in the VPS Conditions unless the context otherwise requires or unless otherwise stated and provided that, in the event of inconsistency between the VPS Trustee Agreement and the VPS Agency Agreement, the VPS Trustee Agreement will prevail and, in the event of inconsistency between the VPS Trustee Agreement or the VPS Agency Agreement and the applicable Final Terms, the applicable Final Terms will prevail.

In the VPS Conditions, **euro** means the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty on the Functioning of the European Union, as amended.

1. FORM, DENOMINATION AND TITLE

The VPS Notes are in uncertificated book-entry form in the currency (the **Specified Currency**) and the denominations (the **Specified Denomination(s)**) specified in the applicable Final Terms. VPS Notes of one Specified Denomination may not be exchanged for Notes of another Specified Denomination. VPS Notes will be registered with a separate securities identification code in the VPS.

A VPS Note may be a Fixed Rate Note, a Floating Rate Note or a Zero Coupon Note, or a combination of any of the foregoing, depending upon the Interest Basis shown in the applicable Final Terms.

The holder of a VPS Note will be the person evidenced as such by a book entry in the records of the VPS. The Issuer, the Guarantor and the VPS Trustee may rely on a certificate of the VPS or one issued on behalf of the VPS by an account-carrying institution as to a particular person being a VPS Noteholder.

Title to the VPS Notes will pass by registration in the VPS between the direct or indirect accountholders at the VPS in accordance with the rules and procedures of the VPS that are in force from time to time. Where a nominee is so evidenced, it shall be treated by the Issuer as the holder of the relevant VPS Note. Each person who is for the time being shown in the records of the VPS as the holder of a particular nominal amount of VPS Notes shall be treated by the Issuer, the Guarantor, the VPS Trustee and the VPS Agent as the holder of such nominal amount of such VPS Notes for all purposes.

VPS Notes will be transferable only in accordance with the rules and procedures for the time being of the VPS.

2. STATUS OF THE VPS NOTES AND THE GUARANTEE

2.1 Status of the VPS Notes

The VPS Notes are direct, unconditional, unsubordinated and (subject to the provisions of Condition 3.1) unsecured obligations of the Issuer and rank *pari passu* among themselves and (save for certain obligations required to be preferred by law) equally with all other unsecured obligations (other than subordinated obligations, if any) of the Issuer, from time to time outstanding.

2.2 Status of the Guarantee

The obligations of the Guarantor under the Guarantee are direct, unconditional, unsubordinated and (subject to the provisions of Condition 3.1) unsecured obligations of the Guarantor and (save for certain obligations required to be preferred by law) rank equally with all other unsecured obligations (other than subordinated obligations, if any) of the Guarantor, from time to time outstanding.

3. COVENANTS

3.1 Negative Pledges

So long as any of the VPS Notes remains outstanding (as defined below):

- (a) the Issuer will not, and will procure that none of its Subsidiaries (as defined below) will, create or have outstanding any mortgage, charge, lien, pledge or other security interest (each a Security Interest) upon, or with respect to, any of the present or future business, undertaking, assets or revenues (including any uncalled capital) of the Issuer and/or any of its Subsidiaries, other than an Acquired Security Interest, to secure any Relevant Indebtedness (as defined below), unless the Issuer, in the case of the creation of the Security Interest, before or at the same time and, in any other case, promptly, takes any and all action necessary to ensure that:
 - (i) all amounts payable by it under the VPS Notes are secured by the Security Interest equally and rateably with the Relevant Indebtedness; or
 - (ii) such other Security Interest or other arrangement (whether or not it includes the giving of a Security Interest) is provided as the VPS Noteholders may approve (in accordance with the meeting provisions in the VPS Trustee Agreement); and
- (b) the Guarantor will not, and the Guarantor will procure that none of its Subsidiaries will, create or have outstanding any Security Interest upon, or with respect to, any of the present or future business, undertaking, assets or revenues (including any uncalled capital) of the Guarantor and/or any of its Subsidiaries, other than an Acquired Security Interest, to secure any Relevant Indebtedness unless the Guarantor, in the case of the creation of the Security

Interest, before or at the same time and, in any other case, promptly, takes any and all action necessary to ensure that:

- (i) all amounts payable by it under the Guarantee are secured by the Security Interest equally and rateably with the Relevant Indebtedness; or
- (ii) such other Security Interest or guarantee or other arrangement (whether or not it includes the giving of a Security Interest) is provided as the VPS Noteholders may approve (in accordance with the meeting provisions in the VPS Trustee Agreement).

3.2 Financial Covenants

So long as any Note remains outstanding:

- (a) the Solvency Ratio shall not exceed 0.65; and
- (b) the Secured Solvency Ratio shall not exceed 0.25.

The Guarantor will promptly notify the VPS Noteholders in accordance with Condition 11 in the event that any of the undertakings in this Condition 3.2 is breached at any time.

A certificate by any two Authorised Signatories of the Guarantor as to any of the amounts referred to in this Condition 3.2, or any of the terms defined for the purposes of this Condition 3.2, shall be conclusive and binding on all parties.

3.3 Interpretation

For the purposes of these Conditions:

- (a) **Acquired Security Interest** means a Security Interest of any Person existing at the time such Person is acquired by and becomes a Subsidiary of the Issuer, the Guarantor or any of their respective Subsidiaries, provided such Security Interest (i) was not created in contemplation of, and the principal amount secured has not increased in contemplation of or since, such acquisition and (ii) has not been extended to any additional assets or revenues in contemplation of or since such acquisition;
- (b) **Consolidated Total Assets** means the total assets (excluding intangible assets) of the Group as shown in the most recent audited annual or unaudited semi-annual, as the case may be, consolidated financial statements of the Guarantor;
- (c) **Consolidated Total Indebtedness** means the total Indebtedness (on a consolidated basis) of the Group as determined by reference to the most recent audited annual or unaudited semi-annual, as the case may be, consolidated financial statements of the Guarantor;
- (d) **Group** means the Guarantor and its Subsidiaries;
- (e) **IFRS** means International Financial Reporting Standards, including International Accounting Standards and Interpretations, issued by the International Accounting Standards Board (as amended, supplemented or re-issued from time to time) as adopted by the European Union;
- (f) **Indebtedness** means, with respect to any Person at any date of determination (without duplication) any debt of such Person, including:
 - (i) all indebtedness of such Person for borrowed money in whatever form;

- (ii) all obligations of such Person evidenced by bonds, debentures, notes or other similar instruments;
- (iii) all obligations of such Person in respect of letters of credit or other similar instruments (including reimbursement obligations with respect thereto, except to the extent any such reimbursement obligations relate to trade payables);
- (iv) all obligations of such Person to pay the deferred and unpaid purchase price of property, assets or services which purchase price is due more than 90 days after the earlier of the date of placing such property in service or taking delivery and title thereof or the completion of such services excluding:
 - (A) any trade payables or other liability to trade creditors; and
 - (B) any post-closing payment adjustments in connection with the purchase by the Guarantor or any Subsidiary of any business to which the seller may become entitled, to the extent such payment is determined by a final closing balance sheet or such payment depends on the performance of such business after the closing and provided that (x) the amount of any such payment is not determinable at the time of closing and, (y) to the extent such payment thereafter becomes fixed and determined, the amount is paid within 90 days thereafter;
- (v) all capitalised lease obligations of such Person, to the extent treated as indebtedness in the financial statements of such Person under IFRS;
- (vi) all obligations of the type referred to in paragraphs (i) to (v) of other Persons guaranteed by such Person to the extent such obligation is guaranteed by such Person; and
- (vii) all obligations of the type referred to in paragraphs (i) to (vi) of other Persons secured by any Security Interest over any asset of such Person (the amount of such obligation being deemed to be the lesser of (A) the book value of such asset as shown in the most recent audited annual or unaudited semi-annual financial statements of such Person and (B) the amount of the obligation so secured), whether or not such indebtedness is assumed by such Person.

For the purpose of determining the euro-equivalent of Indebtedness denominated in a foreign currency, the euro-equivalent principal amount of such Indebtedness pursuant thereto shall be calculated based on the relevant official central bank currency exchange rate in effect on the date of determination thereof.

The amount of Indebtedness of any Person at any date shall be the outstanding balance at such date of all unconditional obligations as described above provided that (i) with respect to contingent obligations as described above, will be the value of the contingency, if any, giving rise to the obligation as reported in that Person's financial statements and (ii) in the case of Indebtedness sold at a discount, the amount of such Indebtedness at any time will be the accreted value thereof at such time;

- (g) **Measurement Date** means each day which is (i) the last day of the Guarantor's financial year in any year in respect of which audited annual consolidated financial statements of the Guarantor have been produced (the **Annual Measurement Date**) or (ii) the last day of the first half of the Guarantor's financial year in any year in respect of which unaudited semi-

annual consolidated financial statements of the Guarantor have been produced (the **Semi-Annual Measurement Date**);

- (h) **outstanding** means, in relation to the VPS Notes, all such VPS Notes issued other than:
- (i) those VPS Notes which have been redeemed and cancelled pursuant to the VPS Conditions;
 - (ii) those VPS Notes in respect of which the date for redemption in accordance with the VPS Conditions has occurred and the redemption moneys (including all interest (if any) accrued to the date for redemption and any interest (if any) payable under the VPS Conditions after that date) have been duly paid to or to the order of the VPS Agent (and where appropriate notice to that effect has been given to the VPS Noteholders in accordance with the VPS Conditions) and remain available for payment to the holders of the relevant VPS Notes in accordance with their terms and conditions;
 - (iii) those VPS Notes which have been purchased and cancelled in accordance with the VPS Conditions; and
 - (iv) those VPS Notes in respect of which claims have become prescribed under the VPS Conditions;
- (i) **Person** means any individual, company, corporation, firm, partnership, joint venture, association, organisation, state or agency of a state or other entity, whether or not having separate legal personality;
- (j) **Relevant Indebtedness** means (i) any present or future indebtedness (whether being principal, premium, interest or other amounts) for or in respect of any notes, bonds, debentures, debenture stock, loan stock or other securities which are for the time being, or are capable of being, quoted, listed or ordinarily dealt in on any stock exchange, over-the-counter or other securities market, and (ii) any guarantee or indemnity in respect of any such indebtedness;
- (k) **Reporting Date** means a date falling no later than 30 days after (i) the publication of the Guarantor's audited annual consolidated financial statements, with respect to an Annual Measurement Date, or (ii) the publication of the Guarantor's unaudited semi-annual consolidated financial statements, with respect to a Semi-Annual Measurement Date;
- (l) **Secured Consolidated Total Indebtedness** means such amount of Consolidated Total Indebtedness that is secured by a Security Interest granted by the Guarantor or a Subsidiary of the Guarantor;
- (m) **Secured Solvency Ratio** means, in respect of any Measurement Date, (i) the Secured Consolidated Total Indebtedness divided by (ii) Consolidated Total Assets;
- (n) **Solvency Ratio** means, in respect of any Measurement Date, (i) the Consolidated Total Indebtedness (less cash and cash equivalents (as set out in the most recent audited annual or unaudited semi-annual, as the case may be, consolidated financial statements of the Guarantor)) divided by (ii) Consolidated Total Assets; and
- (o) **Subsidiary** means, in relation to the Issuer or the Guarantor (as the case may be), any company (i) in which the Issuer or, as the case may be, the Guarantor, holds a majority of the voting rights or (ii) of which the Issuer or, as the case may be, the Guarantor, is a

member and has the right to appoint or remove a majority of the board of directors or (iii) of which the Issuer or, as the case may be, the Guarantor is a member and controls a majority of the voting rights, and includes any company which is a Subsidiary of a Subsidiary of the Issuer or, as the case may be, the Guarantor.

4. INTEREST

4.1 Interest on Fixed Rate Notes

Each Fixed Rate Note bears interest from (and including) the Interest Commencement Date at the rate(s) per annum equal to the Rate(s) of Interest. Interest will be payable in arrear on the Interest Payment Date(s) in each year up to (and including) the Maturity Date.

Except as provided in the applicable Final Terms, the amount of interest payable on each Interest Payment Date in respect of the Fixed Interest Period ending on (but excluding) such date will amount to the Fixed Coupon Amount. Payments of interest on any Interest Payment Date will, if so specified in the applicable Final Terms, amount to the Broken Amount so specified.

As used in the VPS Conditions, **Fixed Interest Period** means the period from (and including) an Interest Payment Date (or the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date.

If interest is required to be calculated for a period other than a Fixed Interest Period, such interest shall be calculated by applying the Rate of Interest to each Specified Denomination, multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention.

In these VPS Conditions:

Day Count Fraction means, in respect of the calculation of an amount of interest, in accordance with this Condition 4.1:

- (i) if "Actual/Actual (ICMA)" is specified in the applicable Final Terms:
 - (A) in the case of VPS Notes where the number of days in the relevant period from (and including) the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to (but excluding) the relevant payment date (the **Accrual Period**) is equal to or shorter than the Determination Period during which the Accrual Period ends, the number of days in such Accrual Period divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Dates (as specified in the applicable Final Terms) that would occur in one calendar year; or
 - (B) in the case of VPS Notes where the Accrual Period is longer than the Determination Period during which the Accrual Period ends, the sum of:
 - (1) the number of days in such Accrual Period falling in the Determination Period in which the Accrual Period begins divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates that would occur in one calendar year; and
 - (2) the number of days in such Accrual Period falling in the next Determination Period divided by the product of (x) the number of days in such

Determination Period and (y) the number of Determination Dates that would occur in one calendar year; and

- (ii) if "30/360" is specified in the applicable Final Terms, the number of days in the period from (and including) the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to (but excluding) the relevant payment date (such number of days being calculated on the basis of a year of 360 days with 12 30-day months) divided by 360;

Determination Period means each period from (and including) a Determination Date to (but excluding) the next Determination Date (including, where either the Interest Commencement Date or the final Interest Payment Date is not a Determination Date, the period commencing on the first Determination Date prior to, and ending on the first Determination Date falling after, such date); and

sub-unit means, with respect to any currency other than euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, with respect to euro, one cent.

4.2 Interest on Floating Rate Notes

(a) Interest Payment Dates

Each Floating Rate Note bears interest from (and including) the Interest Commencement Date and such interest will be payable in arrear on either:

- (i) the Specified Interest Payment Date(s) in each year specified in the applicable Final Terms; or
- (ii) if no Specified Interest Payment Date(s) is/are specified in the applicable Final Terms, each date (each such date, together with each Specified Interest Payment Date, an **Interest Payment Date**) which falls the number of months or other period specified as the Specified Period in the applicable Final Terms after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date.

Such interest will be payable in respect of each Interest Period. In these VPS Conditions, **Interest Period** means the period from (and including) an Interest Payment Date (or the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date.

If a Business Day Convention is specified in the applicable Final Terms and (x) if there is no numerically corresponding day in the calendar month in which an Interest Payment Date should occur or (y) if any Interest Payment Date would otherwise fall on a day which is not a Business Day, then, if the Business Day Convention specified is:

- (A) in any case where Specified Periods are specified in accordance with Condition 4.2(a)(ii) above, the Floating Rate Convention, such Interest Payment Date (a) in the case of (x) above, shall be the last day that is a Business Day in the relevant month and the provisions of (ii) below shall apply *mutatis mutandis* or (b) in the case of (y) above, shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event (i) such Interest Payment Date shall be brought forward to the immediately preceding Business Day and (ii) each subsequent Interest Payment Date shall be the last Business Day in the month which falls the Specified Period after the preceding applicable Interest Payment Date occurred; or
- (B) the Following Business Day Convention, such Interest Payment Date shall be postponed to the next day which is a Business Day; or

- (C) the Modified Following Business Day Convention, such Interest Payment Date shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event such Interest Payment Date shall be brought forward to the immediately preceding Business Day; or
- (D) the Preceding Business Day Convention, such Interest Payment Date shall be brought forward to the immediately preceding Business Day.

In these VPS Conditions, **Business Day** means:

- (a) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in London and each Additional Business Centre (other than TARGET2 System) specified in the applicable Final Terms;
- (b) if TARGET2 System is specified as an Additional Business Centre in the applicable Final Terms, a day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET2) System (the **TARGET2 System**) is open; and
- (c) either (1) in relation to any sum payable in a Specified Currency other than euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Specified Currency (which if the Specified Currency is Australian dollars or New Zealand dollars shall be Sydney and Auckland, respectively) or (2) in relation to any sum payable in euro, a day on which the TARGET2 System is open.

(b) Rate of Interest

The Rate of Interest payable from time to time in respect of Floating Rate Notes will be determined in the manner specified in the applicable Final Terms.

(i) ISDA Determination for Floating Rate Notes

Where ISDA Determination is specified in the applicable Final Terms as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Period will (subject to Condition 4.2(e) below) be the relevant ISDA Rate plus or minus (as indicated in the applicable Final Terms) the Margin (if any). For the purposes of this subparagraph (i), **ISDA Rate** for an Interest Period means a rate equal to the Floating Rate that would be determined by the Calculation Agent under an interest rate swap transaction if the Calculation Agent were acting as Calculation Agent for that swap transaction under the terms of an agreement incorporating the 2006 ISDA Definitions, as published by the International Swaps and Derivatives Association, Inc. and as amended and updated as at the Issue Date of the first Tranche of the VPS Notes (the **ISDA Definitions**) and under which:

- (A) the Floating Rate Option is as specified in the applicable Final Terms;
- (B) the Designated Maturity is a period specified in the applicable Final Terms; and
- (C) the relevant Reset Date is the day specified in the applicable Final Terms.

For the purposes of this subparagraph (i), **Floating Rate, Calculation Agent, Floating Rate Option, Designated Maturity** and **Reset Date** have the meanings given to those terms in the ISDA Definitions.

Unless otherwise stated in the applicable Final Terms the Minimum Rate of Interest shall be deemed to be zero.

(ii) Screen Rate Determination for Floating Rate Notes

Where Screen Rate Determination is specified in the applicable Final Terms as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Period will, subject as provided below, be either:

(A) the offered quotation; or

(B) the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) of the offered quotations,

(expressed as a percentage rate per annum) for the Reference Rate (being either LIBOR, EURIBOR, CIBOR, STIBOR or NIBOR, as specified in the applicable Final Terms) which appears or appear, as the case may be, on the Relevant Screen Page (or such replacement page on that service which displays the information) as at 11.00 a.m. (London time, in the case of LIBOR, Brussels time, in the case of EURIBOR, Copenhagen time, in the case of CIBOR or Stockholm time, in the case of STIBOR) or 12.00 noon (Oslo time, in the case of NIBOR) on the Interest Determination Date in question plus or minus (as indicated in the applicable Final Terms) the Margin (if any), all as determined by the Calculation Agent. If five or more of such offered quotations are available on the Relevant Screen Page, the highest (or, if there is more than one such highest quotation, one only of such quotations) and the lowest (or, if there is more than one such lowest quotation, one only of such quotations) shall be disregarded by the Calculation Agent for the purpose of determining the arithmetic mean (rounded as provided above) of such offered quotations.

If the Relevant Screen Page is not available or if, in the case of 5.2(b)(ii)(A) above, no such offered quotation appears or, in the case of 5.2(b)(ii)(B) above, fewer than three such offered quotations appear, in each case as at the Specified Time, the Calculation Agent shall request each of the Reference Banks to provide the Calculation Agent with its offered quotation (expressed as a percentage rate per annum) for the Reference Rate at approximately the Specified Time on the Interest Determination Date in question. If two or more of the Reference Banks provide the Calculation Agent with offered quotations, the Rate of Interest for the Interest Period shall be the arithmetic mean (rounded if necessary to the fifth decimal place with 0.000005 being rounded upwards) of the offered quotations plus or minus (as appropriate) the Margin (if any), all as determined by the Calculation Agent.

If on any Interest Determination Date one only or none of the Reference Banks provides the Calculation Agent with an offered quotation as provided in the preceding paragraph, the Rate of Interest for the relevant Interest Period shall be the rate per annum which the Calculation Agent determines as being the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) of the rates, as communicated to (and at the request of) the Calculation Agent by the Reference Banks or any two or more of them, at which such banks were offered, at approximately the Specified Time on the relevant Interest Determination Date, deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate by leading banks in the London inter-bank market (if the Reference Rate is LIBOR), the Euro-zone inter-bank market (if the Reference Rate is EURIBOR), the Copenhagen inter-bank market (if the Reference Rate is CIBOR), the Stockholm inter-bank market (if the Reference Rate is STIBOR) or the Oslo inter-bank market (if the Reference Rate is NIBOR) plus or minus (as appropriate) the Margin (if any) or, if fewer than two of the Reference Banks provide the Calculation Agent with offered rates, the offered rate for deposits in the Specified Currency for a period equal

to that which would have been used for the Reference Rate, or the arithmetic mean (rounded as provided above) of the offered rates for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, at which, at approximately the Specified Time on the relevant Interest Determination Date, any one or more banks (which bank or banks is or are in the opinion of the Issuer suitable for the purpose) informs the Calculation Agent it is quoting to leading banks in the London inter-bank market (if the Reference Rate is LIBOR), the Euro-zone inter-bank market (if the Reference Rate is EURIBOR), the Copenhagen inter-bank market (if the Reference Rate is CIBOR), the Stockholm inter-bank market (if the Reference Rate is STIBOR) or the Oslo inter-bank market (if the Reference Rate is NIBOR) plus or minus (as appropriate) the Margin (if any), provided that, if the Rate of Interest cannot be determined in accordance with the foregoing provisions of this paragraph, the Rate of Interest shall be determined as at the last preceding Interest Determination Date (though substituting, where a different Margin is to be applied to the relevant Interest Period from that which applied to the last preceding Interest Period, the Margin relating to the relevant Interest Period in place of the Margin relating to that last preceding Interest Period).

In this Condition 4.2(b)(ii):

Reference Banks means (a) in the case of a determination of LIBOR, the principal London office of four major banks in the London inter-bank market, (b) in the case of a determination of EURIBOR, the principal Euro-zone office of four major banks in the Euro-zone inter-bank market, (c) in the case of a determination of CIBOR, the principal Danish office of four major banks in the Copenhagen inter-bank market, (d) in the case of a determination of STIBOR, the principal Stockholm office of four major banks in the Stockholm inter-bank market or (e) in the case of a determination of NIBOR, the principal Oslo office of four major banks in the Oslo inter-bank market, in each case selected by the Calculation Agent or as specified in the applicable Final Terms; and

Specified Time means 11.00 a.m. (London time) if the Reference Rate is LIBOR, 11.00 a.m. (Brussels time) if the Reference Rate is EURIBOR, 11.00 a.m. (Copenhagen time) if the Reference Rate is CIBOR, 11.00 a.m. (Stockholm time) if the Reference Rate is STIBOR or 12.00 noon (Oslo time) if the Reference Rate is NIBOR.

