CORIO

# ANNUAL REPORT 2013

# LETTER FROM THE CEO

**GERARD GROENER (1958)**
**CEO and chairman of the Management Board**
Appointed from 1 May 2012 to 1 May 2016

Dutch nationality

**Ancillary positions** None

IN THE MIDST OF THE CONTINUED CONSUMER SPENDING FREEZE WE CHOOSE TO WORK ON IMPROVING OUR PORTFOLIO MIX, THE SHOPPING EXPERIENCE AND OUR OVERALL EFFICIENCY. THE PROGRESS WE MADE IN THESE AREAS PUTS US IN A BETTER POSITION.

Looking back at 2013 we cannot be satisfied with the operational results. This became clear during the first half of the year. As a measure we changed our approach and increased focus on operations, pushing for a more agile culture and vigorous execution of our strategy. Increasing the frequency of meetings with country managers and changing the agenda towards day-to-day operations has made a difference. In the second half of 2013 we saw footfall improving and also tenant sales were relatively better. Re-letting and renewal activities were more successful too. Parallel to this we finalised the redevelopment of a number of our largest assets, bringing them back into full operation.

## OUR PLAYING FIELD

The year 2013 was a challenging one for many European retailers, given the persistent economic weakness. In the midst of the continued consumer spending freeze we choose to work on improving our portfolio mix, the shopping experience and our overall efficiency. The progress we made in these areas puts us in a stronger position.

Beyond economic cycles, spending behaviour is changing fundamentally. Each year another piece of retail sales moves from the physical to the virtual market place. We monitor consumer spending trends closely and we continue to believe in the importance of a central physical market to complement online sales. We realise, however, that the goal posts keep shifting in the game and that we need to stay on our toes, ready to make timely moves to stay ahead.

We see that if we stick to the monoculture of retail it will be difficult to sustain profitability as a traditional brick and mortar company. Therefore commercial centres can and do have an important leisure and service role to play and we continue to develop those elements. The number of restaurants and cafés in our centres is increasing, as are cultural and musical events, open-air cinemas, playgrounds and exhibitions. Acting in the current economic downturn while preparing for the future and merging short-term action plans with long-term strategy. This is and will be key.

## RE-DEVELOPMENT: A SHORT-TERM PAIN FOR A LONGER TERM GAIN

We believe the portfolio is much stronger than a year before although it will take time to show. Re-development or a re-tenanting programme at a shopping centre always puts short-term results under pressure. Construction works and the relocation of tenants cause footfall to drop, subsequently followed by sales and eventually rental income. Our three largest centres in Italy as well as our largest centre in France were in the midst of this process in 2013 and completed their respective projects before the end of the year. In those completed centres we can already see results: we strengthened our relationships with leading brands like Inditex, H&M and Primark and made improvements in the food offering. All these actions have led to higher footfall and sales and lead to more sustainable rental growth. We will finalise redevelopments for St. Jacques in Metz and Centrum Galerie in Dresden in 2014. As an outcome we are creating a stronger position for our centres to support better income growth going forward.

## ACCELERATED DISPOSAL PLAN

The plan to dispose of our non-core properties was the result of a further refinement in our Favourite Meeting Places strategy, whereby we applied stricter criteria for a commercial centre's location, concept and management. The disposal plan was originally designed to take three to four years and, together with new developments emerging from our pipeline, to produce a stable improvement in our profits. Over the year we saw opportunities to speed up the programme. We decided to take these chances and execute. In doing so we created more focus in the organisation, strengthened the company balance sheet and sped up the transition phase.

## MODIFIED OPERATING MODEL WILL BRING CONSUMERS CLOSER

Our chosen strategy will bring us closer to consumers. The implementation of consumer engagement actions, from way-finding apps and Facebook pages to applied gaming and loyalty systems, will bring us into an interactive dialogue with visitors. Being in closer communication with them will allow us to adapt better to their ever changing needs. As this relationship develops, together with our tenants we will all drive footfall and sales further, contributing to the success of the shopping centre as a whole. To enable this we need to empower our managers at the centres and provide them with clear accountability for the results they achieve and implement a swift and clear decision making on programmes. We have shortened the lines of decision making and reduced layers of management, creating more agility and efficiency in the organisation.

CAMPANIA, NAPLES

**EMPOWERING OUR MANAGERS TO ENCOURAGE VIGOROUS AND DECISIVE ACTION**

More frequent contact between the board and country managers, together with a closer focus on day-to-day results puts the board into the position to much better support the operations. At the centres themselves, we are giving management increasing leeway to enable them to take initiatives and act fast. Putting responsibility for key management decisions lower down the command chain empowers our managers to be leaders and entrepreneurs. It can be a powerful and positive stimulus and ensure they remain alert, agile and active. We find this approach leads to many new good ideas coming in from the field, where greater independence and accountability spur lateral thinking and greater adaptability. It also motivates them to seek out the best available expertise to engage on crucial projects.