(c) Minimum Rate of Interest and/or Maximum Rate of Interest

If the applicable Final Terms specifies a Minimum Rate of Interest for any Interest Period, then, in the event that the Rate of Interest in respect of such Interest Period determined in accordance with the provisions of paragraph (b) above is less than such Minimum Rate of Interest, the Rate of Interest for such Interest Period shall be such Minimum Rate of Interest.

If the applicable Final Terms specifies a Maximum Rate of Interest for any Interest Period, then, in the event that the Rate of Interest in respect of such Interest Period determined in accordance with the provisions of paragraph (b) above is greater than such Maximum Rate of Interest, the Rate of Interest for such Interest Period shall be such Maximum Rate of Interest.

(d) Determination of Rate of Interest and calculation of Interest Amounts

The Calculation Agent will at or as soon as practicable after each time at which the Rate of Interest is to be determined, determine the Rate of Interest for the relevant Interest Period.

The Calculation Agent will calculate the amount of interest (the **Interest Amount**) payable on the Floating Rate Notes in respect of each Specified Denomination for the relevant Interest Period by applying the Rate of Interest to each Specified Denomination, multiplying such sum by the

applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention.

Day Count Fraction means, in respect of the calculation of an amount of interest in accordance with this Condition 4.2:

- (i) if "Actual/Actual (ISDA)" or "Actual/Actual" is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365 (or, if any portion of that Interest Period falls in a leap year, the sum of (I) the actual number of days in that portion of the Interest Period falling in a leap year divided by 366 and (II) the actual number of days in that portion of the Interest Period falling in a non-leap year divided by 365);
- (ii) if "Actual/365 (Fixed)" is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365;
- (iii) if "Actual/365 (Sterling)" is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365 or, in the case of an Interest Payment Date falling in a leap year, 366;
- (iv) if "Actual/360" is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 360;
- (v) if "30/360", "360/360" or "Bond Basis" is specified in the applicable Final Terms, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

Y₁ is the year, expressed as a number, in which the first day of the Interest Period falls;

Y₂ is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

M₁ is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

M₂ is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

D₁ is the first calendar day, expressed as a number, of the Interest Period, unless such number is 31, in which case D₁ will be 30; and

D₂ is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless such number would be 31 and D₁ is greater than 29, in which case D₂ will be 30;

- (vi) if "30E/360" or "Eurobond Basis" is specified in the applicable Final Terms, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

Y_1 is the year, expressed as a number, in which the first day of the Interest Period falls;

Y_2 is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

M_1 is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

M_2 is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

D_1 is the first calendar day, expressed as a number, of the Interest Period, unless such number would be 31, in which case D_1 will be 30; and

D_2 is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless such number would be 31, in which case D_2 will be 30;

- (vii) if "30E/360 (ISDA)" is specified in the applicable Final Terms, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

Y_1 is the year, expressed as a number, in which the first day of the Interest Period falls;

Y_2 is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

M_1 is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

M_2 is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

D_1 is the first calendar day, expressed as a number, of the Interest Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case D_1 will be 30; and

D_2 is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless (i) that day is the last day of February but not the Maturity Date or (ii) such number would be 31, in which case D_2 will be 30.

(e) Linear Interpolation

Where Linear Interpolation is specified as applicable in respect of an Interest Period in the applicable Final Terms, the Rate of Interest for such Interest Period shall be calculated by the Calculation Agent by straight line linear interpolation by reference to two rates based on the relevant Reference Rate (where Screen Rate Determination is specified as applicable in the applicable Final

Terms) or the relevant Floating Rate Option (where ISDA Determination is specified as applicable in the applicable Final Terms), one of which shall be determined as if the Designated Maturity were the period of time for which rates are available next shorter than the length of the relevant Interest Period and the other of which shall be determined as if the Designated Maturity were the period of time for which rates are available next longer than the length of the relevant Interest Period provided however that if there is no rate available for a period of time next shorter or, as the case may be, next longer, then the Calculation Agent shall determine such rate at such time and by reference to such sources as it determines appropriate.

Designated Maturity means, in relation to Screen Rate Determination, the period of time designated in the Reference Rate.

(f) Notification of Rate of Interest and Interest Amounts

The Calculation Agent will cause the Rate of Interest and each Interest Amount for each Interest Period and the relevant Interest Payment Date to be notified to the Issuer, the VPS Agent, the VPS Trustee and any stock exchange on which the relevant Floating Rate Notes are for the time being listed and notice thereof to be published in accordance with Condition 11 as soon as possible after their determination but in no event later than the fourth London Business Day thereafter. Each Interest Amount and Interest Payment Date so notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without prior notice in the event of an extension or shortening of the Interest Period. Any such amendment will promptly be notified to each stock exchange on which the relevant Floating Rate Notes are for the time being listed and to the VPS Noteholders in accordance with Condition 11. For the purposes of this paragraph, the expression **London Business Day** means a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets are open for general business in London. The notification of any rate or amount, if applicable, shall also be made to the VPS by the Calculation Agent in accordance with and subject to the VPS rules and regulations for the time being in effect.

(g) Determination or Calculation by VPS Trustee

If for any reason at any relevant time the Calculation Agent defaults in its obligation to determine the Rate of Interest or in its obligation to calculate any Interest Amount in accordance with subparagraph 4.2(b)(i) or subparagraph 4.2(b)(ii) above, as the case may be, and in each case in accordance with paragraph (d) and (e) above, the VPS Trustee shall determine the Rate of Interest at such rate as, in its absolute discretion (having such regard as it shall think fit to the foregoing provisions of this Condition, but subject always to any Minimum Rate of Interest or Maximum Rate of Interest specified in the applicable Final Terms), it shall deem fair and reasonable in all the circumstances or, as the case may be, the VPS Trustee shall calculate the Interest Amount(s) in such manner as it shall deem fair and reasonable in all the circumstances and each such determination or calculation shall be deemed to have been made by the Calculation Agent.

(h) Certificates to be final

All certificates, communications, opinions, determinations, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 4.2 by the Calculation Agent shall (in the absence of wilful default, bad faith or manifest error) be binding on the Issuer, the Guarantor, the VPS Agent and all VPS Noteholders and (in the absence of wilful default or bad faith) no liability to the Issuer, the Guarantor or the VPS Noteholders shall attach to the Calculation Agent or the VPS Trustee (if applicable) in connection with the exercise or non exercise by it of its powers, duties and discretions pursuant to such provisions.

4.3 Accrual of interest

Each VPS Note (or in the case of the redemption of part only of a VPS Note, that part only of such VPS Note) will cease to bear interest (if any) from the date for its redemption unless payment of principal is improperly withheld or refused. In such event, interest will continue to accrue until whichever is the earlier of:

- (a) the date on which all amounts due in respect of such VPS Note have been paid; and
- (b) five days after the date on which the full amount of the moneys payable in respect of such VPS Note has been received by the VPS Agent and notice to that effect has been given to the VPS Noteholders in accordance with Condition 11.

4.4 Calculation Agent

The Issuer, failing whom the Guarantor, shall procure that there shall at all times be one or more Calculation Agents if provision is made for them in respect of the VPS Notes and for so long as any VPS Note is outstanding. Where more than one Calculation Agent is appointed in respect of the VPS Notes, references in these VPS Conditions to the Calculation Agent shall be construed as each Calculation Agent performing its respective duties under the VPS Conditions. If the Calculation Agent is unable or unwilling to act as such or if the Calculation Agent fails duly to establish the Rate of Interest or to calculate any Interest Amount, Final Redemption Amount or Optional Redemption Amount, as the case may be, or to comply with any other requirement, the Issuer shall (with prior notification to the VPS Trustee) appoint a leading bank or investment banking firm engaged in the inter-bank market (or, if appropriate, money, swap or over-the-counter index options market) that is most closely connected with the calculation or determination to be made by the Calculation Agent (acting through its principal London office or any other office actively involved in such market) to act as such in its place. The Calculation Agent may not resign its duties without a successor having been appointed as aforesaid.

5. PAYMENTS

5.1 Method of payment

Subject as provided below:

- (a) payments in a Specified Currency other than euro will be made by credit or transfer to an account in the relevant Specified Currency maintained by the payee with a bank in the principal financial centre of the country of such Specified Currency (which, if the Specified Currency is Australian dollars or New Zealand dollars, shall be Sydney and Auckland, respectively); and
- (b) payments will be made in euro by credit or transfer to a euro account (or any other account to which euro may be credited or transferred) specified by the payee.

Payments will be subject in all cases to (i) any fiscal or other laws and regulations applicable thereto in the place of payment, but without prejudice to the provisions of Condition 7 and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 (the **Code**) or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof, or (without prejudice to the provisions of Condition 7) any law implementing an intergovernmental approach thereto.

5.2 Payments in respect of VPS Notes

Payments of principal and interest in respect of VPS Notes and notification thereof to VPS Noteholders will be made to the VPS Noteholders shown in the records of the VPS and will be effected through and in accordance with and subject to the rules and regulations from time to time governing the VPS.

The VPS Agent and any Calculation Agent act solely as agents of the Issuer and the Guarantor and do not assume any obligation or relationship of agency or trust for or with any VPS Noteholder. The Issuer and the Guarantor reserve the right at any time, with prior notification to the VPS Trustee, to vary or terminate the appointment of the VPS Agent or the Calculation Agent and to appoint additional or other agents, provided that the Issuer and the Guarantor shall at all times maintain (i) a VPS Agent authorised to act as an account operating institution with the VPS, (ii) one or more Calculation Agent(s) where the VPS Conditions so require, and (iii) such other agents as may be required by any stock exchange on which the VPS Notes may be listed.

Notice of any such change or of any change of any specified office shall promptly be given to the VPS Noteholders in accordance with Condition 11.

5.3 Payment Day

If the date for payment of any amount in respect of any VPS Note is not a Payment Day, the holder thereof shall not be entitled to payment until the next following Payment Day and shall not be entitled to further interest or other payment in respect of such delay. For these purposes, **Payment Day** means any day which (subject to Condition 8) is:

- (a) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits):
 - (i) in London; and
 - (ii) in each Additional Financial Centre (other than TARGET2 System) specified in the applicable Final Terms;
- (b) if TARGET2 System is specified as an Additional Financial Centre in the applicable Final Terms, a day on which the TARGET2 System is open; and
- (c) either (1) in relation to any sum payable in a Specified Currency other than euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Specified Currency (which if the Specified Currency is Australian dollars or New Zealand dollars shall be Sydney and Auckland, respectively) or (2) in relation to any sum payable in euro, a day on which the TARGET2 System is open.

5.4 Interpretation of principal and interest

Any reference in the VPS Conditions to principal in respect of the VPS Notes shall be deemed to include, as applicable:

- (a) any additional amounts which may be payable with respect to principal under Condition 7;
- (b) the Final Redemption Amount of the VPS Notes;

- (c) the Early Redemption Amount of the VPS Notes;
- (d) the Optional Redemption Amount(s) (if any) of the VPS Notes;
- (e) the Make-whole Redemption Amount (if any) of the VPS Notes;
- (f) in relation to Zero Coupon Notes, the Amortised Face Amount (as defined in Condition 6.5); and
- (g) any premium and any other amounts (other than interest) which may be payable by the Issuer under or in respect of the VPS Notes.

Any reference in the VPS Conditions to interest in respect of the VPS Notes shall be deemed to include, as applicable, any additional amounts which may be payable with respect to interest under Condition 7.

6. REDEMPTION AND PURCHASE

6.1 Redemption at maturity

Unless previously redeemed or purchased and cancelled as specified below, each VPS Note will be redeemed by the Issuer at its Final Redemption Amount specified in the applicable Final Terms in the relevant Specified Currency on the Maturity Date specified in the applicable Final Terms.

6.2 Redemption for tax reasons

Subject to Condition 6.5, the VPS Notes may be redeemed at the option of the Issuer in whole, but not in part, at any time (if the VPS Notes are not Floating Rate Notes) or on any Interest Payment Date (if the VPS Notes are Floating Rate Notes), on giving not less than the minimum period nor more than the maximum period of notice specified in the applicable Final Terms to the VPS Trustee and the VPS Agent and, in accordance with Condition 11, the VPS Noteholders (which notice shall be irrevocable), if:

- (a) on the occasion of the next payment due under the VPS Notes, the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 7 or the Guarantor would be unable for reasons outside its control to procure payment by the Issuer and in making payment itself would be required to pay such additional amounts, in each case as a result of any change in, or amendment to, the laws or regulations of a Tax Jurisdiction (as defined in Condition 7) or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the date on which agreement is reached to issue the first Tranche of the VPS Notes; and
- (b) such obligation cannot be avoided by the Issuer or, as the case may be, the Guarantor taking reasonable measures available to it,

provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer or, as the case may be, the Guarantor would be obliged to pay such additional amounts were a payment in respect of the VPS Notes then due.

Prior to the publication of any notice of redemption pursuant to this Condition, the Issuer shall deliver to the VPS Trustee to make available at its specified office to the VPS Noteholders (i) a certificate signed by two Directors of the Issuer or, as the case may be, two Directors of the Guarantor stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred and

(ii) an opinion of independent legal advisers of recognised standing to the effect that the Issuer or, as the case may be, the Guarantor has or will become obliged to pay such additional amounts as a result of such change or amendment.

VPS Notes redeemed pursuant to this Condition 6.2 will be redeemed at their Early Redemption Amount referred to in Condition 6.5 below together (if appropriate) with interest accrued to (but excluding) the date of redemption.

6.3 Redemption at the option of the Issuer (Issuer Call)

(a) Issuer Call (other than Make-Whole Redemption by the Issuer)

If Issuer Call is specified as being applicable in the applicable Final Terms, the Issuer may, having given not less than the minimum period nor more than the maximum period of notice specified in applicable Final Terms to the VPS Noteholders in accordance with Condition 11 (which notice shall be irrevocable and shall specify the date fixed for redemption), redeem all or (if redemption in part is specified as being applicable in the applicable Final Terms) some only of the VPS Notes then outstanding on any Optional Redemption Date and at the Optional Redemption Amount(s) specified in the applicable Final Terms together, if appropriate, with interest accrued to (but excluding) the relevant Optional Redemption Date. If redemption in part is specified as being applicable in the applicable Final Terms, any such redemption must be of a nominal amount not less than the Minimum Redemption Amount and not more than the Maximum Redemption Amount, in each case as may be specified in the applicable Final Terms.

In the case of a partial redemption of VPS Notes, the VPS Notes to be redeemed will be selected in accordance with the rules and procedures of the VPS, not more than 30 days prior to the date fixed for redemption.

(b) Issuer Call (Make-Whole Redemption by the Issuer)

If Make-whole Redemption by the Issuer is specified as being applicable in the applicable Final Terms, the Issuer may, having given not less than the minimum period nor more than the maximum period of notice specified in the applicable Final Terms to the VPS Noteholders in accordance with Condition 11 (which notice shall be irrevocable and shall specify the date fixed for redemption (the **Make-whole Redemption Date**)), redeem all or (if redemption in part is specified as being applicable in the applicable Final Terms) some only of the VPS Notes then outstanding on any Make-whole Redemption Date specified in the applicable Final Terms and at the Make-whole Redemption Amount together, if appropriate, with interest accrued to (but excluding) the relevant Make-whole Redemption Date. If redemption in part is specified as being applicable in the applicable Final Terms, any such redemption must be of a nominal amount not less than the Minimum Redemption Amount and not more than the Maximum Redemption Amount in each case as may be specified in the applicable Final Terms.

In the case of a partial redemption of VPS Notes, the VPS Notes to be redeemed will be selected in accordance with the rules and procedures of the VPS, not more than 30 days prior to the Make-whole Redemption Date.

In this Condition 6.3(b), **Make-whole Redemption Amount** means:

(A) the outstanding principal amount of the relevant Note or (B) if higher, the sum, as determined by the Make-whole Calculation Agent, of the present values of the remaining scheduled payments of principal and interest on the VPS Notes to be redeemed (not including any portion of such payments of interest accrued to the date of redemption) discounted to the Make-whole Redemption Date on an

annual basis at the Reference Rate plus the Make-whole Redemption Margin specified in the applicable Final Terms, where:

CA Selected Bond means a government security or securities (which, if the Specified Currency is euro, will be a German *Bundesobligationen*) selected by the Make-whole Calculation Agent as having a maturity comparable to the remaining term of the VPS Notes to be redeemed that would be utilised, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to the remaining term of such Notes;

Make-whole Calculation Agent means a leading investment, merchant or commercial bank appointed by the Issuer for the purposes of calculating the Make-whole Redemption Amount, and notified to the VPS Noteholders in accordance with Condition 11;

Reference Bond means (A) if CA Selected Bond is specified in the applicable Final Terms, the relevant CA Selected Bond or (B) if CA Selected Bond is not specified in the applicable Final Terms, the security specified in the applicable Final Terms, provided that if the Make-whole Calculation Agent advises the Issuer that, for reasons of illiquidity or otherwise, the relevant security specified is not appropriate for such purpose, such other central bank or government security as the Make-whole Calculation Agent may, with the advice of Reference Market Makers, determined to be appropriate;

Reference Bond Price means (i) the average of five Reference Market Maker Quotations for the relevant Make-whole Redemption Date, after excluding the highest and lowest Reference Market Maker Quotations, (ii) if the Make-whole Calculation Agent obtains fewer than five, but more than one, such Reference Market Maker Quotations, the average of all such quotations, or (iii) if only one such Reference Market Maker Quotation is obtained, the amount of the Reference Market Maker Quotation so obtained;

Reference Market Maker Quotations means, with respect to each Reference Market Maker and any Make-whole Redemption Date, the average, as determined by the Calculation Agent, of the bid and asked prices for the Reference Bond (expressed in each case as a percentage of its principal amount) quoted in writing to the Make-whole Calculation Agent at the Quotation Time specified in the applicable Final Terms on the Reference Rate Determination Date specified in the applicable Final Terms;

Reference Market Makers means five brokers or market makers of securities such as the Reference Bond selected by the Make-whole Calculation Agent or such other five persons operating in the market for securities such as the Reference Bond as are selected by the Make-whole Calculation Agent in consultation with the Issuer; and

Reference Rate means, with respect to any Make-whole Redemption Date, the rate per annum equal to the equivalent yield to maturity of the Reference Bond, calculated using a price for the Reference Bond (expressed as a percentage of its principal amount) equal to the Reference Bond Price for such Make-whole Redemption Date. The Reference Rate will be calculated on the Reference Rate Determination Date specified in the applicable Final Terms.

6.4 Redemption at the option of the VPS Noteholders upon a Change of Control

If a Change of Control Put Event (as defined below) occurs, each VPS Noteholder shall have the option (unless, prior to the giving of the Change of Control Notice (as defined below), the Issuer shall have given notice of redemption under Condition 6.2 or Condition 6.3 (if applicable)) to require the Issuer to redeem or, at the Issuer's option, purchase (or procure the purchase of) that VPS Noteholder's VPS Notes at their Early Redemption Amount together with interest accrued to but

excluding the Change of Control Settlement Date (as defined below). Such option (the **Change of Control Put Option**) shall operate as set out below.

If a Change of Control Put Event occurs then, within 5 days of the Issuer or the Guarantor becoming aware that such Change of Control Put Event has occurred, the Issuer or the Guarantor shall give notice (a **Change of Control Notice**) to the VPS Noteholders in accordance with Condition 11 specifying the nature of the Change of Control Put Event and the procedure for exercising the Change of Control Put Option.

To exercise the Change of Control Put Option, the holder of the relevant VPS Note must, within the period of 30 days after the Change of Control Notice is given by the Issuer or the Guarantor, as applicable (the **Change of Control Put Period**), give notice (a **Change of Control Exercise Notice**) to the VPS Agent of such exercise in accordance with the standard procedures of the VPS from time to time.

Any VPS Note which is the subject of a Change of Control Exercise Notice which has been delivered to the VPS Agent as described above prior to the expiry of the Change of Control Put Period shall be redeemed or, as the case may be, purchased by (or on behalf of) the Issuer on the date which is the seventh Business Day (as defined in Condition 4.2(a)) immediately following the last day of the Change of Control Put Period (the **Change of Control Settlement Date**).

If 80 per cent. or more in nominal amount of the VPS Notes outstanding on the date on which the Change of Control Notice is given have been redeemed pursuant to this Condition 6.4, the Issuer may at its option, having given not less than the minimum period nor more than the maximum period of notice specified in applicable Final Terms to the VPS Trustee and the VPS Agent and, in accordance with Condition 11, the VPS Noteholders (which notice shall be irrevocable and shall specify the date fixed for redemption) given within 30 days after the Change of Control Settlement Date, redeem or purchase all outstanding VPS Notes at their Early Redemption Amount together with interest accrued to but excluding the date of such redemption.

If the rating designations employed by any of Moody's Investors Service Limited (**Moody's**) or Standard & Poor's Credit Market Services France SAS (**S&P**) are changed from those which are described in paragraph (b) of the definition of "Change of Control Put Event" below, or if a rating is procured from a Substitute Rating Agency, the Guarantor shall determine the rating designations of Moody's or S&P or such Substitute Rating Agency (as appropriate) as are most equivalent to the prior rating designations of Moody's or S&P and this Condition 6.4 shall be construed accordingly.

A **Change of Control Put Event** will be deemed to occur if:

- (a) any person or any persons acting in concert, other than the Existing Holders or a holding company whose shareholders are or are to be substantially similar to the pre-existing shareholders of the Guarantor and/or any direct or indirect holding company of the Guarantor, shall acquire a controlling interest in (A) shares in the stated capital of the Guarantor carrying more than 45 per cent. of the voting rights represented by the shares of the Guarantor (being voting rights which are capable of being exercised at a general meeting of the Guarantor) where as a result of such acquisition, such person will have an interest that is greater than that of the Existing Holders at the time of such acquisition or (B) shares in the stated capital of the Guarantor carrying more than 50 per cent. of the voting rights represented by the shares of the Guarantor (being votes which are capable of being cast at a general meeting of the Guarantor) (each such event being, a **Change of Control**); and
- (a) on the date (the **Relevant Announcement Date**) that is the earlier of (1) the date of the first public announcement of the relevant Change of Control and (2) the date of the earliest Relevant Potential Change of Control Announcement (as defined below) (if any):

- (i) the VPS Notes carry an investment grade credit rating (*BBB-*, or its equivalent, or better) (an **Investment Grade Rating**) from one or more Rating Agencies and, within the Change of Control Period, any such Rating Agency downgrades its rating of the VPS Notes to a non-investment grade credit rating (*BB+*, or its equivalent, or worse) or withdraws its rating of the VPS Notes and such rating is not within the Change of Control Period restored to an Investment Grade Rating by one or more such Rating Agencies or replaced by an Investment Grade Rating of another Rating Agency; or
 - (ii) the VPS Notes do not carry an Investment Grade Rating from at least one Rating Agency and neither the Issuer nor the Guarantor is able to acquire and maintain thereafter an Investment Grade Rating during the Change of Control Period from at least one Rating Agency; and
- (b) in making any decision to downgrade or withdraw a credit rating pursuant to paragraph (b) above or to decline to confer an Investment Grade Rating, the relevant Rating Agency announces publicly or confirms in writing to the Issuer or the Guarantor that such decision(s) resulted, in whole or in part, from the occurrence of the Change of Control or the Relevant Potential Change of Control Announcement.
- (c) **Change of Control Period** means the period commencing on the Relevant Announcement Date and ending 180 days after the Change of Control (or such longer period for which the VPS Notes are under consideration (such consideration having been announced publicly within the period ending 180 days after the Change of Control) for rating review or, as the case may be, rating by a Rating Agency, such period not to exceed 180 days after the public announcement of such consideration);
- (d) **Existing Holders** means, individually or jointly, any and all of (i) Gazit-Globe Ltd., and (ii) any person or persons from time to time controlling, controlled by or under common control with Gazit-Globe Ltd., including (a) any person or persons that acquires a controlling interest in any of the persons referred to in (i) and (ii) above or (b) any person that succeeds to any of the persons referred to in (i) and (ii) above by way of a merger, liquidation, dissolution, reorganisation or otherwise. For the purposes of this definition, **control** is deemed to be the ownership of or ability to direct 30 per cent. or more of the equity share capital of a person;
- (e) **Rating Agency** means Moody's, S&P or any of their respective successors or any other internationally recognised rating agency (a **Substitute Rating Agency**) substituted for any of them by the Guarantor from time to time and notified to the VPS Noteholders in accordance with Condition 11; and
- (f) **Relevant Potential Change of Control Announcement** means any public announcement or statement by the Issuer or the Guarantor, any actual or potential bidder or any adviser acting on behalf of any actual or potential bidder relating to any potential Change of Control where within 180 days following the date of such announcement or statement, a Change of Control occurs.

6.5 Early Redemption Amounts

For the purpose of Condition 6.2, Condition 6.4 and Condition 9, each Note will be redeemed at its Early Redemption Amount calculated as follows:

- (a) in the case of a Note with a Final Redemption Amount equal to the Issue Price, at the Final Redemption Amount thereof;

- (b) in the case of a Note (other than a Zero Coupon Note) with a Final Redemption Amount which is or may be less or greater than the Issue Price or which is payable in a Specified Currency other than that in which the Note is denominated, at the amount specified in the applicable Final Terms or, if no such amount or manner is so specified in the applicable Final Terms, at its nominal amount; or
- (c) in the case of a Zero Coupon Note, at an amount (the **Amortised Face Amount**) calculated in accordance with the following formula:

$$\text{Early Redemption Amount} = \text{RP} \times (1 + \text{AY})^y$$

where:

RP means the Reference Price;

AY means the Accrual Yield expressed as a decimal; and

y is the Day Count Fraction specified in the applicable Final Terms which will be either (i) 30/360 (in which case the numerator will be equal to the number of days (calculated on the basis of a 360-day year consisting of 12 months of 30 days each) from (and including) the Issue Date of the first Tranche of the VPS Notes to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such VPS Note becomes due and repayable and the denominator will be 360) or (ii) Actual/360 (in which case the numerator will be equal to the actual number of days from (and including) the Issue Date of the first Tranche of the VPS Notes to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such VPS Note becomes due and repayable and the denominator will be 360) or (iii) Actual/365 (in which case the numerator will be equal to the actual number of days from (and including) the Issue Date of the first Tranche of the VPS Notes to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such VPS Note becomes due and repayable and the denominator will be 365).

6.6 Purchases

The Issuer, the Guarantor or any Subsidiary of the Issuer or the Guarantor may at any time purchase VPS Notes at any price in the open market or otherwise.

6.7 Cancellation

All VPS Notes purchased by the Issuer, the Guarantor any Subsidiary of the Issuer or the Guarantor may be held, reissued, resold or, at the option of the Issuer, cancelled by the VPS Agent causing such VPS Notes to be deleted from the records of the VPS. All VPS Notes which are redeemed will forthwith be cancelled in the same manner.

6.8 Late payment on Zero Coupon Notes

If the amount payable in respect of any Zero Coupon Note upon redemption of such Zero Coupon Note pursuant to Condition 6.1, 6.2, 6.3 or 6.4 above or upon its becoming due and repayable as provided in Condition 9 is improperly withheld or refused, the amount due and repayable in respect of such Zero Coupon Note shall be the amount calculated as provided in Condition 6.5(c) as though the references therein to the date fixed for the redemption or the date upon which such Zero Coupon Note becomes due and payable were replaced by references to the date which is the earlier of:

- (a) the date on which all amounts due in respect of such Zero Coupon Note have been paid; and

- (b) five days after the date on which the full amount of the moneys payable in respect of such Zero Coupon Notes has been received by the VPS Agent and notice to that effect has been given to the VPS Noteholders in accordance with Condition 11.

7. TAXATION

All payments of principal and interest in respect of the VPS Notes by or on behalf of the Issuer or the Guarantor will be made without withholding or deduction for or on account of any present or future taxes or duties of whatever nature imposed or levied by or on behalf of any Tax Jurisdiction unless such withholding or deduction is required by law. In such event, the Issuer or, as the case may be, the Guarantor will pay such additional amounts as shall be necessary in order that the net amounts received by the holders of the VPS Notes after such withholding or deduction shall equal the respective amounts of principal and interest which would otherwise have been receivable in respect of the VPS Notes in the absence of such withholding or deduction; except that no such additional amounts shall be payable with respect to any VPS Note the holder of which is liable for such taxes or duties in respect of such VPS Note by reason of his having some connection with a Tax Jurisdiction other than the mere holding of such VPS Note.

As used herein:

- (i) **Tax Jurisdiction** means the Netherlands or any political subdivision or any authority thereof or therein having power to tax (in the case of payments by the Issuer) or the Republic of Finland or any political subdivision or any authority thereof or therein having power to tax (in the case of payments by the Guarantor) or in either case any other jurisdiction or any political subdivision or any authority thereof or therein having power to tax to which payments made by the Issuer or the Guarantor, as the case may be, of principal and interest on the Notes become generally subject; and
- (ii) the **Relevant Date** means the date on which such payment first becomes due, except that, if the full amount of the moneys payable has not been duly received by the VPS Agent on or prior to such due date, it means the date on which, the full amount of such moneys having been so received, notice to that effect is duly given to the VPS Noteholders in accordance with Condition 11.

8. PRESCRIPTION

The VPS Notes will become void unless claims in respect of principal and/or interest are made within a period of 10 years (in the case of principal) and five years (in the case of interest) after the Relevant Date (as defined in Condition 7) therefor.

9. EVENTS OF DEFAULT

9.1 Events of Default

If any of the following events (each an **Event of Default**) shall occur:

- (a) if default is made in the payment in the Specified Currency of any principal or interest due in respect of the VPS Notes or any of them and the default continues for a period of three days; or
- (b) if the Issuer or the Guarantor fails to perform or observe any of its other obligations under these VPS Conditions or the Guarantee and (except in any case where the failure is incapable of remedy when no such continuation or notice as is hereinafter mentioned will be required) the failure continues for the period of 14 days following the service by the VPS

Trustee on the Issuer or the Guarantor (as the case may be) of notice, addressed to the Issuer or the Guarantor (as the case may be) and requiring the same to be remedied; or

- (c) if (i) any Indebtedness for Borrowed Money (as defined below) of the Issuer, the Guarantor or any of the Guarantor's other Subsidiaries becomes capable of being declared due and repayable prematurely by reason of an event of default (however described); (ii) the Issuer, the Guarantor or any of the Guarantor's other Subsidiaries fails to make any payment in respect of any Indebtedness for Borrowed Money on the due date for payment; (iii) any security given by the Issuer, the Guarantor or any of the Guarantor's other Subsidiaries for any Indebtedness for Borrowed Money becomes enforceable; or (iv) default is made by the Issuer, the Guarantor or any of the Guarantor's other Subsidiaries in making any payment due under any guarantee and/or indemnity given by it in relation to any Indebtedness for Borrowed Money of any other person; provided that no event described in this subparagraph 9.1(c) shall constitute an Event of Default unless the relevant amount of Indebtedness for Borrowed Money or other relative liability due and unpaid, either alone or when aggregated (without duplication) with other amounts of Indebtedness for Borrowed Money and/or other liabilities due and unpaid relative to all (if any) other events specified in (i) to (iv) above, amounts to at least €35,000,000 (or its equivalent in any other currency); or
- (d) if any order is made by any competent court or resolution passed for the winding up or dissolution of the Issuer, the Guarantor or any of the Guarantor's other Subsidiaries, save for the purposes of reorganisation on terms previously approved by the VPS Noteholders (in accordance with the meeting provisions in the VPS Trustee Agreement); or
- (e) if the Issuer or the Guarantor ceases or threatens to cease to carry on the whole or a substantial part of its business or any of the Guarantor's other Subsidiaries ceases or threatens to cease to carry on the whole or substantially the whole of its business, save in either case for the purposes of reorganisation on terms previously approved by the VPS Noteholders (in accordance with the meeting provisions in the VPS Trustee Agreement), or the Issuer, the Guarantor or any of the Guarantor's other Subsidiaries stops or threatens to stop payment of, or is unable to, or admits inability to, pay, its debts (or any class of its debts) as they fall due, or is deemed unable to pay its debts pursuant to or for the purposes of any applicable law, or is adjudicated or found bankrupt or insolvent; or
- (f) if (i) proceedings are initiated against the Issuer, the Guarantor or any of the Guarantor's other Subsidiaries under any applicable liquidation, insolvency, composition, reorganisation or other similar laws, or an application is made (or documents filed with a court) for the appointment of an administrative or other receiver, manager, administrator or other similar official, or an administrative or other receiver, manager, administrator or other similar official is appointed, in relation to the Issuer, the Guarantor or any of the Guarantor's other Subsidiaries or, as the case may be, in relation to the whole or any part of the undertaking or assets of any of them, or an encumbrancer takes possession of the whole or any part of the undertaking or assets of any of them, or a distress, execution, attachment, sequestration or other process is levied, enforced upon, sued out or put in force against the whole or any part of the undertaking or assets of any of them and (ii) in any case (other than the appointment of an administrator or an administrative receiver appointed following presentation of a petition for an administration order) unless initiated by the relevant company, is not discharged within 14 days; or
- (g) if the Issuer, the Guarantor or any of the Guarantor's other Subsidiaries (or their respective directors or shareholders) initiates or consents to judicial proceedings relating to itself under any applicable liquidation, insolvency, composition, reorganisation or other similar laws (including the obtaining of a moratorium) or makes a conveyance or assignment for the benefit of, or enters into any composition or other arrangement with, its creditors generally

(or any class of its creditors) or any meeting is convened to consider a proposal for an arrangement or composition with its creditors generally (or any class of its creditors); or

- (h) if the Issuer ceases to be a subsidiary wholly owned and controlled, directly or indirectly, by the Guarantor; or
- (i) if the Guarantee ceases to be, or is claimed by the Issuer or the Guarantor not to be, in full force and effect,

then the VPS Trustee may, pursuant to the terms of the VPS Trustee Agreement, by written notice addressed to the Issuer and delivered to the Issuer or the Guarantor, effective upon the date of receipt thereof by the Issuer or the Guarantor, as applicable, declare any VPS Notes to be forthwith due and payable whereupon the same shall become forthwith due and payable at its Early Redemption Amount, together with accrued interest (if any) to the date of repayment, without presentment, demand, protest or other notice of any kind.

9.2 Definitions

For the purposes of the VPS Conditions, **Indebtedness for Borrowed Money** means any indebtedness (whether being principal, premium, interest or other amounts) for or in respect of any borrowed money or any liability under or in respect of any acceptance or acceptance credit or any notes, bonds, debentures, debenture stock, loan stock or other securities.

10. TRANSFER AND EXCHANGE OF VPS NOTES

10.1 Transfers of Interests in VPS Notes

Settlement of sale and purchase transactions in respect of VPS Notes will take place two Oslo Business Days after the date of the relevant transaction. VPS Notes may be transferred between accountholders at the VPS in accordance with the procedures and regulations, for the time being, of the VPS. A transfer of VPS Notes which is held in the VPS through Euroclear Bank SA/NV or Clearstream Banking, S.A. is only possible by using an account operator linked to the VPS.

For the purposes of this Condition 10.1, **Oslo Business Day** means a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets are open for general business (including dealing in foreign exchange and foreign currency deposits) in Oslo.

10.2 Registration of transfer upon partial redemption

In the event of a partial redemption of VPS Notes under Condition 6, the Issuer shall not be required to register the transfer of any VPS Note, or part of a VPS Note, called for partial redemption.

10.3 Costs of registration and administration of the VPS Register

VPS Noteholders will not be required to bear the costs and expenses of effecting any registration, transfer or administration in relation to the register maintained by the VPS, except for any costs or expenses of delivery other than by regular uninsured mail and except that the Issuer may require the payment of a sum sufficient to cover any stamp duty, tax or other governmental charge that may be imposed in relation to the registration.

11. NOTICES

Notices to the VPS Noteholders shall be valid if the relevant notice is given to the VPS for communication by it to the VPS Noteholders. The Issuer shall also ensure that notices are duly published in a manner which complies with the rules of any stock exchange or other relevant

authority on which the VPS Notes are for the time being listed or by which they have been admitted to trading including publication on the website of the relevant stock exchange or relevant authority if required by those rules. Any such notice shall be deemed to have been given to the holders of the VPS Notes on the day after the day on which the said notice was delivered to the VPS.

12. SUBSTITUTION

The Issuer, or any previously substituted company, may at any time, without the consent of the VPS Noteholders, substitute for itself as principal debtor under the VPS Notes a company (the **Substitute**) as principal debtor under the VPS Notes, provided that no payment in respect of the VPS Notes is at the relevant time overdue. The substitution shall be made by an English law governed deed poll (the **Deed Poll**) and may take place only if:

- (a) the Substitute shall, by means of the Deed Poll, agree to indemnify each VPS Noteholder against any tax, duty, assessment or governmental charge which is imposed on it by (or by any authority in or of) the jurisdiction of the country of the Substitute's residence for tax purposes and/or, if different, of its incorporation with respect to any VPS Note and which would not have been so imposed had the substitution not been made, as well as against any tax, duty, assessment or governmental charge, and any cost or expense, relating to the substitution;
- (b) where the Substitute is not the Guarantor, the obligations of the Substitute under the Deed Poll and the VPS Notes shall be unconditionally and irrevocably guaranteed by the Guarantor by means of the Guarantee;
- (c) all action, conditions and things required to be taken, fulfilled and done (including the obtaining of any necessary consents) to ensure that the Deed Poll and the VPS Notes represent valid, legally binding and enforceable obligations of the Substitute and in the case of the Deed Poll and the Guarantee of the Guarantor have been taken, fulfilled and done and are in full force and effect;
- (d) the Substitute shall have become party to the VPS Agency Agreement and VPS Trustee Agreement, with any appropriate consequential amendments, as if it had been an original party to it;
- (e) each stock exchange or listing authority which has the VPS Notes listed on such stock exchange shall have confirmed that following the proposed substitution of the Substitute the VPS Notes would continue to be listed on such stock exchange;
- (f) legal opinions addressed to the VPS Noteholders shall have been delivered to them (care of the VPS Trustee) from a lawyer or firm of lawyers with a leading securities practice in each jurisdiction referred to in (i) above and in England as to the fulfilment of the preceding conditions of this Condition 12;
- (g) the Issuer shall have given at least 14 days' prior notice of such substitution to the VPS Noteholders, stating that copies, or, pending execution, the agreed text, of all documents in relation to the substitution which are referred to above, or which might otherwise reasonably be regarded as material to VPS Noteholders, will be available for inspection at the specified office of each of the VPS Agent and VPS Trustee. References in Condition 8 to obligations under the VPS Notes shall be deemed to include obligations under the Deed Poll, and the events listed in Condition 9, shall be deemed to include an additional Event of Default if the Substitute ceases to be wholly-owned and controlled by the Guarantor; and

- (h) the reference to the Netherlands in Condition 7 shall be replaced by references to the jurisdiction of a country of residence of the Substitute for tax purposes.

13. MEETINGS OF NOTEHOLDERS AND MODIFICATION

13.1 Provisions with respect to holders of VPS Notes

The VPS Trustee Agreement contains provisions for convening meetings of the VPS Noteholders to consider any matter affecting their interests, including sanctioning resolutions by a majority of votes (or, in the case of the modification of certain provisions of the VPS Notes and the VPS Trustee Agreement (as set out in Condition 13.2(a) below), sanctioning by a majority of two thirds of votes). Such a meeting may be convened by the Issuer, the Guarantor, the VPS Trustee, Oslo Stock Exchange or by VPS Noteholders holding not less than 10 per cent. of the Voting VPS Notes.

For the purpose of this Condition 13.1, **Voting VPS Notes** means the aggregate nominal amount of the total number of VPS Notes not redeemed or otherwise discharged in the VPS, less the VPS Notes owned by the Issuer, any party who has decisive influence over the Issuer or any party over whom the Issuer has decisive influence.

The quorum at a meeting for passing a resolution is one or more persons holding at least one half of the Voting VPS Notes or at any adjourned meeting one or more persons being or representing holders of Voting VPS Notes whatever the nominal amount of the VPS Notes so held or represented, except that at any meeting the business of which includes any matter set out in Condition 13.2(a) below, the quorum shall be one or more persons holding or representing not less than two-thirds in aggregate nominal amount of the outstanding VPS Notes, or at any adjourned such meeting one or more persons holding or representing not less than one-third in aggregate nominal amount of the VPS Notes for the time being outstanding. A resolution passed at any meeting of the VPS Noteholders shall be binding on all the VPS Noteholders, whether or not they are present at such meeting.

13.2 Modification

The VPS Trustee Agreement provides that:

- (a) in order to make the following amendments, a majority of at least two-thirds of the votes cast in respect of Voting VPS Notes is required:
 - (i) modification of the Maturity Date of the VPS Notes specified in the applicable Final Terms, or reduction or cancellation of the nominal amount payable upon maturity;
 - (ii) reduction or calculation of the amount payable, or modification of the payment date in respect of any interest in relation to the VPS Notes or variation of the method of calculating the rate of interest in respect of the VPS Notes;
 - (iii) reduction of any Minimum Rate of Interest and/or Maximum Rate of Interest specified in the applicable Final Terms;
 - (iv) modification of the currency in which payments under the VPS Notes are to be made;
 - (v) modification of the majority requirement to pass a resolution in respect of the matters listed in this Condition 13.2(a);

- (vi) any alteration of Clause 4.1(f) of the VPS Trustee Agreement (which sets out the matters for which a majority of two-thirds of votes is required);
 - (vii) the transfer of rights and obligations under the VPS Conditions and the VPS Trustee Agreement to another Issuer; and/or
 - (viii) a change of VPS Trustee;
- (b) save as set out in Condition 13.2(a)(i) above, the VPS Trustee, without providing prior written notice to, or consultation with, the VPS Noteholders may make decisions binding on all affected VPS Noteholders relating to the Final Terms, the VPS Conditions and/or the VPS Trustee Agreement provided that such decision is either (x) not detrimental to the rights and benefits of the affected VPS Noteholders in any material respect, (y) made solely for rectifying obvious errors and mistakes, or (z) required to be made pursuant to law, court order or other administrative decision. The VPS Trustee shall as soon as possible notify the affected VPS Noteholders of any proposal to make such amendments, setting out the date from which the amendment will be effective, unless such notice obviously is unnecessary.

14. VPS TRUSTEE

The VPS Trustee Agreement contains provisions for the indemnification of the VPS Trustee and for its relief from responsibility, including provisions relieving it from taking action unless indemnified and/or secured to its satisfaction. VPS Noteholders are deemed to have accepted and will be bound by the VPS Conditions and the terms of the VPS Trustee Agreement.

15. FURTHER ISSUES

The Issuer shall be at liberty from time to time without the consent of the VPS Noteholders to create and issue further notes having terms and conditions the same as the VPS Notes or the same in all respects save for the amount and date of the first payment of interest thereon and the date from which interest starts to accrue and so that the same shall be consolidated and form a single Series with the outstanding VPS Notes.

16. CONTRACTS (RIGHTS OF THIRD PARTIES) ACT 1999

No person shall have any right to enforce any term or condition of this VPS Note under the Contracts (Rights of Third Parties) Act 1999, but this does not affect any right or remedy of any person which exists or is available apart from that Act.

17. GOVERNING LAW AND SUBMISSION TO JURISDICTION

17.1 Governing law

The VPS Notes and the Guarantee and any non-contractual obligations arising out of or in connection with the VPS Notes and the Guarantee are governed by, and construed in accordance with, English law, save that VPS Conditions 1, 10, 13 and 14 (and any non-contractual obligations arising out of or in connection with VPS Conditions 1, 10, 13 and 14) are governed by, and shall be construed in accordance with, Norwegian law.

The VPS Trustee Agreement and the VPS Agency Agreement (and any non-contractual obligations arising out of or in connection with the VPS Trustee Agreement and VPS Agency Agreement) are governed by, and shall be construed in accordance with, Norwegian law.

VPS Notes must comply with the Norwegian Securities Register Act of 5 July 2002 No. 64, as amended from time to time, and the holders of VPS Notes will be entitled to the rights and are subject to the obligations and liabilities which arise under this act and any related regulations and legislation. The registration of VPS Notes in the VPS as well as the recording and transfer of ownership to, and other interests in, VPS Notes will be governed by, and construed in accordance with, Norwegian law.