*Gerard Groener*
*Chief Executive Officer Corio N.V.*

WE SEE OURSELVES STILL IN A DIFFICULT ECONOMIC ENVIRONMENT. THANKS TO A YEAR OF CONSIDERABLE EFFORT FROM ALL OUR PEOPLE, THE COMPANY IS BETTER POSITIONED. WE WILL CONTINUE TO RELY HEAVILY ON OUR TEAM TO PULL TOGETHER AND WEATHER ANY STORM THAT 2014 MAY BRING. I'D LIKE TO THEREFORE GIVE ALL OUR EMPLOYEES A PARTICULARLY BIG THANK YOU THIS YEAR.

# WHO WE ARE AND WHAT WE HAVE TO OFFER

MARKTHAL, ROTTERDAM

CAMPANIA, NAPLES

HOOG CATHARIJNE, UTRECHT

MAREMAGNUM, BARCELONA

CORIO IS A RETAIL PROPERTY COMPANY. OUR CORE BUSINESS IS TO CREATE FAVOURITE MEETING PLACES BY SELECTING, DEVELOPING, AND OPERATING SHOPPING CENTRES IN EUROPE. OUR VISION IS TO CREATE POPULAR MEETING PLACES WHERE PEOPLE WANT TO RETURN TO SHOP, RELAX AND SOCIALISE.


CENTRUM GALERIE, DRESDEN

## VISION

The retail environment is changing rapidly. Retail is evolving from a shopping experience to a social experience. And sustainability is increasingly part of our daily life. Corio is adapting to these new realities. Our skills, combined with technological opportunities, are enabling us to create something new. To create places where people connect with our centres and with each other: places where individuals can relax, socialise, feel at home and be inspired.

## MISSION

Our mission is to meet the changing needs and demands of consumers by continuously adapting our centres and taking advantage of our position as a leading European retail property company.

## WHY

Since the old days people have been going to markets not just to fulfil basic needs, but to participate in a communal experience with others and to share experiences. To get news, ideas and education, to escape from daily life and feel a sense of community.

Today, in an increasingly urban and commercialised world, where traditional social institutions are in decline at the expense of a networking society, social reality is being re-defined: we believe our purpose is to contribute by creating meaningful places where people want to meet. Favourite Meeting Places is our answer to changing demands. It is all about moving from the rental of square metres to giving meaning; reinventing the shopping experience. From thinking in terms of channels to thinking in terms of customers. From products to solutions. From a traditional retail centre to a vibrant destination that enriches consumer lives, and takes care of and serves people and their community.

## CORIO AIMS TO:

Team up with retailers that are best in class and help them outperform

Be shortlisted by municipalities in developing large-scale, city centre projects

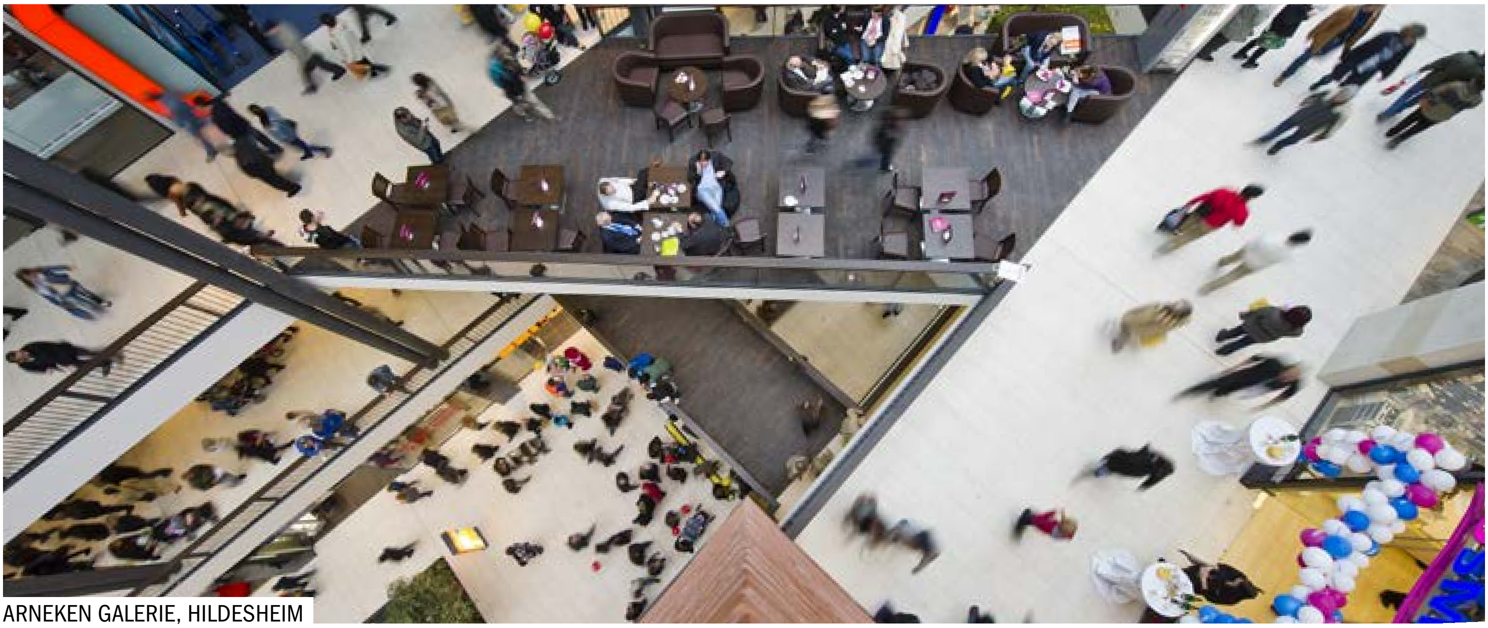
Be a top environmental and social performer among sector peers