17.2 Submission to jurisdiction

- (a) Subject to Condition 17.2(c) below, the English courts have exclusive jurisdiction to settle any dispute arising out of or in connection with the VPS Notes, including any dispute as to their existence, validity, interpretation, performance, breach or termination or the consequences of their nullity and any dispute relating to any non-contractual obligations arising out of or in connection with the VPS Notes (a **Dispute**) and accordingly each of the Issuer, the Guarantor and any VPS Noteholders in relation to any Dispute submits to the exclusive jurisdiction of the English courts.
- (b) For the purposes of this Condition 17.2, the Issuer and the Guarantor waive any objection to the English courts on the grounds that they are an inconvenient or inappropriate forum to settle any Dispute.
- (c) To the extent allowed by law, the VPS Noteholders or the VPS Trustee (on behalf of the VPS Noteholders) may, in respect of any Dispute or Disputes, take (i) proceedings in any other court with jurisdiction; and (ii) concurrent proceedings in any number of jurisdictions.

17.3 Appointment of Process Agent

Each of the Issuer and the Guarantor irrevocably appoints Law Debenture Corporate Services Limited as its agent for service of process in any proceedings before the English courts in relation to any Dispute and agrees that, in the event of Law Debenture Corporate Services Limited being unable or unwilling for any reason so to act, it will immediately appoint another person as its agent for service of process in England in respect of any Dispute. The Issuer agrees that failure by a process agent to notify it of any process will not invalidate service. Nothing herein shall affect the right to serve process in any other manner permitted by law.

USE OF PROCEEDS

The net proceeds from each issue of Notes will be applied by the Issuer for its general corporate purposes or to refinance the Group's existing indebtedness. If, in respect of an issue, there is a particular identified use of proceeds, this will be stated in the applicable Final Terms or, in the case of Exempt Notes, the applicable Pricing Supplement.

DESCRIPTION OF THE ISSUER

Overview

Citycon Treasury B.V. (the Issuer) was incorporated in the Netherlands as a private company with limited liability (*besloten vennootschap met beperkte aansprakelijkheid*) on 17 June 2011. The Issuer operates under Dutch law. The registered office of the Issuer is Hullenbergweg 300, 1101 BV Amsterdam, the Netherlands. The Issuer's registration number is 52962733 and its telephone number is +31 (0)20 217 0926.

Corporate Purpose

As set out in Article 3 of the Articles of Association of the Issuer, the Issuer was incorporated for the purpose of:

- borrowing and/or lending moneys, providing security or guarantee or otherwise warranting performance jointly and severally on behalf of third parties;
- incorporating, participating in and conducting the management of other companies and enterprises;
- rendering administrative, technical, financial, economic or managerial services to other companies, persons and enterprises; and
- acquiring, disposing of, managing, utilising and developing real property, personal property and other goods, including patents, trademark rights, licences, permits and other industrial property rights,

in each case whether or not in collaboration with third parties and inclusive of the performance and promotion of all activities which directly and indirectly relate to those purposes.

Capital and Shareholders

The authorised share capital of the Issuer is EUR 90,000, divided into ordinary shares with a par value of EUR 100 each. As at the date of this Offering Circular, the Issuer's total capitalisation is EUR 18,000, consisting of 180 ordinary shares which have been issued and fully paid at par and are directly owned by the Guarantor.

Board of Directors

The table below sets forth details of the current members of the managing board (*bestuur*) of the Issuer.

Name	Year of Birth	Position
Arend Doppenberg	1975	Director A
Ben Helsing	1977	Director B
Eero Sihvonen	1957	Director B
Marcel Kokkeel	1958	Director B

There are no conflicts of interest between the members of the managing board of the Issuer and their private or other interests.

The business address of each of the members of the Board of Directors is Hullenbergweg 300, 1101 BV Amsterdam, the Netherlands. The Issuer has no board of supervisory directors (*raad van commissarissen*).

Legal and Arbitration Proceedings

The Issuer is not and has not been involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware) in the 12 months preceding the date of this Offering Circular which may have or have in such period had a significant effect on the financial position or profitability of the Issuer.

Financial Year

The financial year of the Issuer coincides with the calendar year.

Auditors and Financial Information

In 2014 Ernst & Young Accountants LLP were appointed as the external auditors of the Issuer. The Issuer prepared the financial statements in accordance with Title 9 of Book 2 of the Dutch Civil Code. The financial statements of the Issuer for the years ended 31 December 2016 and 31 December 2015 are incorporated by reference into this Offering Circular.

The Issuer is a direct, wholly owned subsidiary of the Guarantor. The results of operations and financial position of the Issuer are fully consolidated in the Group's consolidated annual financial statements. The Issuer is a special purpose finance subsidiary that provides financing to other members of the Group. The Group's consolidated annual financial statements incorporated by reference into this Offering Circular fully incorporate the Issuer's results of operations and financial position.

Audit Committee

The Issuer qualifies as a public interest entity (*organisatie van openbaar belang*) which under the Eighth Company Law Directive (2006/43/EC) as transposed in and pursuant to Section 21a of the Dutch Act on the supervision of accountancy organisations (*Wet toezicht accountantsorganisaties*) is required to have an audit committee unless an exception applies. The Issuer intends to rely on an exception which applies if the audit committee of the Issuer's parent undertaking (in this case the Guarantor) adheres to certain principles with respect to its external auditor and audit committee as set out in Section 3(a) of the Dutch Decree on the transposition of the EC Directive on statutory audits of annual accounts and consolidated accounts (*Besluit uitvoering EG richtlijn wettelijke controles jaarrekeningen en geconsolideerde jaarrekeningen*).

DESCRIPTION OF THE GUARANTOR

Overview

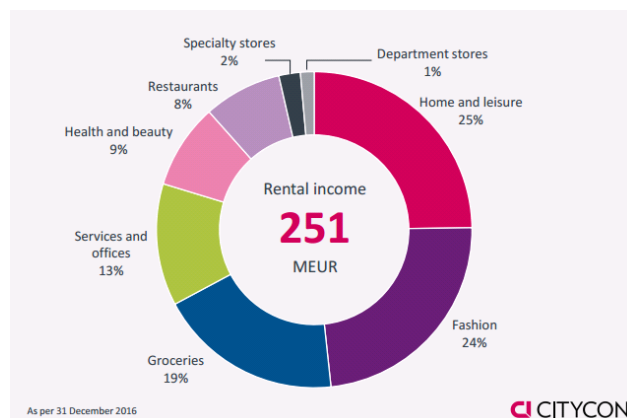
Citycon is a leading owner, manager and developer of urban grocery-anchored shopping centres in the Nordic and Baltic region, with assets under management totalling approximately EUR 5.0 billion at 30 June 2017 (including the fair value of investment properties and Kista Galleria (on a 50% basis)) and a market capitalisation of approximately EUR 2.0 billion at 30 June 2017. Headquartered in Espoo (Helsinki Metropolitan Area), Finland, Citycon is the number one shopping centre owner in Finland and Estonia and among the market leaders in Norway and Sweden.¹³ Citycon has also established a foothold in Denmark. On 30 June 2017, Citycon owned 50¹⁴ shopping centres and two other retail properties and rented two shopping centres in Norway.

Citycon focuses on leading shopping centres in the largest cities in the Nordics and Baltics. Citycon's properties are urban and typically grocery-anchored. The shopping centres are located close to residential areas and office locations and, therefore, are easily accessible. Citycon actively (re)develops its properties to improve their vitality and competitiveness. Large, well-established shopping centres represent the core of the property portfolio. In addition to wholly-owned properties, Citycon may be a co-owner of properties with joint venture partners. This ownership structure is selected from time to time for the largest investments to free up capital for, amongst other things, the (re)development of other properties in Citycon's portfolio.

Citycon's major tenants include specialty and grocery chains as well as cafés and restaurants, banks and financial institutions, and municipal and other public administration. Citycon's five largest tenants (by rental income) and shopping centre rental income by category as at 31 December 2016 are illustrated in the below figures:

TOP FIVE TENANTS

Proportion of rental income based on valid rent roll at 31 December 2016, %	
Kesko	6.6
S Group	4.5
Varner-Group	4.4
NorgesGruppen Group	2.2
ICA Group	2.0
Investment properties, total	19.7



Citycon's business operations are divided into four business units: Finland, Norway, Sweden, and Estonia and Denmark. Each business unit is further divided into clusters. In the cluster organisational model, shopping centres are combined to form entities that are led by commercial directors. As of 30 June 2017, the Finnish unit was composed of three clusters, the Norwegian unit of three clusters, the Swedish unit of two clusters, and the Estonia and Denmark unit of one cluster. The clusters are supported by centralised leasing, development, marketing and finance teams.

For the financial year ended 31 December 2016, Citycon's operating profit was EUR 224.4 million. As of 30 June 2017, Citycon had 254 employees of whom 109 worked in Norway, 77 in Finland, 56 in Sweden, nine in Estonia, two in the Netherlands and one in Denmark.

¹³ Source: Company reports, Pangea Property Partners analysis, as per April 2016. Includes only majority-owned shopping centres. Includes some assumptions on retail proportion out of total GLA, where retail data not available.

¹⁴ Including Kista Galleria, assuming that the ownership is 50 per cent.

Citycon has investment-grade credit ratings from S&P (BBB, outlook stable) and Moody's (Baa1, outlook stable).

Citycon is a public limited company incorporated on 13 April 1988 under the laws of Finland with registration number 0699505-3, and Citycon's shares have been listed on the Helsinki stock exchange (now Nasdaq Helsinki Ltd., the **Helsinki Stock Exchange**) since November 1988. Citycon's registered office is located at Suomenlahdentie 1, 02230 Espoo Finland and its telephone number is +358 20 766 4400.

Operational History

Citycon was established in 1988 by the Insurance Company Sampo Pension Ltd, Imatran Voima Oy, Rakennustoimisto A. Puolimatka Oy and Postipankki. During the same year, Citycon was listed on the Helsinki Stock Exchange. Initially, Citycon's business focused on office premises.

In 1998, Citycon's business concept was modified and the focus was shifted to Finnish retail properties. Citycon acquired retail properties throughout Finland from Kesko Corporation, Merita Real Estate Ltd and Nova Life Insurance Company Ltd.

Citycon almost doubled its property portfolio in 1999 through acquisitions, including acquiring majority stakes in 11 shopping centres in Finland and minority stakes in Koskikeskus, Tampere and Jyväskylä. As a result of the acquisitions, the sellers, including Nordea, Kesko and Sampo with their group companies, became significant shareholders of Citycon.

In 2003, Citycon refined its business strategy to include development of properties in addition to owning, leasing and managing retail premises. The ownership base of Citycon changed significantly as the former major owners Kesko, Nordea and Sampo sold their shareholdings and international investors became the largest group of owners in Citycon.

The expansion outside Finland began in 2005 when Citycon acquired its first properties in Sweden and Estonia. Citycon acquired 75 per cent. of the Åkersberga Centrum shopping centre in Sweden in July 2005, and, Citycon also expanded its operations into Estonia, acquiring Tallinn's Rocca al Mare shopping centre.

In 2006, Citycon continued its expansion into new market areas when it purchased the Mandarinas shopping centre in the capital of Lithuania, Vilnius. New properties were also acquired in Finland, Sweden and Estonia during 2007. In 2007, Citycon also completed the acquisition of Iso Omena shopping centre in Espoo.

In 2008, Citycon redefined the focus in its growth strategy and started to put more emphasis on the (re)development of existing shopping centres instead of new acquisitions. Of these (re)development projects, the Trio shopping centre in Lahti was opened to the public in its entirety at the end of 2008, and the extension project of the Rocca al Mare shopping centre in Tallinn as well as the new shopping centre Liljeholmstorget Galleria in Stockholm were completed in 2009.

In 2010, Citycon continued (re)developing its existing shopping centres, the most important projects being Åkersberga Centrum in the Greater Stockholm Area, Espoontori in Espoo and Forum in Jyväskylä. In addition, Citycon began construction in Myllypuro, Helsinki, and Martinlaakso, Vantaa, with the purpose of rebuilding the old-fashioned retail centres into modern shopping centres.

During 2011, Citycon acquired two shopping centres, Högdalen Centrum in Stockholm and Kristiine Keskus in Tallinn. Citycon also launched the (re)development of the Koskikeskus shopping centre in Tampere, (re)development and extension project of the Magistral shopping centre in Tallinn and the refurbishment of Åkermynatan Centrum in Stockholm. In July 2011, Citycon introduced its clarified strategy, with a stronger focus on growth in its core business. In addition to the existing operating countries, the other Nordic and Baltic countries, namely Norway, Denmark and Latvia, were also included in the strategy. Supermarket and shop properties were defined as non-core properties with the aim to dispose the asset within the coming years.

During 2012, Citycon acquired the shopping centre Arabia in Helsinki and the shopping centre Albertslund Centrum in the Greater Copenhagen area, which was Citycon's first acquisition in Denmark.

In 2013, Citycon and CPPIB jointly acquired the Kista Galleria shopping centre in Stockholm. Citycon also started the extension and (re)development of its largest shopping centre in Finland, Iso Omena in Espoo. The estimated cost for the project including partial (re)development of the existing shopping centre amounted to approximately EUR 250 million. In 2014, Citycon continued updating its property portfolio in line with its strategy. Citycon acquired GIC's 40 per cent. stake in the Iso Omena shopping centre in Espoo, increasing Citycon's stake in the centre to 100 per cent. Citycon also joined forces with NCC to build Mölndal Galleria shopping centre in Gothenburg and continued its disposal strategy by divesting non-core assets, including the Mandarin shopping centre in Vilnius.

In 2015, Citycon acquired Sektor Gruppen in Norway. Through the acquisition of Sektor Gruppen, Citycon gained exposure throughout the entire Nordic region, while increasing its assets under management by nearly 50 per cent., from EUR 3.4 billion to EUR 4.9 billion. In 2015, the extension and (re)development project of shopping centre IsoKristiina, located in Lappeenranta, Finland, was also completed.

In August 2016, Citycon opened the first part of the shopping centre Iso Omena's extension in Matinkylä, Helsinki area. In April 2017, the second and final phase of the extension and (re)development of Iso Omena was completed and opened to customers. Iso Omena is currently almost fully leased and it has about 220 different shops and services. Iso Omena has over 100,000 square metres (sq.m.) of gross leasable area, of which retail premises cover 85,000 sq.m.

Vision, Mission, Strategy and Values

Citycon's strategy is supported by Citycon's vision, mission and values.

Vision

Citycon wants to be the household name for Nordic shopping centres.

Mission

Citycon's mission is to offer the best retail space and everyday shopping experiences in urban shopping centres in the Nordics.

Strategy

Citycon's strategy is to be a pure retail player focused on urban, grocery-anchored shopping centres in the best locations in the Nordics. Citycon aims to create value by owning, managing and developing the centres based on the needs of the surrounding community. Citycon's strategy is based on these three pillars:

Right assets

- Pure retail player focusing on necessity-based, multifunctional shopping centres in growing urban areas

Retail experts

- Using and developing Citycon's retail expertise at each stage of the shopping centre value chain in order to create pleasant shopping experiences and sustainable solutions

Strong capital base

- Allocating capital efficiently and maintaining a conservative gearing level in order to finance developments and maximise returns

Everyday shopping in urban crosspoints

Citycon's community-oriented shopping centres are located in the largest and fastest growing cities in the region and placed in urban environments close to where customers live and work and with a direct connection to public transport, health care and municipal services. Citycon's shopping centres have a necessity-based nature as they are anchored by grocery stores and other daily shopping. The centres are typically dominant in their catchment areas and they create natural, attractive urban venues that cater to all of their customers' daily needs. Citycon enriches and creates value for the societies in which it operates, by creating a vivid and vibrant community hub indoor and outdoor.

Expertise in building attractive and multifunctional shopping centres

Citycon's in-depth expertise in all parts of shopping centre value creation – owning, managing and developing – combined with strong local market knowledge and understanding of the customer's needs enables Citycon to build attractive mixed-use shopping centres in the region where retailers can thrive. Citycon's platform of daily shopping centres makes it an ideal partner for local and international retailers wanting to increase their presence in the region.

Growth strategy and joint ventures

An integral part of Citycon's growth strategy has been property acquisitions, through which Citycon has grown in Finland and expanded its operations into Sweden, Norway, Estonia and Denmark. Citycon continuously monitors the real estate market for prospective acquisitions. In accordance with its strategy, Citycon has divested non-core properties in Norway, Finland, Sweden, Estonia and Lithuania in order to be able to better focus on core shopping centres. Non-core properties comprise of supermarket and shop properties as well as smaller shopping centres in non-growing areas. Citycon intends to continue the divestment of its non-core properties to improve the property portfolio and strengthen the balance sheet. In addition to independent acquisitions, Citycon's strategy includes building joint venture partnerships with top-quality Finnish and international players in selected core properties.

Efficient portfolio financing

Citycon focuses on having a strong capital base with an appropriate gearing level, low cost of debt and flexible access to debt financing supported by investment-grade credit ratings. Sufficient and attractively-priced financing gives Citycon the capacity and flexibility to deliver on its strategy and to buy, sell or develop when opportunities arise. Long-term joint venture partnerships extend Citycon's capital base, spread the risk and leverage the expertise.

Responsible shopping centre management at the heart of Citycon's operations

Citycon believes that operating sustainably is a key cornerstone in creating long-term value and hence it is committed to sustainable development, social responsibility and contribution to the surrounding community in everything it does.

Values

Citycon's values act as a compass for Citycon's actions:

Passionate

- Dedicated to retail
- Drive results
- Take ownership and responsibility
- Take pride in Citycon's work

Solution-oriented

- Deliver customer convenience
- Hands-on and action-oriented
- Dedicated to long-term value creation
- Forward-looking

Together One

- One Citycon, One Brand
- Work together, pulling in the same direction
- Encourage, challenge and support each other
- A valuable member of the community

Competitive Strengths

Citycon's strategy is built on the following key competitive strengths:

Leading Market Position in Core Markets

Citycon is one of the leading retail real estate companies with meaningful scale in Finland, Norway, Sweden and Estonia. Citycon's strength lies in its ability to efficiently provide the same quality service to customers in multiple locations and countries through centralising certain core functions while at the same time decentralising other functions, as appropriate.

Operational Focus on Urban Locations in Capital Cities

Approximately 90 per cent. of properties owned by Citycon are located in main cities and 70 per cent. in capital cities. In such areas, the growth of population and the income level have traditionally supported retail trade and in addition, the liquidity of the real estate market is usually good in these areas. Citycon's focus on daily shopping in urban locations ensures strong footfall.

Strong and Stable Cash Flow

Citycon's current property portfolio and rental agreement structure provide a solid basis for a stable cash flow and net rental revenue based on the high occupancy rate of Citycon's properties and the average remaining length of the lease portfolio, which on 30 June 2017 was 3.4 years. The economic occupancy rate¹⁵ of Citycon's properties has been on a level that Citycon deems to be good in the past five years at around 95–97 per cent., and on 30 June 2017, it was 96.3 per cent.¹⁶

Expertise in all Aspects of Shopping Centre Management

Citycon's strategy is to own, manage and develop shopping centres. This broad expertise provides Citycon with the opportunity to take a holistic approach in shopping centre management. Citycon seeks to generate long-term earnings growth and enhanced portfolio value through operational improvement and (re)development operations. Management's development experience together with a leading position in the Nordic shopping centre market enables early identification of development potential in Citycon's existing and potential new properties.

¹⁵ Economic occupancy rate is measured in rental income instead of sq. m.

¹⁶ Including Kista Galleria 50 per cent.

Experienced Management

Citycon's management has a wide-ranging experience in the real estate market, shopping centre management and financing matters. Members of the Corporate Management Committee have long-term experience in leasing, maintenance and development of retail premises. Management believes that this experience and knowledge enables Citycon to win new customers as well as carry out successful development projects and property acquisition.

Citycon's Business

Citycon takes care of the general administration, commercial management, leasing and marketing of its shopping centres and other retail properties by way of its personnel operating on the premises. Citycon also develops its shopping centres continuously through its property development operation, which is responsible for the adjustment planning of the shopping centres and extension, improvement and repair construction. Where needed, Citycon's property development operation is also responsible for land acquisition, guidance and development of commercial and operational planning, such as zoning negotiations, communication with authorities and management of property development projects. Citycon outsources various functions, mainly cleaning, security services, and in many cases also technical management. These services are provided by large companies that are active in most or all of Citycon's markets and they are retained after tendering. These tender processes typically result in asking at least three comparable offers for the services in question.

Investment Criteria

Citycon's shopping centres have a necessity-based nature as they are anchored by grocery stores and other daily shopping stores and services. According to Citycon's investment criteria, the centres have strong positions in their catchment areas and create natural, attractive urban venues that cater to all of the customer's daily needs.

Citycon makes its investment decisions based on the following criteria:

- Capital regions, urban locations
- Strong population growth and natural footfall
- Integrated with public transportation
- More than retail: health care and municipal services
- Necessity-based and dominant in catchment area
- Size >20,000 sq.m.

Citycon as Developer

A core part of Citycon's strategy is to actively develop its shopping centres either via (re)developments or expansion. The objective is always to increase the commercial attractiveness and competitiveness of the shopping centre and thereby generate stronger rental growth while consolidating market value. As with acquisitions, Citycon is selective in (re)development projects and manages them via strict financial and leasing criteria. Key criteria for Citycon's (re)development projects are:

- ≥ 150 bps over required valuation yield
- 50 per cent. pre-leasing target

Citycon is an active owner and long-term developer. Citycon assesses the impact of its investments on the well-being of the immediate area, including:

- Jobs,

- Local procurement, and
- Environmental impact of construction

In its developing activities, Citycon adopts a “No green-field developments”-principle, concentrating on selected (re)developments and extensions of existing assets with a proven track record dominant in catchment areas, strong demographics in cities with population growth, grocery-anchored/necessity-based, and urban.

Environment

Environmental responsibility and the sustainable development of Citycon’s business are of great significance in Citycon’s operations. According to Citycon’s management, Citycon’s operations do not involve any significant environmental issues that may affect Citycon’s ability to utilise its tangible fixed assets.

Intellectual Property Rights

Citycon is a real estate company specialising in retail premises. Except for the registration of Citycon names, logos, domain names, trademarks and domains of the group companies, Citycon has not registered and does not own or licence intellectual property rights that would be material to its operations. Intellectual property rights do not materially affect Citycon’s business or profitability.

Insurance

Citycon maintains customary insurance coverage to cover claims and liabilities potentially arising from its business. Citycon’s properties are all insured in a manner that Citycon’s management believes is consistent with market practice, including business interruption insurance and third-party liability insurance to cover damages to third parties. In addition, Citycon has obtained, amongst others, Directors’ and Officers’ liability insurance policy, and statutory employee insurance policies. Insurance policies are subject to customary limitations, as a result of which a policy might not cover all the damages suffered. Please see “*Risk Factors—Risks Relating to Citycon and Its Business—Citycon’s Insurance Coverage May Prove to Be Inadequate*”.

Employees

As of 30 June 2017, Citycon had 254 employees of whom 109 worked in Norway, 77 in Finland, 56 in Sweden, nine in Estonia, two in the Netherlands and one in Denmark. As of the end of 2016, Citycon employed 272 persons, of whom 132 were in Norway, 78 were in Finland, 50 were in Sweden, eight were in Estonia, three were in the Netherlands and one was in Denmark.

For information on Citycon’s incentive plans concerning some of the employees, please see “–*Directors, Corporate Governance and Management of the Guarantor—Employee Share Plans*” below.

Legal Proceedings

Citycon has not, during the previous twelve months preceding the date of this Offering Circular, had any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which Citycon is aware), which may have, or have had in the recent past significant effects on Citycon’s and/or its subsidiaries’ financial position or profitability. Citycon’s management is not aware of any facts or circumstances that could reasonably be expected to lead to any material claims being made against Citycon or any of its subsidiaries in the foreseeable future.

Legal Structure

Citycon Oyj is the parent company of Citycon. As of 30 June 2017, Citycon had a total of 111 subsidiaries, 25 associated or joint venture companies and three minority companies. The Finnish subsidiaries and associated or joint venture companies are mainly mutual real estate companies through which Citycon holds its property portfolio. Most of Citycon’s subsidiaries abroad are legally structured as limited liability

companies. A list of Citycon's subsidiaries and associated or joint venture companies as of 31 December 2016 is set forth in Citycon's financial statements for 2016, which are incorporated into this Offering Circular by reference.

A mutual real estate company is an independent legal entity, the rights and obligations of which are independent from the rights and obligations of shareholders. It is responsible for all obligations and costs, such as taxes, insurance and administration expenses, and transfers these obligations and costs to shareholders to be paid by them in the form of consideration. A shareholder administers specified premises in a property owned by the mutual real estate company, and the rental income accrued is the shareholder's direct income and does not transfer through the mutual real estate company.

Related-Party Transactions

Citycon's related parties comprise the parent company Citycon Oyj and its subsidiaries, associated or joint venture companies, members of the Board of Directors, CEO, other Corporate Management Committee members, as well as its largest shareholder Gazit-Globe Ltd., which on 30 June 2017 owned approximately 43.9 per cent. of all the shares and votes in Citycon.

The related-party transactions concluded by Citycon in 2017 (up to the date of this Offering Circular) include payments by the group companies to each other for fees such as maintenance and financial charges, interest expenses, loan repayments and other administrative service charges.

There have been no significant changes in Citycon's practice as regards management remuneration (Board members, CEO and other Corporate Management Committee members) and benefits in 2017.

Reporting to and Transactions with Gazit-Globe Ltd.

Gazit-Globe Ltd. has announced that it has applied IFRS in its financial reporting since 2007. According to IFRS, a company may exercise a controlling interest in another company even if its shareholding in that company does not exceed 50 per cent. Gazit-Globe Ltd. holds the view that it exercises controlling interest, as defined in IFRS, in Citycon based on the fact that it has been able to exercise controlling interest in Citycon's General Meetings of Shareholders pursuant to its shareholding. In accordance with an agreement concluded between the companies, Citycon will provide Gazit-Globe Ltd. with a more detailed breakdown of the accounting information it discloses in its interim and full-year reports so that Gazit-Globe Ltd. can consolidate Citycon figures into its own IFRS financial statements.

No significant transactions have been concluded between Citycon and Gazit-Globe Ltd. in 2017 as at the date of this Offering Circular.

Principal Shareholders

The issued share capital of the Guarantor consists of 889,992,628 ordinary shares.

The following table sets forth certain beneficial ownership information regarding the holders of 5 per cent. or more of the Guarantor's share capital and the number and percentage owned by such shareholders as of 30 June 2017. In the six months ended 30 June 2017, the Company received one flagging notice pursuant to Chapter 9, Section 5 of the Finnish Securities Markets Act. On 28 June 2017 Alecta pensionsförsäkring, ömsesidigt notified that its ownership in the Company had increased above 5 per cent. threshold. According to the notification the Swedish Alecta pensionsförsäkring, ömsesidigt's holdings in Citycon represent 5.10 per cent. of the total number of shares and voting rights in Citycon. The Guarantor has received no notifications from the beneficial owners listed below since 30 June 2017.

Name of beneficial owner	Number of shares	Total percentage of shares beneficially owned (%)
Gazit Globe Ltd.	390,568,970	43.9
CPP Investment Board European Holdings S.à r.l.	133,498,893	15.0

Ilmarinen Mutual Pension Insurance Company	63,470,695	7.1
Alecta pensionsförsäkring, ömsesidigt	45,375,000	5.1
Total	632,913,558	71.1

DIRECTORS, CORPORATE GOVERNANCE AND MANAGEMENT OF THE GUARANTOR

Board Members

The table below sets forth details of the current members of the board of directors of the Guarantor (the **Board of Directors**).

Name	Year of Birth	Position
Chaim Katzman	1949	Chairman
Bernd Knobloch	1951	Deputy Chairman
Arnold L. de Haan	1954	Director
Kirsi Komi.....	1963	Director
Rachel Lavine.....	1965	Director
David Lukes	1970	Director
Andrea Orlandi	1971	Director
Claes Ottosson.....	1961	Director
Per-Anders Ovin.....	1956	Director
Ariella Zochovitzky.....	1957	Director

The business address of each of the members of the Board of Directors is Suomenlahdentie 1, FI-02230 Espoo, Finland.

Chaim Katzman

Mr. Katzman performs the role of chairman of the Board of Directors, a position he has held since 2010. Mr. Katzman founded Norstar Holdings Inc. (formerly Gazit Inc.) of which he is the controlling shareholder and chairman of the board of directors. In addition, he is executive chairman of the board of directors of Gazit-Globe Ltd. Mr. Katzman is founder and, since 1992, chairman of the board of directors of Equity One Inc., chairman of the board of directors of First Capital Realty Inc. since 2000, and chairman of the board of directors of Atrium European Real Estate Ltd. since 2008.

Bernd Knobloch

Mr. Knobloch has been a member of the Board of Directors since 2012 and has served as deputy chairman since 2013. Prior to joining the Company, Mr. Knobloch was a management board member of Commerzbank AG between 2006 and 2008, chairman of the management board of Eurohypo AG between 2004 and 2008 and held various senior positions at Frankfurter Hypothekenbank AG, Frankfurter Hypotheken Centralboden AG and Eurohypo Aktiengesellschaft Europaeische Hypothekenbank der Deutschen Bank between 1992 and 2002. In addition to his role with the Company, Mr. Knobloch holds non-executive positions with Palatium Investment Management Ltd., Johann Wolfgang Goethe University, Staedelsches Kunstinstitut, Hertie Foundation and Urban Land Institute.

Arnold L. de Haan

Mr. de Haan has been a member of the Board of Directors since 2014. Mr. de Haan has been the founder and managing director of Boishaen B.V. since 2008. Prior to joining the Company, Mr. de Haan has held positions with Hofirma BV, MeyerBergman European Retail Partners, Multi Corporation, Commerz Grundbesitz Group, Commerz Grundbesitz Investmentgesellschaft mbH, European Metropolitan Property Services, Vaste Waarden Nederland, Mountleigh International Plc. and Interned Holding N.V. Mr. de Haan also holds a non-executive directorship with HRO.

Kirsi Komi

Ms. Komi has been a member of the Board of Directors since 2011. Prior to joining the Company, she held the position of general counsel, and sat on the management board of, Nokia Siemens Networks between 2007 and 2010. In addition to her role as a director of the Company, Ms. Komi holds non-executive positions on the boards of Metsä Board Corporation, The Finnish Red Cross, Blood Service, Martela Corporation, Finnvera Plc, Docrates Ltd., Bittium Corporation, Directors' Institute of Finland – Hallitusammattilaiset ry, The Guggenheim Helsinki Supporting Foundation, Lindström Invest Oy and Humana AB.

Rachel Lavine

Ms. Lavine has been a member of the Board of Directors since 2015. In addition to her role with the Company, Ms. Lavine currently acts as the vice chairman of the board of directors of Atrium European Real Estate Ltd and held the position of chief executive officer of Gazit-Globe Ltd. from 2015 to January 2017. Prior to her current role, she held positions at Atrium European Real Estate Ltd., at which she was chief executive officer from 2008 to 2014, president and chief executive officer of Plaza Centers (Europe) B.V. from 2005 to 2006 and president and chief executive officer of Elscint Ltd from 1999 to 2006.

David Lukes

Mr. Lukes has been a member of the Board of Directors since March 2017 and acts as the chief executive officer of DDR Corporation. Prior to joining the Company, he held the position of chief executive officer and president of Equity One, Inc. between 2014 and 2017, chief executive officer and president of Seritage Realty Trust from 2012 to 2014, chief executive officer and president of Mall Properties, Inc. from 2010 to 2012 and president and chief operating officer of Kimco Realty Corporation from 2002 to 2010.

Andrea Orlandi

Mr. Orlandi has been a member of the Board of Directors since 2014. In addition to his role with the Company, Mr. Orlandi currently serves as the managing director, head of real estate investments (Europe) of Canada Pension Plan Investment Board. Prior to his current role, Mr. Orlandi held the position of director of Canada Pension Plan Investment Board since 2011 and served as the director and chief investment officer for Europe of AREA Property Partners and the principal of O'Connor Capital Partners as well as held various roles within Merrill Lynch. Mr. Orlandi holds non-executive positions on the boards of Credit Asset Management Ltd., Hermes Central London LP and Spre Pte. Ltd.

Claes Ottosson

Mr. Ottosson has been a member of the Board of Directors since 2004. Mr. Ottosson has been managing director of ICA Kvantum Hovås since 1990. In addition to his role with the Company, Mr. Ottosson has held non-executive directorships with ICA Förbundet AB since 2005 and ICA Gruppen AB (formerly Hakon Invest AB) since 2007.

Per-Anders Ovin

Mr. Ovin has been a member of the Board of Directors since 2013. In addition to his role with the Company, he has been chairman of the board, partner and owner of Mengus Stockholm AB since 2005 and owner of Marrakech Design / Ovin Consulting AB since 2003. He has also held several non-executive positions at other firms, including Kungsleden AB, Prosperity Quest II Limited, EDX London Ltd, and Catella Kapitalförvaltning AB.

Ariella Zochovitzky

Ms. Zochovitzky has been a member of the Board of Directors since 2009. In addition to her role with the Company, she has been general manager and partner of C.I.G. Consultant Investments Group Ltd. since 2001 and general manager and partner of C.I.G. Zochovitzky Ltd. since 2012. Ms. Zochovitzky holds and has held non-executive positions with a number of companies, including Oil Refineries Ltd. in 2013, Dorad Energy Ltd. between 2011 and 2012, Bithach Haklai Central Cooperative Society Ltd. between 2010 and

2016, Acad Equipment and Properties (1979) Ltd. and Acad Building and Investments Ltd. between 2009 and 2011, U. Dori Group Ltd. between 2008 and 2012, New Makefet Pension Funds Management Inc. (Generali Group) between 2006 and 2015, BATM Advanced Communications Limited between 2004 and 2010 and Elco Holdings Ltd. between 2003 and 2009.

Management of the Group

Citycon has a corporate management committee (the **Corporate Management Committee**) comprising at least three members. The Board of Directors is responsible for appointing members of the Corporate Management Committee upon the proposal of the Company's chief executive officer (the **CEO**). The CEO convenes the Corporate Management Committee whenever he or she deems necessary and chairs its meetings. The Corporate Management Committee typically convenes twice per a month.

Members of the Corporate Management Committee are:

Name	Year of Birth	Position
Marcel Kokkeel	1958	CEO and Chairman of the Corporate Management Committee
Eero Sihvonen	1957	Chief Financial Officer, Executive Vice President
Anu Tuomola.....	1974	General Counsel and Head of Legal Affairs
Jurn Hoeksema	1974	Chief Operating Officer
Marianne Mazarino Håkonsen	1967	Vice President, Marketing and Branding
Tom Lisiecki	1979	Chief Development Officer

The business address of each member of the Corporate Management Committee, except as otherwise disclosed below, is Suomenlahdentie 1, FI-02230 Espoo, Finland.

Marcel Kokkeel

Mr. Kokkeel has been CEO of the Company and the chairman of the Corporate Management Committee since 2011. Prior to joining the Company, he was chairman of the board of directors of Multi Mall Management B.V. between 2009 and 2011 and between 2006 and 2011 he was the head of the west Europe division and a member of the executive committee of Multi Corporation B.V. Between 2004 and 2006 he was chairman of the board at Bouwfonds Property Finance. During the years between 1985 and 2004 he held various positions in Royal Ahold N.V. Group, most recently chief executive officer and president of Ahold Real Estate Europe and member of the European management team of Ahold N.V. from 2000 to 2004.

Eero Sihvonen

Mr. Sihvonen is the Company's chief financial officer and executive vice president and has been a member of the Corporate Management Committee since 2005. Prior to joining the Company, he was a vice president, group treasury, of Dynea Group between 1999 and 2005 and held various positions in Neste Group from 1981, including chief financial officer of the chemicals division between 1997 and 1999. In addition to his role with the Company, he has been a member of the board of directors of RAKLI, The Finnish Association of Building Owners and Construction Clients, between 2011 and 2013 and has been a deputy member for RAKLI since 2013 and a member of the advisory council to Nordea Bank's large corporate customers unit.

Anu Tuomola

Ms. Tuomola is general counsel and head of legal affairs at the Company. She has been a member of the Corporate Management Committee since 2011. Prior to joining the Company, she was an attorney at law at Castrén & Snellman between 2005 and 2010 and a partner between 2010 and 2011, attorney at law at Merilampi Marttila & Laitasalo between 2003 and 2005 and legal counsel at Nordea Bank Finland Plc between 2000 and 2002. In addition to her role at the Company, Ms. Tuomola was a member of the supervision committee of The Property Valuation Board of the Finland Chamber of Commerce in 2011.

Jurn Hoeksema

Mr. Hoeksema is chief operating officer at the Company. He has been a member of the Corporate Management Committee since 2014. Prior to joining the Company, he was general manager at Forum Turkey Fund between 2011 and 2014 and held senior positions at Multi Corporation / Multi Asset Management between 2007 and 2011 and Deloitte Real Estate Advisory between 2002 and 2007.

Marianne Mazarino Håkonsen

Ms. Håkonsen is vice president, marketing and branding at the Company. She has been a member of the Corporate Management Committee since 2015. Ms. Håkonsen has acted in various roles at Sektor Gruppen between 1998-2015 and as shopping mall manager at Aspelin-Ramm Eiendom AS between 1996-1998. Ms. Håkonsen's business address is Verkstedveien 1, NO 0277 Oslo, Norway.

Tom Lisiecki

Mr. Lisiecki is chief development officer at the Company. He has been a member of the Corporate Management Committee since July 2017. Prior to joining the Company, he has served in various roles at TriGranit Development between 2004 and 2017 and most recently as the chief investment officer.

Corporate Governance

The Company's corporate governance principles are based on the laws of Finland, the Company's Articles of Association, the Corporate Governance Code 2015 (the **Finnish Corporate Governance Code**) and the rules and regulations issued by the Helsinki Stock Exchange and the Finnish Financial Supervisory Authority. Corporate governance for the Company's subsidiaries is also governed by the laws of the country in which the subsidiary is domiciled, and by each subsidiary's Articles of Association.

The Company complies with the Finnish Corporate Governance Code. The Finnish Corporate Governance Code is available on the Securities Market Association's website at www.cgfinland.fi. The Finnish Corporate Governance Code is accompanied by the Company's Corporate Governance Guidelines.

The Company issues a corporate governance statement for each financial year concurrently with the publication of the Company's financial statements and the report by the Board of Directors in compliance with the Finnish Corporate Governance Code. The corporate governance statement for the financial year 2016 was issued on 9 February 2017.

Shareholder Meetings

In accordance with the Company's Articles of Association, the annual general meeting (**AGM**) shall be held annually by the end of April each year. An extraordinary general meeting (**EGM**) shall be held for addressing a specific issue if shareholders holding at least 10 per cent. of the shares in the company so demand in writing and whenever deemed necessary for decision-making.

Board of Directors

The Company's administration and the proper management of its business is arranged by the Board of Directors, which comprises a minimum of five (5) and a maximum of ten (10) members, as decided by a general meeting of shareholders. The Board members' term of office ends at the closing of the first AGM following their election.

The Board of Directors elects from among its members a chairman and one or several deputy chairmen. A Board meeting has a quorum if more than half of the Board members are present.

The Board of Directors may set up committees from among its members. Since 21 March 2013 the Board committees have been: Audit and Governance Committee, Nomination and Remuneration Committee and Strategy and Investment Committee.

Management Remuneration and Benefits

Board of Directors

The AGM confirms the remuneration of the members of the Board of Directors each year in advance, based on a proposal by the Board of Directors' Nomination and Remuneration Committee. The remuneration is paid in cash. A Board member has the option to refuse any annual fees and/or meeting fees. The members of Citycon's Board of Directors do not participate in the Company's share related incentive schemes and none of them has an employment or service contract with the Company.

The AGM of 2017 decided that the Chairman of the Board of Directors shall be paid an annual fee of EUR 160,000, Deputy Chairman EUR 70,000 and ordinary members of the Board of Directors EUR 50,000. The Chairmen of the Board of Directors' committees shall be paid an additional annual fee of EUR 5,000. In addition, the AGM decided that Chairmen of the meetings of the Board's committees shall be paid a meeting fee of EUR 800 and other Board and committee members EUR 600 per meeting. The Chairman of the Board of Directors shall be paid no meeting fees. It was further decided that members of the Board of Directors be compensated accrued travel and lodging expenses as well as other potential costs related to Board and committee work.

The members of Citycon's Board of Directors were paid a total of EUR 717,200 in 2016 and EUR 731,600 in 2015. These sums consist of annual and meeting fees for work on the Board of Directors and in its committees.

Corporate Management Committee

The Board of Directors confirms the CEO's salary and other benefits and, on the proposal of the CEO, also decides on the salaries and benefits of senior executives. In addition, the Board of Directors decides on the Company's short and long term remuneration schemes and the amount of remuneration payable under these schemes. Remuneration of the CEO and other members of the Corporate Management Committee consists of a fixed monthly salary and fringe benefits as well as an annual performance bonus. At the full discretion of the Board of Directors, the CEO may be awarded an annual performance bonus up to a maximum 80 per cent. of the CEO's annual gross base salary. Half of the amount of the CEO's bonus shall be paid as cash while the other half shall be paid as Company's shares. As for other executives, the maximum amount payable based on the annual performance bonus scheme is between 50 and 60 per cent. of the gross annual salary of the member of the Corporate Management Committee.

The total remuneration, benefits and cash bonuses paid to the CEO and the other members of the Corporate Management Committee in 2016 amounted to EUR 2.51 million, excluding EUR 0.25 million received as performance bonus shares, as compared to EUR 2.60 million, excluding EUR 0.20 million received as performance bonus shares in 2015.

The CEO's service agreement is valid for an indefinite duration. The termination notice period is six months, both for the company and the CEO. If the Company gives notice, the CEO will be paid, in addition to the salary payable for the notice period, a severance payment consisting of 1.5 times his annual base salary at the moment of termination.

The statutory and additional pension expenses of the Corporate Management Committee amounted to approximately EUR 0.2 million in 2016 and approximately EUR 0.3 million in 2015.

Employee Share Plans

With authorization by the AGM, the Board of Directors of Citycon decided on 10 February 2017 to approve two share-based incentive plans for Citycon's key employees, a Performance Share Plan 2017 and a Restricted Share Plan 2017. The aim of the plans is to combine the objectives of the shareholders and the key employees in order to increase the value of Citycon in the long-term, to bind the key employees to Citycon, and to offer them competitive reward plans based on earning and accumulating Citycon's shares.

As a consequence of the rights issue carried out in June-July 2015 and to allow inclusion of new key employees into the plan in February 2016, the Board of Directors of the Company adjusted the amount of the maximum reward under the Performance Share Plan 2015 in accordance with the terms and conditions of the plan. Based on these adjustments that became effective as of 14 July 2015 and 10 February 2016, the maximum total number of shares that can be granted under the Performance Share Plan 2015 is 4,300,000 (including also the proportion to be paid in cash).

Following the Board of Directors' decision in March 2017 to adjust the amount of the maximum reward under the plan and extend the allocation period under the plan in accordance with the terms and conditions of the plan, the rewards to be paid on the basis of the Restricted Share Plan 2016 correspond to the value of an approximate maximum total of 700,000 Citycon's shares (including also the cash proportion to be used for taxes and tax-related costs).

The Board of Directors of the Company decided on 3 May 2011, by virtue of an authorisation granted by the AGM of the Company held on 13 March 2007, to issue stock options to key personnel of the Group (the **Stock Option Plan 2011**). The stock options are intended to form part of the incentive and commitment program for the Group's key personnel. The purpose of the stock options is to encourage the key personnel to work on a long term basis to increase shareholder value. The purpose of the stock options is also to commit key personnel to continued service with the Company.

Members of the Corporate Management Committee are obliged to acquire the Company's shares with 25 per cent. of the gross stock option income gained from the exercise of stock options. The acquisition obligation will cease to apply once a member of the Corporate Management Committee owns an amount of the Company's shares equivalent in value to his/her gross annual salary. Such shares must be held as long as the employment or service contract of the Corporate Management Committee member is in force.

Conflicts of Interest

According to the Board of Directors' independence assessment conducted on 22 March 2017, all Directors are independent of Citycon, given that none of them has an employment contract, executive contract or other contractual relationship with Citycon. Furthermore, the Board of Directors has assessed that Arnold de Haan, Bernd Knobloch, Kirsi Komi, Claes Ottosson, Per-Anders Ovin and Ariella Zochovitzky are independent of significant shareholders. Since Chaim Katzman and Rachel Lavine are in the service of Citycon's main shareholder, Gazit-Globe Ltd. or its affiliated companies, they are not independent of significant shareholders. Since Andrea Orlandi is employed by CPPIB, which wholly owns CPPIBE, a significant shareholder in Citycon, he is not independent of significant shareholders. With respect to David Lukes, the Board of Directors has noted that Mr Lukes could be regarded as being independent of significant shareholders of Citycon under the absolute independence criteria pursuant to the Finnish Corporate Governance Code. However, at the time the Board of Directors proposed Mr Lukes' nomination to the AGM he was in the service of Equity One Inc., which was an affiliated company of Gazit Globe Ltd. until its merger with Regency Centers Corporation on 1 March 2017. Hence, Mr Lukes shall not be regarded as independent of Citycon's major shareholder Gazit Globe Ltd. before a period of one year (cooling off period) from the end of his service at Equity One Inc. has expired.

Except as discussed immediately above, there is no actual or potential conflict of interests between the duties of any of the members of the Board of Directors or any of the members of the Corporate Management Committee and their respective private interests and/or other duties.

The Governance Agreement regulates certain matters relating to the Company. However, except in relation to matters addressed in the Governance Agreement, there are no measures to regulate the exercise by Gazit-Globe Ltd. of its position of control.

CITYCON'S PROPERTY PORTFOLIO IN BRIEF AND INVESTMENTS, DIVESTMENTS AND DEVELOPMENT PROJECTS

Overview

On 30 June 2017, Citycon owned a total of 49 shopping centres: 19 in Finland, 19 in Norway, eight in Sweden, two in Estonia and one in Denmark. In addition to shopping centres, Citycon owns two other retail properties in Finland, owns one shopping centre property through a joint venture, Kista Galleria in Sweden and rents two shopping centres in Norway. The total leasable area of the aforementioned properties amounted to 1,263,440 sq. m. on 30 June 2017.

Fair value of investment properties

The fair value of the Company's investment property portfolio as of 30 June 2017 was EUR 4,156.1 million. The Finnish properties accounted for EUR 1,630.5 million, the Norwegian properties accounted for EUR 1,428.5 million, the Swedish properties EUR 758.4 million and the properties belonging to the Estonia and Denmark unit EUR 338.7 million. Including the properties held for sale the total fair value as of 30 June 2017 was EUR 4,371.2 million of which the Finnish properties accounted for 42 per cent., the Norwegian properties for 33 per cent., the Swedish properties for 17 per cent. and the properties belonging to the Estonia and Denmark unit for 8 per cent.

In accordance with IFRS and International Accounting Standards (IAS), investment properties are measured at fair value for every IFRS-based balance sheet. In recent years, an evaluation of investment properties has been conducted quarterly by an external appraiser. From 2017 onwards external valuations will be conducted semi-annually while Citycon will measure internally the fair value of properties in the first and third quarters. The internal valuations are based on the yields and market rent indications provided by the external property appraiser. In addition, the external property appraiser conducts the fair value evaluation of all properties under development. Both the external and internal valuations are compliant with IFRS accounting standards and International Valuation Standards Council valuation standards and guidance. The valuation is primarily carried out as a cash flow analysis of the net operating income for a period of ten years according to which the basic cash flow is determined by valid lease agreements and property operating expenses valid at the time of valuation. Since the end of 2011, Citycon's property valuation has been conducted by the global property specialist JLL (former Jones Lang LaSalle) and from 30 June 2017 onwards the external property valuations will be conducted by the global property specialist CBRE. On 31 December 2016, the average yield requirement by JLL for Citycon's whole property portfolio amounted to 5.5 per cent. One year earlier, on 31 December 2015, the average yield requirement amounted to 5.7 per cent. On 30 June 2017, the average net yield requirement for properties in Finland, Norway, Sweden, and Estonia and Denmark was 5.5 per cent., 5.4 per cent., 5.1 per cent. and 6.6 per cent., respectively. On 30 June 2017, the average net yield requirement for Citycon's investment properties was 5.5 per cent. The table below describes the fair value of Citycon's investment properties as at 30 June 2017, 30 June 2017, 31 December 2016, 30 September 2016 and 30 June 2016 and according to (i) valuation statements issued by the external appraisals and (ii) Citycon's consolidated statement of financial position.

<u>Value Date</u>	<u>Date of Valuation Statement/Advisory</u>	<u>Fair Value According to Valuation Statement (EUR million)</u>	<u>Fair Value in Consolidated Statement of Financial Position (EUR million)</u>
30 June 2016	5 July 2016	4,116.0	4,110.0
30 September 2016	13 October 2016	4,338.0	4,354.8
31 December 2016	25 January 2017	4,369.0	4,337.6
31 March 2017	10 April 2017	4,373.6	4,447.3
30 June 2017	4 July 2017	4,324.0	4,156.1

The fair value of Citycon's investment properties in the consolidated statement of financial position equals the property portfolio's total value according to the relevant Valuation Statement plus the value of new

properties acquired during the reporting quarter, investments in development projects under planning and transfer into investment properties held for sale. Citycon's consolidated statement of financial position can include a separate line item 'Investment properties held-for-sale', which includes such investment properties where a sale is deemed highly probable or a disposal agreement has been signed but the transactions has not been completed on the reporting date.

At 31 December 2016, the fair value of the Company's property portfolio totalled EUR 4,337.6 million, an increase of EUR 246 million from the value at the end of 2015 (EUR 4,091.6 million). Acquisitions and investments increased the value of properties by EUR 275.9 million, while the divestments of the Magistral shopping centre and the Finnish property portfolio decreased the fair value by EUR 94.2 million.

At 30 June 2017, the fair value of Citycon's property portfolio totalled EUR 4,156.1 million. The fair value of investment properties decreased by EUR 181.5 million from the end of 2016 (31 December 2016: EUR 4,337.6 million) due to the transfer of EUR 178.5 million from investment properties to investment properties held-for-sale. Acquisitions and investments increased the value of properties by EUR 145.8 million, whereas changes in exchange rates decreased the value of properties by EUR 78.4 million and fair value changes by EUR 8.4 million. In addition, disposals decreased the value of properties by EUR 62.0 million.

The table below sets out the lease portfolio summary for the financial years indicated.

Lease Portfolio Summary	2014	2015	2016
Number of leases started during the period	595	895	1,104
Total area of leases started, sq. m.	122,568	173,301	260,229
Occupancy rate at end of the period (economic), per cent.	96.3	96.8	96.2
Average remaining length of lease portfolio at the end of the period, years	3.2	3.3	3.3

Property Portfolio – Finland

As of 30 June 2017, Citycon's property portfolio in Finland consisted of 19 shopping centres and 2 other properties with a total gross leasable area owned by Citycon of 431,590 sq. m.

Shopping Centres

As of 30 June 2017, Citycon owned 19 shopping centres in Finland which had a gross leasable area of approximately 421,240 sq. m.

The following table summarises shopping centres owned by Citycon in Finland as of 31 December 2016.

Citycon's Shopping Centres Finland	Location	Gross Leasable Area Total, sq. m.	Retail Gross Leasable Area Total, sq. m.	Sales, EUR million (2016)¹	Footfall, million (2016)¹	Holding of Shares, per cent. (2016)³
Helsinki metropolitan area						
Arabia	Helsinki	14,200	11,400	46.6	2.7	100
Columbus	Helsinki	20,700	18,800	81.9	6.4	100
Espoonatori	Espoo	16,500	10,000	32.5	3.8	4
Heikintori	Espoo	6,200	4,500	n/a	n/a	68.7
Iso Omena	Espoo	89,600	75,500	194.6	8.9	100
Isomyyri	Vantaa	11,600	8,300	11.7	1.8	5
Lippulaiva	Espoo	19,200	17,000	78.2	3.9	100
Martinlaakso						
Ostari	Vantaa	7,500	7,300	34.6	2.5	100
Myllypuro	Ostari					
	Helsinki	7,300	7,100	20.5	n/a	100
Myyrmani	Vantaa	39,900	31,300	120.4	7.0	100
Tikkuri	Vantaa	16,140	9,000	17.9	2.1	6
Other areas in Finland						
Jyväskeskus	Jyväskylä	5,900	3,200	4.1	3.0	100
Forum	Jyväskylä	16,200	13,700	30.4	5.6	100
Trio	Lahti	45,900	26,900	45.4	5.6	7
IsoKristiina	Lappeenranta	17,200	12,900	20.0	2.2	50

Citycon's Shopping Centres Finland	Location	Gross Leasable Area Total, sq. m.	Retail Gross Leasable Area Total, sq. m.	Sales, EUR million (2016) ¹	Footfall, million (2016) ¹	Holding of Shares, per cent. (2016) ³
IsoKarhu	Pori	14,500	12,500	70.3	4.0	100
Koskikeskus	Tampere	33,100	28,600	110.5	5.6	100
Duo	Tampere	13,100	11,700	53.9	4.5	8
Sampokeskus	Rovaniemi	14,400	8,500	17.4	1.9	100
Linjuri	Salo	9,200	6,800	11.9	2.2	88.5
Total		418,340	325,000	1,002.8	73.7	

1 The figures include estimates.

2 Parking facilities generally excluded.

3 Espoonatori 68.6 per cent., Espoon Asemakuja 100 per cent., Espoon Asematori 54.1 per cent. and Espoon Pysäköintitalo 68.6 per cent.

4 Myyrmäen Kauppakeskus 78.6 per cent., parking facilities 8 per cent.

5 Tikkurilan Kauppakeskus 98.8 per cent., Asematie 3 100 per cent., Tikkurilan Kassatalo 39 per cent.

6 Lahden Trio 89.5 per cent., Lahden Hansa 100 per cent., Hansaparkki 36 per cent.

7 Tampereen Hermanni 100 per cent., Hervannan Liikekeskus 83.2 per cent.

Other Properties

In addition to shopping centres, on 30 June 2017 Citycon owned 2 other properties in Finland with a gross leasable area of 10,350 sq. m. These properties amounted to approximately 1.0 per cent. of the fair value of the total property portfolio in Finland. One of these properties is located in the Helsinki metropolitan area and the other one in other parts of Finland.

Lease Portfolio – Finland

The reported net rental income for the financial year 2016 amounted to EUR 87.8 million and decreased by a total of EUR 9.1 million, or 9.4 per cent., from the previous year. The decrease was mainly a result of successful divestments of non-core assets in 2015 and 2016. In addition, net rental income for the like-for-like portfolio decreased by EUR 2.8 million, or 6.2 per cent., mainly due to the challenging retail environment in Finland. This decrease in net rental income was partially offset by ongoing and completed (re)development projects such as IsoKristiina and Iso Omena, which increased net rental income by EUR 2.1 million. During the six months ended 30 June 2017, the net rental income from Finnish operations decreased by 3.5 per cent. in comparison to the corresponding period in 2016 and totalled EUR 42.5 million, which was attributable to divestments of non-core assets in 2016 and 2017, which lowered net rental income by EUR 1.9 million. During the six months ended 30 June 2017, net rental income for the like-for-like portfolio decreased by EUR 1.7 million. Ongoing and completed (re)development projects such as Iso Omena and Myyrmanni increased net rental income by EUR 2.1 million. Net rental income in Finland accounted in 2016 for 39.0 per cent. and for the six months ended 30 June 2017 for 36.6 per cent. of Citycon's total net rental income for the respective period.

The table below sets out the occupancy rates in Finland for the financial years indicated.

Occupancy Rates	2014	2015	2016		
Occupancy rate at end of the period (economic), per cent.	95.6	94.8	92.8		
Financial Performance	2014	2015	2016	Q1-Q2/2016	Q1-Q2/2017
Gross rental income, EUR million ¹	112.4	105.3	94.4	47.7	48.5
Net rental income, EUR million	103.0	96.9	87.8	44.0	42.5
Net fair value gains/losses on investment property, EUR million	-15.8	-37.1	-33.2	-15.2	-15.1
Operating profit/loss, EUR million	83.5	48.6	55.1	30.7	25.0
Capital expenditure, EUR million	95.9	109.0	220.3	58.8	56.1
Fair value of investment properties, EUR million	1,710.0	1,659.4	1,831.7	1,621.3	1,630.5
Net rental yield ² , per cent.	6.2	5.8	5.2	5.7	4.9
Yield requirement, per cent.	6.1	5.9	5.6	5.8	5.5

1 Citycon changed the format of its income statement to reclassify maintenance rents from the gross rental income to service charges, which is now reflected in the 2014, 2015, 2016 and 2017 figures.

2 Includes the lots for extension projects.

Property Portfolio – Norway

As of 30 June 2017, Citycon's property portfolio in Norway consisted of 19 shopping centres and two rented shopping centres with a total gross leasable area of 450.600 sq. m. In addition Citycon owns one large office building in Bergen, adjacent to Oasen shopping centre.

Shopping Centres

As of 30 June 2017, Citycon's property portfolio in Norway consisted of 19 fully owned shopping centres which had a total gross leasable area of 432,400 sq. m. In addition, Citycon rents two shopping centres and a gross leasable area of 18,200 sq. m.

The following table summarises Citycon's shopping centres in Norway as of 31 December 2016.

Citycon's Shopping Centres Norway	Location	Gross Leasable Area Total, sq. m.	Retail Gross Leasable Area Total, sq. m.	Sales, EUR million (2016) ¹	Footfall, million (2016) ¹	Holding of Shares, per cent. (2016)
<i>Oslo area</i>						
Buskerud Storsenter	Krokstadelva	31,300	28,700	87.2	1.6	100
Kolbotn Torg	Kolbotn	17,700	16,200	60.9	1.9	100
Krokstad Senter	Buskerund	10,300	9,800	14.6	n/a	100
Liertoppen Kjøpesenter	Lierskogen	25,600	23,500	87.8	2.0	100
Linderud Senter	Oslo	21,000	16,000	64.6	2.2	100
Magasinet Drammen	Drammen	15,400	9,600	30.4	2.7	100
NAF-Huset	Oslo	4,200	3,800	24.1	n/a	Rented
Trekanten	Asker	23,900	16,600	70.8	3.1	100
<i>Other areas in Norway</i>						
Down Town	Porsgrunn	38,000	32,700	66.2	2.2	100
Glasshuspassasjen	Bodø	2,300	2,000	6.3	n/a	100
Heiane Storsenter	Stord	24,000	19,200	41.6	1.3	100
Herkules	Skien	49,300	42,700	121.1	2.7	100
Kilden Kjøpesenter	Stavanger	23,100	18,300	65.0	1.6	100
Kongssenteret	Kongsvinger	18,300	16,200	36.2	1.2	100
Kremmertorget	Elverum	19,400	16,900	39.7	1.2	100
Lade	Trondheim	8,700	8,600	20.2	n/a	³
Lietorvet	Skien	7,300	6,000	38.1	1.3	³
Oasen Kjøpesenter	Fyllingsdalen	31,300	23,100	97.8	4.4	100
Sjøsidan	Horten	11,200	10,200	32.0	1.0	100
Solsiden	Trondheim	14,000	13,100	55.3	2.4	Rented
Stopp Tune	Sarpsborg	12,100	10,600	29.5	1.0	100
Storbyen	Sarpsborg	25,500	22,700	65.6	2.5	100
Total		433,900	366,500	1,154.9	36.2	

¹ The figures include estimates.

² Lade was divested on 3 March 2017 and Lietorvet was divested on 7 July 2017.

Lease Portfolio – Norway

In 2016, Citycon's Norwegian operations contributed gross rental income of EUR 85.3 million and net rental income of EUR 74.0 million to Citycon's results.

During the six months ended 30 June 2017, the net rental income from Norwegian operations increased by 13.8 per cent., as compared to the corresponding period in 2016, and totalled EUR 41.4 million. In January 2017, Citycon acquired an adjacent office building to Oasen shopping centre in Bergen, which increased the net rental income by EUR 2.2 million in the six months ended 30 June 2017, as compared to the corresponding period in 2016. Furthermore, ongoing and completed (re)development projects such as Buskerud and Down Town increased net rental income by EUR 0.8 million. In addition, net rental income for the like-for-like portfolio increased by EUR 1.5 million, or 4.9 per cent. driven mainly by capital rent growth from consumer price index indexation, higher turnover based rents and mall income. Net rental income in Norway accounted in 2016 for 32.9 per cent. and for the six months ended 30 June 2017 for 35.7 per cent. of Citycon's total net rental income for the respective period.

The table below sets out the occupancy rates in Norway for the financial years indicated.

Occupancy Rates	2014	2015 ¹	2016
Occupancy rate at end of the period (economic), per cent.	-	98.6	98.7

1 Figures do not include entire year data due to the acquisition of Sektor Gruppen on 14 July 2015.

Financial Performance	2014	2015²	2016	Q1- Q2/2016	Q1- Q2/2017
Gross rental income, EUR million	-	43.0	85.3	41.6	47.3
Net rental income, EUR million	-	36.8	74.0	36.4	41.4
Net fair value gains/losses on investment property, EUR million	-	0.2	19.8	24.3	0.7
Operating profit/loss, EUR million.....	-	16.6	85.1	58.3	37.7
Capital expenditure, EUR million	-	1,556.2	45.7	17.1	81.3
Fair value of investment properties, EUR million	-	1,330.8	1,412.8	1,395.9	1,428.5
Net rental yield ¹ , per cent.	-	2.7	5.2	5.4	5.3
Yield requirement, per cent.	-	5.2	5.3	5.2	5.4

1 Includes the lots for extension projects.

2 Figures do not include entire year data due to the acquisition of Sektor Gruppen on 14 July 2015.

Property Portfolio – Sweden

As of 30 June 2017, Citycon's investment properties in Sweden consisted of eight shopping centres with a gross leasable area of 215,200 sq. m. In addition, Citycon owns 50 per cent. of Kista Galleria shopping centre. Including Citycon's 50 per cent. of Kista Galleria, the total leasable area of the nine shopping centres is 261,450 sq. m.

Shopping Centres

The following table summarises Citycon's shopping centres in Sweden as of 31 December 2016.

Citycon's Shopping Centres Sweden	Location	Gross Leasable Area Total, sq. m.	Retail Gross Leasable Area Total, sq. m.	Sales, EUR million (2016)¹	Footfall, million (2016)¹	Holding of Shares (2016), per cent.
Greater Stockholm area						
Åkersberga Centrum	Åkersberga	28,400	23,000	80.4	6.2	100
Jakobsberg Centrum	Järfälla	42,900	25,800	65.9	5.9	100
Fruängen Centrum	Hägerstern	14,700	7,400	30.8	n/a	100
Tumba Centrum	Botkyrka	23,400	13,100	49.2	3.8	100
Åkermyntan Centrum	Hässelby	10,300	7,500	28.3	1.8	100
Liljeholmstorget Galleria	Stockholm	40,500	26,700	157.9	9.7	100
Högdalen Centrum	Bandhagen	19,600	14,400	58.0	n/a	100
Kista Galleria ³	Stockholm	46,250	28,050	204.1	18.7	50
Other areas in Sweden						
Stenungstorg	Stenungsund	35,300	21,700	63.6	3.3	100
Total.....		261,350	207,200	738.2	49.4	

1 The figures include estimates.

2 Kista Galleria figures regarding the leasable area are presented as 50 per cent. Citycon owns a 50 per cent. share of Kista Galleria.

Lease Portfolio – Sweden

Citycon has strengthened its position in the Swedish shopping centre market following the completion of Liljeholmstorget shopping centre in 2009, the extension of Åkersberga Centrum shopping centre in 2010, the acquisition of Högdalen Centrum in 2011, the acquisition of Kista Galleria in 2013 and the joint venture with NCC Property Development Oy for the (re)development of Mölndal Galleria in Gothenburg.

In 2016, the net rental income from Swedish operations decreased by EUR 1.2 million, or 3.2 per cent., to EUR 38.5 million (EUR 39.7 million in 2015) due to divestments executed in 2015. For the like-for-like portfolio, net rental income increased by EUR 1.3 million, or 4.1 per cent., in 2016, mainly due to new and renegotiated lease agreements especially in Liljeholmstorget Galleria.

During the six months ended 30 June 2017, the net rental income from Swedish operations increased by 3.4 per cent. in comparison to the corresponding period in 2016 and totalled EUR 19.6 million, mainly due to like-for-like growth of EUR 1.4 million, or 8.8 per cent., driven by new and renegotiated lease agreements,

in particular in Liljeholmstorget Galleria and growth in service charges. Net rental income in Sweden accounted in 2016 for 17.1 per cent. and for the six months ended 30 June 2017 for 16.9 per cent. of Citycon's total net rental income for the respective period.

The table below sets out the occupancy rates in Sweden for the financial years indicated.

Occupancy Rates	2014	2015	2016
Occupancy rate at end of the period (economic), per cent.....	96.1	96.2	97.2

Financial Performance	2014	2015	2016	Q1-Q2/2016	Q1-Q2/2017
Gross rental income, EUR million ¹	48.2	47.8	45.8	22.9	22.9
Net rental income, EUR million	38.9	39.7	38.5	18.9	19.6
Net fair value gains/losses on investment property, EUR million	13.3	39.6	39.7	21.8	8.2
Operating profit/loss, EUR million.....	49.6	68.0	75.7	39.1	36.1
Capital expenditure, EUR million	26.0	43.7	45.6	23.9	15.7
Fair value of investment properties, EUR million	709.7	739.0	753.2	753.9	758.4
Net rental yield ² , per cent.	5.6	5.6	5.3	5.2	5.2
Yield requirement, per cent.	5.7	5.4	5.2	5.3	5.1

1 Citycon changed the format of its income statement to reclassify maintenance rents from the gross rental income to service charges, which is now reflected in the 2014, 2015, 2016 and 2017 figures.

2 Includes the lots for extension projects.

Property Portfolio – Estonia and Denmark

Citycon's property portfolio in Estonia and Denmark consisted of three shopping centres on 30 June 2017, which had a total gross leasable area of approximately 119,800 sq. m.

The following table summarises Citycon's shopping centres in Estonia and Denmark unit as of 31 December 2016.

Citycon's Shopping Centres Estonia and Denmark		Gross Leasable Area Total, sq. m.	Retail Gross Leasable Area Total, sq. m.	Sales, EUR million (2016)	Footfall, million (2016)	Holding of Shares (2016), per cent.
Location						
Rocca al Mare	Tallinn, Estonia	57,400	56,300	121.8	6.0	100
Kristiine Keskus	Tallinn, Estonia	43,700	43,600	103.9	7.3	100
Albertslund Centrum	Albertslund, Denmark	18,500	13,800	36.2	3.9	100
Total		119,600	113,600	261.8	17.2	-

Lease Portfolio – Estonia and Denmark

Citycon is a market leader in Estonia's shopping centre business. In July 2012, Citycon acquired Albertslund Centrum in Albertslund, greater Copenhagen area in Denmark and integrated it into the Baltic business unit. In December 2014, Citycon sold the Mandarinas shopping centre in Lithuania.

In 2016, net rental income from Estonia and Denmark operations decreased by EUR 2.0 million to EUR 24.2 million (EUR 26.2 million in 2015), mainly due to the start of a refurbishment project in Kristiine Keskus and the divestment of the non-core shopping centre Magistral, which along with the refurbishment project in Kristiine Keskus decreased rental income by EUR 1.5 million. Like-for-like properties increased net rental income by EUR 0.4 million, or 3.1 per cent., which mainly resulted from better rent levels, local vacancy and lower credit losses in Rocca al Mare.

During the six months ended in 30 June 2017, the net rental income from the business area decreased by EUR 0.5 million or 3.8 per cent., compared to the same period in 2016, mainly due to the divestment of the non-core shopping centre Magistral in 2016, which decreased net rental income by EUR 0.4 million. Like-for-like properties net rental income was almost flat (EUR 0.0 million, or -0.1 per cent.), compared to the same period in 2016 as slightly increased rental levels in Rocca al Mare were offset by higher expenses in

Albertslund. The net rental income from Estonia and Denmark accounted in 2016 for 9.9 per cent. and for the six months ended 30 June 2017 for 10.4 per cent. of the total net rental income of Citycon for the respective period.

The table below sets out the occupancy rates in Estonia and Denmark for the financial years indicated.

Occupancy Rates	2014	2015	2016		
Occupancy rate at end of the period (economic), per cent.....	99.3	99.4	99.5		

Financial Performance	2014	2015	2016	Q1-Q2/2016	Q1-Q2/2017
Gross rental income, EUR million ¹	28.8	27.8	26.0	13.2	12.8
Net rental income, EUR million	27.5	26.2	24.2	12.6	12.1
Net fair value gains/losses on investment property, EUR million	18.1	4.7	-0.4	0.2	-2.2
Operating profit/loss, EUR million.....	44.2	29.7	22.9	12.2	9.6
Capital expenditure, EUR million	0.7	8.4	1.8	0.2	1.0
Fair value of investment properties, EUR million	349.4	362.4	399.9	338.9	338.7
Net rental yield ² , per cent.	8.2	7.6	7.3	7.3	7.2
Yield requirement, per cent.	7.2	6.9	6.7	6.7	6.6

1 Citycon changed the format of its income statement to reclassify maintenance rents from the gross rental income to service charges, which is now reflected in the 2014, 2015, 2016 and 2017 figures.

2 Includes the lots for extension projects.

Property Investments and Divestments and Development Projects

An integral part of Citycon's growth strategy has been property acquisitions, through which Citycon has grown in Finland and expanded its operations into Norway, Sweden, Estonia and Denmark. Alongside its property portfolio's growth, Citycon has concentrated on the development of its existing shopping centres. Citycon continuously monitors the real estate market for prospective acquisitions. In accordance with its strategy, Citycon has divested non-core properties in Finland, Norway, Sweden and Lithuania in order to be able to better focus on core shopping centres and other large retail properties. Citycon intends to continue the divestment of its non-core properties to improve the property portfolio.

In addition to independent acquisitions, Citycon's strategy includes building joint venture partnerships with top-quality Finnish and international players in selected core properties. At the end of 2016, Citycon had three main joint venture partners with CPPIB as a 50 per cent. owner in Kista Galleria shopping centre in Sweden and NCC Property Development acting as Citycon's development partner in the Mölndal Galleria project. NCC Property Development's share in Iso Omena was purchased by Citycon in August 2016. In addition, Ilmarinen is a 50 per cent. owner of IsoKristiina shopping centre in Finland. In Norway, Citycon is a 20 per cent. owner of four shopping centres along with Partners Group. In addition, in Norway, Citycon is involved in three residential projects together with developers of residential units through the joint venture partnerships Klosterfoss Utvikling AS, Sandstranda Bolig AS and Dr Juells Park AS. Citycon may also divest to an external investor part of any of its properties that are not considered part of the core business.

In December 2014, the Mandarinas shopping centre in Lithuania was sold for approximately EUR 12.5 million, representing a close to 10 per cent. premium to valuation. In line with Citycon's divestment strategy, in 2014 a portfolio of six Finnish supermarkets and retail units was divested for EUR 6.7 million along with four other single supermarket and retail properties and one non-core shopping centre.

On 14 July 2015 Citycon acquired Sektor Gruppen, the second largest shopping centre owner and manager in Norway, and accomplished full Nordic coverage. Through the acquisition of Sektor Gruppen Citycon improved the quality of its property portfolio by adding 20 fully owned centres and achieving presence in all of the Scandinavian countries.

In 2016, the share of profit of joint ventures totalled EUR 14.8 million (EUR 19.4 million in 2015). The decrease was due to the lower fair gain in Kista Galleria and in four minority owned centres in Norway, in which Citycon has an ownership of 20 per cent.

Citycon continues to build its platform in Denmark and has in January 2015 signed an agreement with TK Development regarding the future purchase of the Straedet project in Køge in the greater Copenhagen area. TK Development is developing an urban, grocery-anchored open-air shopping centre in the heart of Køge, next to the train station. Citycon will acquire the property at completion based on a fixed 6.25 per cent. net initial yield. The purchase price is estimated to be approximately EUR 75 million. TK Development started the construction during the first quarter of 2015 and the project is scheduled to open in phases with final completion in the third quarter of 2017 at which time Citycon will acquire the property.

In 2014, Citycon acquired GIC's 40 per cent. minority stake in the Iso Omena shopping centre in Espoo, Finland and thus gained 100 per cent. ownership of the property. Citycon completed the extension of Iso Omena and partial (re)development of the existing centre in April 2017. The extension integrates the new Matinkyla metro station and bus terminal.

Citycon has one (re)development project in the pipeline in Sweden: Mölndal Galleria in Gothenburg. The Mölndal Galleria (re)development project entails the construction of a new shopping centre replacing the old retail property. The estimated project investment is EUR 120 million.

In June 2015, Citycon entered into contracts to divest two small non-core properties located in Finland and Sweden at a total sales price of approximately EUR 14 million. In July 2015, Citycon signed an agreement to sell the non-core shopping centre Strömpilen in Umeå, Sweden, at a sales price of approximately EUR 39 million and an agreement to sell a portfolio of 13 non-core grocery store properties in Finland which have a total value of approximately EUR 76 million. In July 2015, Citycon also divested the non-core shopping centre Galleria in Oulu, Finland, and the Citytalo property next to Galleria, at a total sales price of EUR 13 million.

In 2016, Citycon made several divestments of its Estonian and Finnish portfolio. On 29 February 2016, Citycon divested the shopping centre Magistral in Tallinn, Estonia at a price of EUR 24 million. On 29 April 2016, Citycon further divested five supermarkets and retail properties in Finland, which included Sinikalliontie, Kontulan Asemakeskus, Lentolan Perusyhtiö, Lillinkulma and Länsi-Keskus, at a total sale price of EUR 74 million. These retail properties had a gross leasable area of 46,800 sq. m. In August 2016, Citycon purchased NCC Property Development's share in the shopping centre Iso Omena extension for approximately EUR 80 million. Citycon is now the sole owner of the Iso Omena shopping centre.

In the six months ended 30 June 2017, Citycon acquired an office building adjacent to Citycon's Oasen shopping centre in Bergen for EUR 79.0 million and invested approximately EUR 85 million in (re)development projects such as Iso Omena and Mölndal Galleria. Citycon also divested properties and residential building rights for a total value of approximately of EUR 118 million, which included three non-core properties and residential building rights in Finland, one property and residential building rights in Sweden and one shopping centre in Norway. More recently, Citycon signed a contract to divest shopping centre Lietorvet in Skien, Norway, for approximately EUR 13 million and the divestment was completed on 7 July 2017. Citycon's plan is to divest EUR 200–250 million of non-core assets, mainly in Finland over the coming one year and six months. Additionally, Citycon has identified further potential to recycle capital in Norway and plans to divest smaller, non-urban Norwegian assets with a total value of up to EUR 200-250 million over the next three years.

(Re)development Projects in Progress

Citycon divides its investment properties into two categories: Investment Properties under Construction and Operative Investment Properties. As at 30 June 2017, the first mentioned category includes the shopping centre Lippulaiva in Finland.

The table below presents the Company's development projects approved by the Board of Directors that were in progress as of 30 June 2017. The Company intends to finance the investments in progress through cash flow from the business and a combination of debt and equity financing.

Property	Location	Area before/after, sq. m	Estimated total project investment (EUR million)	Actual gross capital investments by 30 June 2017 (EUR million)	Estimated final year of completion
Mölnadal Galleria	Gothenburg, Sweden	-/24,000	60.0 (120.0) ¹	34.9	2018
Lippulaiva	Helsinki area, Finland	19,200/44,100	215.0	36.5	2021

1 The number in brackets reflects Citycon's total investment in the project including agreed buyouts of joint venture shares.

In addition to these projects, Citycon has signed an agreement with TK development in connection with the forward purchase of Straedet project in Køge in the greater Copenhagen area. Citycon will acquire the newly constructed shopping centre at completion in three parts: the first part was acquired on 4 July 2017, the second and largest part will be acquired in September 2017 and the final part will be acquired in the first quarter of 2018. The purchase price is EUR 75 million in total and is based on a fixed 6.25 per cent. net initial yield.

(Re)development Projects under Consideration

In addition to the above presented development projects already decided by the Company's Board of Directors, there are (re)development projects under consideration whose planning process has not yet arrived at the decision stage or that do not require the decision of the Board, for example because of the size of the project. All projects under consideration may change, for example due to circumstances relating to city planning and zoning.

Due to the market uncertainty, the initiation of planned projects will be carefully evaluated against strict pre-leasing criteria.

The most significant (re)development project that is under consideration by Citycon is the shopping centre Oasen (re)development in Bergen. In January 2017, Citycon acquired an office building adjacent to Citycon's Oasen shopping centre in Bergen for EUR 79 million. The acquisition creates new opportunities for Citycon to develop and expand the shopping centre. Citycon plans to add approximately 11,000 sq.m. of leasable area by converting the main part of the two lowest floors of the office building into retail space as well as constructing a new part that further connects the two buildings. The planned development work is expected to start in 2019, after the finalisation of a zoning process. Citycon also has on-going refurbishment projects such as Arabia in Finland and Kristiine Keskus in Estonia.

TAXATION

Dutch Tax Considerations

General

The following is a general summary of certain material Netherlands tax consequences of the acquisition, holding and disposal of the Notes (for the purposes of this section including, for the avoidance of doubt, Coupons). This summary does not purport to describe all possible tax considerations or consequences that may be relevant to a holder or prospective holder of Notes and does not purport to deal with the tax consequences applicable to all categories of investors, some of which (such as trusts or similar arrangements) may be subject to special rules. In view of its general nature, it should be treated with corresponding caution. Holders or prospective holders of Notes should consult with their own tax advisers with regard to the tax consequences of investing in the Notes due to their particular circumstances. The discussion below is included for general information purposes only.

Except as otherwise indicated, this summary only addresses Netherlands national tax legislation and published regulations, whereby the Netherlands means the part of the Kingdom of the Netherlands located in Europe, as in effect on the date hereof and as interpreted in published case law until this date, including, for the avoidance of doubt, the tax rates and brackets applicable on the date hereof, without prejudice to any amendment introduced at a later date and implemented with or without retroactive effect.

Withholding tax

All payments of principal and/or interest made by the Issuer under the Notes may be made free of withholding or deduction of, for or on account of any taxes of whatever nature imposed, levied, withheld or assessed by the Netherlands or any political subdivision or taxing authority thereof or therein, unless the Notes qualify as equity of the Issuer for Netherlands tax purposes.

Taxes on income and capital gains

Please note that the summary in this section does not describe the Netherlands tax consequences for:

- (i) holders of Notes if such holders, and in the case of individuals, his/her partner or certain of their relatives by blood or marriage in the direct line (including foster children), have a substantial interest (*aanmerkelijk belang*) or deemed substantial interest (*fictief aanmerkelijk belang*) in the Issuer under The Netherlands Income Tax Act 2001 (*Wet inkomstenbelasting 2001*). Generally speaking, a holder of securities in a company is considered to hold a substantial interest in such company, if such holder alone or, in the case of individuals, together with his or her partner (as defined in The Netherlands Income Tax Act 2001), directly or indirectly, holds (i) an interest of 5 per cent. or more of the total issued and outstanding capital of that company or of 5 per cent. or more of the issued and outstanding capital of a certain class of shares of that company; or (ii) rights to acquire, directly or indirectly, such interest; or (iii) certain profit sharing rights in that company that relate to 5 per cent. or more of the company's annual profits and/or to 5 per cent. or more of the company's liquidation proceeds. A deemed substantial interest may arise if a substantial interest (or part thereof) in a company has been disposed of, or is deemed to have been disposed of, on a non-recognition basis;
- (ii) pension funds, investment institutions (*fiscale beleggingsinstellingen*), exempt investment institutions (*vrijgestelde beleggingsinstellingen*) (as defined in The Netherlands Corporate Income Tax Act 1969; *Wet op de vennootschapsbelasting 1969*) and other entities that are, in whole or in part, not subject to or exempt from Netherlands corporate income tax; and
- (iii) holders of Notes who are individuals for whom the Notes or any benefit derived from the Notes are a remuneration or deemed to be a remuneration for activities performed by such holders or certain individuals related to such holders (as defined in The Netherlands Income Tax Act 2001).

Netherlands Resident Entities

Generally speaking, if the holder of Notes is an entity that is a resident or deemed to be resident of the Netherlands for Netherlands corporate income tax purposes (a **Netherlands Resident Entity**), any payment under the Notes or any gain or loss realised on the disposal or deemed disposal of the Notes is subject to Netherlands corporate income tax at a rate of 20 per cent. with respect to taxable profits up to €200,000 and 25 per cent. with respect to taxable profits in excess of that amount.

Netherlands Resident Individuals

If a holder of Notes is an individual, resident or deemed to be resident of the Netherlands for Netherlands income tax purposes (a **Netherlands Resident Individual**), any payment under the Notes or any gain or loss realised on the disposal or deemed disposal of the Notes is taxable at the progressive income tax rates (with a maximum of 52 per cent.), if:

- (i) the Notes are attributable to an enterprise from which the holder of Notes derives a share of the profit, whether as an entrepreneur (*ondernemer*) or as a person who has a co entitlement to the net worth (*medegerechtigd tot het vermogen*) of such enterprise without being a shareholder (as defined in The Netherlands Income Tax Act 2001); or
- (ii) the holder of Notes is considered to perform activities with respect to the Notes that go beyond ordinary asset management (*normaal, actief vermogensbeheer*) or derives benefits from the Notes that are taxable as benefits from other activities (*resultaat uit overige werkzaamheden*).

Income from savings and investments

If the above-mentioned conditions (i) and (ii) do not apply to the individual holder of Notes, such holder will be taxed annually on a deemed, variable return (with a maximum of 5.39 per cent. currently) of his or her net investment assets for the year at an income tax rate of 30 per cent. The net investment assets (*rendementsgrondslag*) for the year are the fair market value of the investment assets less the allowable liabilities on 1 January of the relevant calendar year. The Notes are included as investment assets. A tax free allowance may be available. Actual income, gains or losses in respect of the Notes are not subject to Netherlands income tax.

For the net investments on 1 January 2017, a deemed return between 2.87 per cent. and 5.39per cent. (depending on the amount of such individual's net investment assets on 1 January 2017) will be applied. The deemed, variable return will be adjusted annually.

Non-residents of the Netherlands

A holder of Notes that is neither a Netherlands Resident Entity nor a Netherlands Resident Individual will not be subject to Netherlands taxes on income or capital gains in respect of any payment under the Notes or in respect of any gain or loss realised on the disposal or deemed disposal of the Notes, provided that:

- (i) such holder does not have an interest in an enterprise or deemed enterprise (as defined in The Netherlands Income Tax Act 2001 and The Netherlands Corporate Income Tax Act 1969) which, in whole or in part, is either effectively managed in the Netherlands or carried on through a permanent establishment, a deemed permanent establishment or a permanent representative in the Netherlands and to which enterprise or part of an enterprise the Notes are attributable; and
- (ii) in the event the holder is an individual, such holder does not carry out any activities in the Netherlands with respect to the Notes that go beyond ordinary asset management and does not derive benefits from the Notes that are taxable as benefits from other activities in the Netherlands.

Gift and inheritance taxes

Residents of the Netherlands

Gift or inheritance taxes will arise in the Netherlands with respect to a transfer of the Notes by way of a gift by, or on the death of, a holder of such Notes who is resident or deemed resident of the Netherlands at the time of the gift or his or her death.

Non-residents of the Netherlands

No Netherlands gift or inheritance taxes will arise on the transfer of Notes by way of gift by, or on the death of, a holder of Notes who is neither resident nor deemed to be resident in the Netherlands, unless:

- (i) in the case of a gift of a Note by an individual who at the date of the gift was neither resident nor deemed to be resident in the Netherlands, such individual dies within 180 days after the date of the gift, while being resident or deemed to be resident in the Netherlands; or
- (ii) the transfer is otherwise construed as a gift or inheritance made by, or on behalf of, a person who, at the time of the gift or death, is or is deemed to be resident in the Netherlands.

For purposes of Netherlands gift and inheritance taxes, amongst others, a person that holds the Netherlands nationality will be deemed to be resident in the Netherlands if such person has been resident in the Netherlands at any time during the ten years preceding the date of the gift or his or her death. Additionally, for purposes of Netherlands gift tax, amongst others, a person not holding the Netherlands nationality will be deemed to be resident in the Netherlands if such person has been resident in the Netherlands at any time during the twelve months preceding the date of the gift. Applicable tax treaties may override deemed residency.

Value added tax (VAT)

No Netherlands VAT will be payable by the holders of the Notes on (i) any payment in consideration for the issue of the Notes or (ii) the payment of interest or principal by the Issuer under the Notes.

Other taxes and duties

No Netherlands registration tax, stamp duty or any other similar documentary tax or duty will be payable by the holders of the Notes in respect of in connection with (i) the issue of the Notes or (ii) the payment of interest or principal by the Issuer under the Notes.

Finnish tax considerations

General

The following is a general description of certain Finnish tax consequences relating to receipt of principal, interest and capital gains in respect of the Notes, including payments under the Guarantee. This summary is based on the laws and regulations in full force and effect in Finland as at the date of this Prospectus, which may be subject to change in the future, potentially with retroactive effect. Investors should be aware that the comments below are of a general nature and do not constitute legal or tax advice and should not be understood as such. The comments below relate only to the position of persons who are the absolute beneficial owners of the Notes and Coupons. Holders or prospective holders of Notes are therefore advised to consult their own qualified tax advisors so as to determine, in the light of their individual situation, the tax consequences of the acquisition, holding, redemption, sale or other disposition of the Notes and Coupons.

Non-resident Holders of Notes and Coupons

Payments made by or on behalf of the Issuer or the Guarantor to persons not resident in Finland for tax purposes and who do not engage in trade or business through a permanent establishment or a fixed place of business in Finland may be made without withholding or deduction for, or on account of, any present or

future taxes, duties, assessments or governmental charges of whatever nature imposed or levied by or on behalf of the Republic of Finland or by any municipality or other political subdivision or taxing authority thereof or therein.

Resident Holders of Notes and Coupons

Taxable income is determined separately for business income, personal income and agricultural income. Repayments of principal on the Notes as well as the redemption or other sale of the Notes are treated as disposals (partial or full, depending on the case) of the Notes, potentially resulting in taxation on the capital gains/losses, as explained below.

(a) *Corporates*

For Finnish resident corporate entities, interest income and capital gains relating to the Notes are generally taxed at a flat rate of 20 per cent. (the current rate in 2017). The remaining acquisition cost in taxation of the Notes is regarded as tax-deductible expenditure upon disposal of the Notes. Losses resulting from the disposal of the Notes in the context of business activity can be set off against income from the same income source during the year of the disposal and ten subsequent tax years. Capital losses resulting from the disposal of Notes from a personal income source can be set off against capital gains from disposals of other non-business assets derived during the tax year of the disposal and five subsequent years.

Payments made to corporates resident in Finland for tax purposes are made without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed or levied by or on behalf of the Republic of Finland or by any municipality or other political subdivision or taxing authority thereof or therein.

(b) *Individuals and Estates*

For a private person (and an estate of a deceased person) who is resident in Finland for tax purposes and is taxed in accordance with the Income Tax Act (1535/1992, as amended), interest income and capital gains relating to the Notes (including payments made by the Issuer or a Guarantor) are generally taxed at the current (2017) capital income tax rate of 30 per cent. up to EUR 30,000 and 34 per cent. for any amounts exceeding EUR 30,000. Capital gains are tax-exempt if all taxable sales proceeds received during a tax year in aggregate do not exceed EUR 1,000. Correspondingly, capital losses are not deductible if the related acquisition costs in a tax year in aggregate do not exceed EUR 1,000. Capital gains or losses are calculated by deducting the aggregate of the acquisition cost and the expenses related to acquiring the gain or loss from the sales proceeds. Alternatively, instead of applying the actual acquisition cost, individuals and estates can apply a “presumed acquisition cost,” in which case no additional actual expenses can be deducted. The presumed acquisition cost is 20 per cent. (and if the Notes have been owned for a period of at least ten years, 40 per cent.) of the sales price. Capital losses resulting from the disposal of such Notes, which do not belong to the business activities of individuals or estates, can generally be set off against capital income from non-business activities derived during the tax year of the disposal and five subsequent years.

Note that the separate tax rules applicable to Finnish resident private individuals taxed in accordance with the Business Income Tax Act (360/1968, as amended) are not dealt with in this description.

Payments of interest or interest compensation (secondary market compensation, in Finnish “*jälkemarkkinahyvitys*”) made to individuals or estates are generally subject to advance withholding of income tax according to the Prepayment Act (*Ennakkoperintälaki 1118/1996*, as amended). The withholding liability should primarily lie with any paying agent or other intermediary (such as a financial institution) effecting the payment to the holder of Notes or Coupons, if the paying agent or intermediary is resident in Finland for tax purposes or the payment is made through a Finnish permanent establishment of a non-resident paying agent or intermediary.

The Act on Withholding on Interest Income (*Laki korkotulon lähdeverosta 1341/1990*, as amended) should not be applicable to payments made under the Notes, Coupons or the Guarantee.

Gift and inheritance tax

Unless an applicable international tax treaty states otherwise, gift or inheritance taxes will arise in Finland with respect to a transfer of the Notes by way of gift by, or on the death of, a holder of such Notes, in case the donor/deceased person or the donee/beneficiary was a resident of Finland at the time of the gift/death. Subject to certain restrictions, the Finnish inheritance and gift tax act allows crediting the gift or inheritance tax, paid for the same property in some other country in case the donee/beneficiary is a resident in Finland. For the purposes of Finnish gift and inheritance taxes, a person who has his/her permanent home and dwelling in Finland, is deemed resident in Finland.

Transfer Taxation

A transfer of the Notes or Coupons is not subject to Finnish transfer taxation.

Value added tax (VAT)

No Finnish VAT will be payable by the holders of the Notes on (i) any payment in consideration for the issue of the Notes or (ii) the payment of interest or principal by the Issuer under the Notes.

Norwegian tax considerations

General

The following is a general summary of Norwegian tax considerations relating to acquisitions, holding and disposal of Notes issued under the Programme. The information does not purport to be a complete summary of Norwegian tax law and practice currently applicable. This summary is based upon the law as in effect on the date of this Offering Circular and is subject to any change in law that may take effect after such date. Such changes could be made on a retrospective basis.

Norwegian tax legislation does not currently include statutory legislation relating specifically to notes. Instead, taxation treatment must be derived from general tax rules and principles applicable to capital income and capital gains. Therefore, the answers to certain questions in respect of the legal basis and principles of recognition of income related to the Notes may be uncertain. The terms of the Notes may cause the taxation of the Notes to depart from the taxation treatment described in this summary.

Due to the general nature of this summary, potential investors are advised to consult with and rely upon their own tax advisers. Noteholders tax resident in jurisdictions other than Norway should consult with and rely upon local tax advisers as regards the tax position in their country of residence.

Non-Norwegian holders

(a) Payment of interest

Payments of principal and interest on the Notes to persons or legal entities not considered resident in Norway for tax purposes, (nor considered to hold the Notes in connection with business activities conducted or managed in Norway), are not subject to any withholding or deduction for or on account of any Norwegian taxes, duties, assessments or governmental charges.

(b) Sale, exchange and redemption of Notes

Gains or profits realised on the sale, exchange or redemption of the Notes by persons or legal entities not considered resident in Norway for tax purposes (nor considered to hold the Notes in connection with business activities conducted or managed in Norway), are not subject to Norwegian taxes, duties, assessments or governmental charges.

(c) *Stamp duties and net wealth taxation*

No Norwegian issue tax or stamp duties are payable in connection with the issue of the Notes.

Notes held by persons or legal entities not considered resident in Norway for tax purposes (nor considered to hold the Notes in connection with business activities conducted or managed in Norway), will not be subject to net wealth taxation in Norway.

Norwegian holders

(a) *Payment of interest*

Holders of Notes resident in Norway for tax purposes will be subject to Norwegian capital income taxation on interest which is currently 24 per cent. The same applies to persons and legal entities that hold the Notes in connection with any business activity conducted or managed in Norway.

Interest is as a general rule recognised for tax purposes at the time the interest is considered acquired on an accrual basis. This means that neither the actual payment nor the due date of possible payment of interest is as a starting point decisive when determining when interest deriving from the Notes is recognised for tax purposes.

(b) *Sale, exchange and redemption of Notes*

Holders of Notes resident in Norway for tax purposes are taxed in Norway on realised gains (including sale, exchange and redemption) of Notes and have a right to deduct losses, which arise on such realisation, provided that one of the following conditions is met:

- (i) the Notes are classified as debentures ("*mengdegjeldsbrev*") as opposed to non-negotiable debt, or
- (ii) the realisation of the Notes is connected to business activities.

Gains are taxable as ordinary income, currently at a rate of 24 per cent. Losses are deductible at the same rate. This will include gains or losses attributed to any change in the denominated currency (other than NOK). Such gains or losses are taxable even if the Notes are not classified as debentures or not connected to business activities.

The same applies to persons and legal entities that hold the Notes in connection with any business activity conducted or managed in Norway.

Net wealth taxation

For holders of Notes resident in Norway for tax purposes or that hold the Notes in connection with business activities conducted or managed in Norway, except limited liability companies and similar entities, the Notes will be taken into account for net wealth tax purposes in Norway. Listed Notes are valued at the market value on 1 January in the assessment year. The marginal rate of net wealth tax is 0.85 per cent.

FATCA DISCLOSURE

Foreign Account Tax Compliance Act

Pursuant to certain provisions of the U.S. Internal Revenue Code of 1986, commonly known as FATCA, a **foreign financial institution** (as defined by FATCA) may be required to withhold on certain payments it makes (**foreign passthru payments**) to persons that fail to meet certain certification, reporting or related requirements. The Issuer may be a foreign financial institution for these purposes. A number of jurisdictions (including the Netherlands) have entered into, or have agreed in substance to, intergovernmental agreements with the United States to implement FATCA (**IGAs**), which modify the way in which FATCA applies in their jurisdictions. Under the provisions of IGAs as currently in effect, a foreign financial institution in an IGA jurisdiction would generally not be required to withhold under FATCA or an IGA from

payments that it makes. Certain aspects of the application of the FATCA provisions and IGAs to instruments such as Notes, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as Notes, are uncertain and may be subject to change. Even if withholding would be required pursuant to FATCA or an IGA with respect to foreign passthru payments on instruments such as Notes, such withholding would not apply prior to 1 January 2019 and Notes characterised as debt (or which are not otherwise characterised as equity and have a fixed term) for U.S. federal tax purposes that are issued on or prior to the date that is six months after the date on which final regulations defining foreign passthru payments are filed with the U.S. Federal Register generally would be grandfathered for purposes of FATCA withholding unless materially modified after such date (including by reason of a substitution of the Issuer). However, if additional Notes (as described under Condition 18 of the Terms and Conditions of the Notes other than the VPS Notes and Condition 15 of the Terms and Conditions of the VPS Notes) that are not distinguishable from previously issued Notes are issued after the expiration of the grandfathering period and are subject to withholding under FATCA, then withholding agents may treat all Notes, including the Notes offered prior to the expiration of the grandfathering period, as subject to withholding under FATCA. Holders should consult their own tax advisers regarding how these rules may apply to their investment in the Notes.

The proposed financial transactions tax (FTT)

On 14 February 2013, the European Commission published a proposal (the **Commission's Proposal**) for a Directive for a common FTT in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the **participating Member States**). However, Estonia has since stated that it will not participate.

The Commission's Proposal has very broad scope and could, if introduced in its published form, apply to certain dealings in Notes (including secondary market transactions) in certain circumstances. Primary market transactions referred to in Article 5(c) of Regulation (EC) No 1287/2006 are expected to be exempt.

Under the Commission's Proposal the FTT could apply in certain circumstances to persons both within and outside of the participating Member States. Generally, it would apply to certain dealings in the Notes where at least one party is a financial institution, and at least one party is established in a participating Member State. A financial institution may be, or be deemed to be "established" in a participating Member State in a broad range of circumstances, including (a) by transacting with a person established in a participating Member State or (b) where the financial instrument which is subject to the dealings is issued in a participating Member State.

However, the FTT proposal remains subject to negotiation between participating Member States. It may therefore be altered prior to any implementation, the timing of which remains unclear. Additional EU Member States may decide to participate and/or certain of the participating Member States may decide to withdraw. Prospective holders of the Notes are advised to seek their own professional advice in relation to the FTT.

SUBSCRIPTION AND SALE

The Dealers have, in a Programme Agreement (such Programme Agreement as modified and/or supplemented and/or restated from time to time, the **Programme Agreement**) dated 18 July 2017, agreed with the Issuer and the Guarantor a basis upon which they or any of them may from time to time agree to purchase Notes. Any such agreement will extend to those matters stated under "*Form of the Notes*", "*Terms and Conditions of the Notes other than the VPS Notes*" and "*Terms and Conditions of the VPS Notes*". In the Programme Agreement, the Issuer (failing which, the Guarantor) has agreed to reimburse the Dealers for certain of their expenses in connection with the establishment and any future update of the Programme and the issue of Notes under the Programme and to indemnify the Dealers against certain liabilities incurred by them in connection therewith.

SELLING RESTRICTIONS

United States

The Notes have not been and will not be registered under the Securities Act or the securities laws of any state or other jurisdiction of the United States and may not be offered or sold within the United States to, or for the account or benefit of, U.S. persons except in certain transactions exempt from or not subject to, the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

The Notes in bearer form are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. Treasury regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986 and Treasury regulations promulgated thereunder. The applicable Final Terms (or Pricing Supplement, in the case of Exempt Notes) will identify whether TEFRA C rules or TEFRA D rules apply or whether TEFRA is not applicable.

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it will not offer, sell or deliver Notes (a) as part of their distribution at any time or (b) otherwise until 40 days after the completion of the distribution, as determined and certified by the relevant Dealer or, in the case of an issue of Notes on a syndicated basis, the relevant lead manager, of all Notes of the Tranche of which such Notes are a part, within the United States or to, or for the account or benefit of, U.S. persons except in accordance with Regulation S of the Securities Act. Each Dealer has further agreed, and each further Dealer appointed under the Programme will be required to agree, that it will send to each dealer to which it sells any Notes during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

Until 40 days after the commencement of the offering of any Series of Notes, an offer or sale of such Notes within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with an available exemption from registration under the Securities Act.

Prohibition of sales to EEA Retail Investors

From 1 January 2018, unless the Final Terms in respect of any Notes (or Pricing Supplement, in the case of Exempt Notes) specifies "Prohibition of Sales to EEA Retail Investors" as "Not Applicable", each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes which are the subject of the offering contemplated by the Offering

Circular as completed by the Final Terms (or Pricing Supplement, as the case may be) in relation thereto to any retail investor in the European Economic Area. For the purposes of this provision:

- (a) the expression **retail investor** means a person who is one (or more) of the following:
 - (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, **MiFID II**); or
 - (ii) a customer within the meaning of Directive 2002/92/EC (as amended, the **Insurance Mediation Directive**), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or
 - (iii) not a qualified investor as defined in the Prospectus Directive; and
- (b) the expression an **offer** includes the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes.

Prior to 1 January 2018, and from that date if the Final Terms in respect of any Notes (or Pricing Supplement, in the case of Exempt Notes) specifies “Prohibition of Sales to EEA Retail Investors” as “Not Applicable”, in relation to each Member State of the EEA which has implemented the Prospectus Directive (each, a **Relevant Member State**), each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the **Relevant Implementation Date**) it has not made and will not make an offer of Notes which are the subject of the offering contemplated by this Offering Circular as completed by the final terms in relation thereto to the public in that Relevant Member State except that it may, with effect from and including the Relevant Implementation Date, make an offer of such Notes to the public in that Relevant Member State:

- (a) at any time to any legal entity which is a qualified investor as defined in the Prospectus Directive;
- (b) at any time to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive) subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or
- (c) at any time in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Notes referred to in above shall require the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision:

- the expression **an offer of Notes to the public** in relation to any Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State; and
- the expression **Prospectus Directive** means Directive 2003/71/EC (as amended, including by Directive 2010/73/EU), and includes any relevant implementing measure in the Relevant Member State.

United Kingdom

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that:

- (a) in relation to any Notes which have a maturity of less than one year, (i) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business and (ii) it has not offered or sold and will not offer or sell any Notes other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or as agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Notes would otherwise constitute a contravention of Section 19 of the FSMA by the Issuer;
- (b) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer or the Guarantor; and
- (c) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom.

The Netherlands

Each Dealer has agreed and each further Dealer appointed under the Programme will be required to agree that this Offering Circular is only being distributed to and is only directed at (i) persons who are outside of the Netherlands or (ii) in the Netherlands exclusively to qualified investors (*gekwalificeerde beleggers*) as such term is defined in Article 1:1 of the Dutch Act on financial supervision (*Wet op het financieel toezicht*). The Notes are only available in the Netherlands to, and any invitation, offer or agreement to subscribe, purchase or otherwise acquire such Notes will be engaged in the Netherlands only with, qualified investors. Any person who is not a qualified investor must not act or rely on this Offering Circular or any of its contents.

Notes in definitive bearer form issued by the Issuer that constitute a fixed claim against the Issuer and on which interest does not become due during their term or on which no interest is due whatsoever are subject to the above mentioned selling restrictions and, in addition thereto, may fall within the definition of 'spaarbewijzen' as referred to in the Dutch Savings Certificates Act (*Wet inzake spaarbewijzen*). Any transfer and acceptance of such Notes within, from or into the Netherlands is prohibited unless it is done through the mediation of either the Issuer or member of Euronext in Amsterdam N.V., and must be either:

- (a) between individuals or legal entities who or which trade or invest in securities in the conduct of a profession or trade (which includes banks, brokers, dealers, insurance companies, pension funds, other institutional investors and commercial enterprises which regularly, as an ancillary activity invest in securities); or
- (b) in any other case, recorded in a transaction note, including the name and address of each party to the transaction, the nature of the transaction and the details and serial number of such Note.

The above prohibition does not apply (a) to a transfer and acceptance between individuals who do not act in the conduct of a profession or a business, (b) to the initial issue of such Notes to the first holders thereof, or (c) to the issue and trading of such Notes within, from or into the Netherlands if the same are physically issued outside the Netherlands and are not immediately thereafter distributed in the Netherlands or to residents of the Netherlands in the course of primary trading or immediately thereafter.

In the event that the Savings Certificates Act applies, the Issuer of the Notes or the Dealers or the Principal Paying Agent, as the case may be, which make payments or act as intermediaries in respect thereof are obliged to formally identify their counterparty(ies) and to keep a record of the details and serial numbers of the Notes involved.

The Republic of Finland

Each Dealer has agreed and each further Dealer appointed under the Programme will agree that it will not publicly offer the Notes or bring the Notes into general circulation in the Republic of Finland other than in compliance with all applicable provisions of the laws of the Republic of Finland and especially in compliance with the Finnish Securities Market Act (*Arvopaperimarkkinalaki* (746/2012, as amended)) and any regulation made thereunder, as supplemented and amended from time to time

Norway

The Notes shall be registered with the VPS unless (i) the Notes are denominated in NOK and offered or sold outside of Norway to non-Norwegian tax residents only, or (ii) the Notes are denominated in a currency other than NOK and offered or sold outside of Norway. See also the selling restriction “Prohibition of sales to EEA retail investors” above.

Japan

The Notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended; the **FIEA**) and each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it will not offer or sell any Notes, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (as defined under Item 5, Paragraph 1, Article 6 of the Foreign Exchange and Foreign Trade Act (Act No. 228 of 1949, as amended)), or to others for re-offering or resale, directly or indirectly, in Japan or to, or for the benefit of, a resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEA and any other applicable laws, regulations and ministerial guidelines of Japan.

General

Each Dealer has agreed and each further Dealer appointed under the Programme will be required to agree that it will (to the best of its knowledge and belief) comply with all applicable securities laws and regulations in force in any jurisdiction in which it purchases, offers, sells or delivers Notes or possesses or distributes this Offering Circular and will obtain any consent, approval or permission required by it for the purchase, offer, sale or delivery by it of Notes under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, offers, sales or deliveries and neither the Issuer, the Guarantor, the Trustee nor any of the other Dealers shall have any responsibility therefor.

None of the Issuer, the Guarantor, the Trustee and the Dealers represents that Notes may at any time lawfully be sold in compliance with any applicable registration or other requirements in any jurisdiction, or pursuant to any exemption available thereunder, or assumes any responsibility for facilitating such sale.

GENERAL INFORMATION

Authorisation

The establishment of the Programme and the issue of Notes have been duly authorised by a resolution of the Board of Directors of the Issuer dated 13 July 2017 and the giving of the Guarantee has been duly authorised by a resolution of the Board of Directors of the Guarantor dated 12 July 2017.

Listing of Notes

It is expected that each Tranche of the Notes which is to be admitted to the Official List and to trading on the Main Securities Market of the Irish Stock Exchange will be admitted separately as and when issued, subject only to the issue of one or more Global Notes initially representing the Notes of such Tranche. Application has been made to the Irish Stock Exchange for Notes issued under the Programme during the period of twelve months from the date of this Offering Circular to be admitted to the Official List and trading on its regulated market. The approval of the Programme in respect of the Notes was granted on or about 18 July 2017.

In the case of VPS Notes, application may be made to the Oslo Stock Exchange for such VPS Notes to be admitted to trading on the Oslo Stock Exchange's regulated market.

Applicable Finnish Law

In Finland, Citycon Oyj is subject to various Finnish laws and regulations, including but not limited to the Finnish Limited Liability Companies Act (624/2006, as amended), the Finnish Accounting Act (1336/1997, as amended), the Finnish Securities Markets Act (746/2012, as amended) and the Finnish Penal Code (39/1889, as amended), as well as various rules and regulations of Finnish authorities and non-governmental bodies (including but not limited to the Finnish Financial Supervisory Authority, the Finnish Competition and Consumer Authority, Nasdaq Helsinki Ltd stock exchange and the Finnish Securities Market Association). Citycon Oyj is also subject to regional and supranational regulations, most notably EU legislation. This list of laws and regulations does not aim to be comprehensive and lists only some general legislation applicable to Citycon Oyj.

Listing Agent

Arthur Cox Listing Services Limited is acting solely in its capacity as listing agent for the Issuer in connection with the Notes and is not itself seeking admission of the Notes to the Official List of the Irish Stock Exchange plc or to trading on the Main Securities Market for the purposes of the Prospectus Directive.

Documents Available

For the period of 12 months following the date of this Offering Circular, copies of the following documents will, when published, be available for inspection from the registered office of the Issuer and from the specified office of the Principal Paying Agent for the time being in London or the registered office of the VPS Trustee:

- (a) the constitutional documents of each of the Issuer and the Guarantor (with an English translation thereof);
- (b) the consolidated and non-consolidated audited financial statements of the Guarantor in respect of the financial years ended 31 December 2015 and 31 December 2016, in each case, together with the auditors' reports in connection therewith. The Guarantor currently prepares audited consolidated and non-consolidated accounts on an annual basis;

- (c) the non-consolidated audited financial statements of the Issuer in respect of the financial years ended 31 December 2016 and 31 December 2015, in each case, together with the independent auditor's reports in connection therewith. The Issuer currently prepares audited non-consolidated accounts on an annual basis;
- (d) the most recently published audited annual financial statements of the Guarantor and the Issuer and the most recently published unaudited interim financial statements (if any) of the Guarantor, in each case together with any audit or review reports prepared in connection therewith. The Guarantor currently prepares unaudited reviewed consolidated interim accounts on a quarterly basis;
- (e) the Trust Deed, the Agency Agreement, the VPS Deed of Guarantee, the VPS Trustee Agreement and the forms of the Global Notes, the Notes in definitive form, the Coupons and the Talons;
- (f) a copy of this Offering Circular; and
- (g) any future offering circulars, prospectuses, information memoranda, supplements, Final Terms and Pricing Supplements (in the case of Exempt Notes) (save that Pricing Supplements will only be available for inspection by a holder of such Note and such holder must produce evidence satisfactory to the Issuer or the Principal Paying Agent or the VPS Trustee and VPS Agent, as applicable as to its holding of Notes and identity) to this Offering Circular and any other documents incorporated herein or therein by reference.

Clearing Systems

The Notes other than the VPS Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg and the VPS Notes have been accepted for clearance through the VPS (which are the entities in charge of keeping the records). The appropriate Common Code and ISIN for each Tranche of Notes allocated by Euroclear, Clearstream, Luxembourg and/or the VPS, as applicable, will be specified in the applicable Final Terms (or Pricing Supplement, in the case of Exempt Notes). If the Notes are to clear through an additional or alternative clearing system the appropriate information will be specified in the applicable Final Terms or Pricing Supplement.

The address of Euroclear is Euroclear Bank SA/NV, 1 Boulevard du Roi Albert II, B-1210 Brussels. The address of Clearstream, Luxembourg is Clearstream Banking, 42 Avenue JF Kennedy, L-1855 Luxembourg. The address of the VPS is Fred Olsens gate 1, N-0152 Oslo.

Conditions for determining price

The price and amount of Notes to be issued under the Programme will be determined by the Issuer and each relevant Dealer at the time of issue in accordance with prevailing market conditions.

Significant or Material Change

There has been (i) no significant change in the financial or trading position of the Issuer since 31 December 2016, or of the Guarantor or the Group since 30 June 2017 and there has been no material adverse change in the financial position or prospects of the Issuer, the Guarantor or the Group since 31 December 2016.

Litigation

Neither the Issuer, the Guarantor nor any other member of the Group is or has been involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer or the Guarantor are aware) in the 12 months preceding the date of this document which may have or have in such period had a significant effect on the financial position or profitability of the Issuer, the Guarantor or the Group.

Auditors

The auditors of the Guarantor are Ernst & Young Oy, members of the Finnish Institute of Authorised Public Accountants, who have audited the Guarantor's financial statements as at and for each of the years ended 31 December 2015 and 31 December 2016, in accordance with good auditing practice in Finland, and have issued unqualified audit reports in respect of those financial statements. The auditors of the Guarantor have no material interest in the Guarantor.

The independent auditor of the Issuer is Ernst & Young Accountants LLP, the registered accountants of Ernst & Young Accountants LLP are members of the Royal Netherlands Institute of Chartered Accountants (*Koninklijke Nederlandse Beroepsorganisatie van Accountants*), who has audited the Issuer's financial statements as at and for each of the years ended 31 December 2016 and 31 December 2015, in accordance with Dutch law, and has issued an unqualified auditor's report in respect of those financial statements. The auditor of the Issuer has no interest in the Issuer.

Dealers transacting with the Issuer and the Guarantor

Certain of the Dealers and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform other services for the Issuer, the Guarantor and their affiliates in the ordinary course of business. Certain of the Dealers and their affiliates may have positions, deal or make markets in the Notes issued under the Programme, related derivatives and reference obligations, including (but not limited to) entering into hedging strategies on behalf of the Issuer, the Guarantor and their affiliates, investor clients, or as principal in order to manage their exposure, their general market risk, or other trading activities.

In addition, in the ordinary course of their business activities, the Dealers and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of the Issuer, the Guarantor or their affiliates. Certain of the Dealers or their affiliates that have a lending relationship with the Issuer or the Guarantor routinely hedge their credit exposure to the Issuer consistent with their customary risk management policies. Typically, such Dealers and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in securities, including potentially the Notes issued under the Programme. Any such positions could adversely affect future trading prices of Notes issued under the Programme. The Dealers and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

Language of this Offering Circular

The language of this Offering Circular is English. Certain legislative references and technical terms have been cited in their original language in order that the correct technical meaning may be ascribed to them under applicable law.

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