Sustain a strong financial profile

Provide investors with access to high quality retail property exposure in continental Europe's main markets

Be a preferred employer for professionals

# STRATEGY



ARNEKEN GALERIE, HILDESHEIM

## MID TERM OBJECTIVES

At the end of 2012 Corio set a number of medium-term (3 to 4 years) objectives aimed at implementing our strategy, enhancing the quality of the portfolio and growing results for our stakeholders. We provide you with an update as to where we stand on the four major objectives we set ourselves.

### EXECUTE DISPOSAL PROGRAMME

Corio sold and transferred € 225 million of assets in 2013 and has sold another € 357 million of assets that will be transferred early 2014, bringing the total amount of disposals since the start of the programme to € 582 million. The disposals of in total 27 properties were made to a number of investors. In executing this, Corio is ahead of its 3-4 year plan. We increased the quality and average size of our centres in terms of value from € 87 million at year-end 2012 to € 116 million.

### BRING LEVERAGE DOWN

By speeding up the disposal programme we made good steps in bringing down leverage to around 41% (after proceeds from all signed disposals), still short, however, of our target range of 35% to 38%. At year-end 2013 the leverage was 43.7%. Predominantly negative revaluations have slowed the process of reaching this target. We will continue our disposal programme to fund the pipeline at a controlled leverage. Parallel to this, a better operational performance would bolster property values. On top of that continued and sound capital recycling process and a more sustainable dividend policy will bring us to the desired levels.

### REDUCE ADMINISTRATIVE EXPENSES

Despite being in a transition year the administrative expenses as a percentage of GTRI came down from 8.9% for 2012 to 7.6% in 2013. Knowing that this large step forward also reflects higher charged out expenses, we expect a relative increase in 2014. We are confident, however, that we will reach the targeted level of 8% as a yearly average over the long term.

### CULTURE

A vigorous execution of our strategy is important, as is greater agility and a cash flow driven mind-set to enable this to happen. We are changing our operating model pushing accountability down the command chain. Stronger cooperation between management board and country management is implemented. We took out management layers. Shortening communication lines and being close to the business will improve execution power. This will bring a positive stimulus and ensure centre managers and leasing managers will stay focussed on execution.

# STRATEGIC PRINCIPLES

HOOG CATHARIJNE. UTRECHT

## ADAPTABILITY AND FLEXIBILITY

We recognise the importance of understanding and adapting quickly to the changing demands and habits of people, and the trends that guide them. We create our centres to be adaptable to change. Everything is done in house with the centres managed, marketed and leased by Corio people. We believe this is the only way to create the flexibility that enables us to adapt in a timely way.

## SUSTAINABILITY

To be successful, we believe our centres should be socially, environmentally and financially sustainable. We see sustainability as a catalyst for growth, which we define as contributing positively to the economic and social development of the regions where our sites are located. In upgrading our sites for example, we create new and attractive amenities, generate jobs and build communities.

## CRITICAL MASS

Although we take a city-based approach to asset allocation, we recognise the need to have a specialised local management team in order to outperform. In each country we need critical mass to operate efficiently and attract the best possible team. Corio has achieved this in all of its core markets. Size is not the ultimate and sole objective, but it matters: to run an effective marketing strategy on a shopping centre level, the centre needs to be dominant in its catchment area. This offers us a range of opportunities to gain market share by commercialising, redeveloping or extending the centre.

## INNOVATION

Corio has set up an internal platform, called LaunchLab, focused on helping Corio to innovate and execute the Favourite Meeting Place strategy. The programme aims to discover new strategic insights, as well as support innovative ideas to quickly move into action, boosting revenues from other income streams.

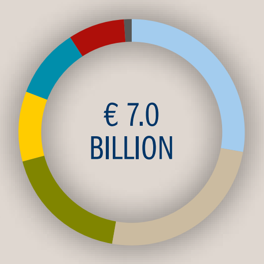
## FLEXIBLE FUNDING

We have built similar flexibility into the funding programme of our company with fixed and floating debt and well balanced maturities from a wide variety of sources. Our diversified and solid capital base ensures that we have enough headroom to act quickly when opportunities arise.

## OPERATIONAL EXCELLENCE

Operational excellence ensures that we run our business in the most profitable way. Strong cooperation between centre marketing, leasing and design & development ensures we create maximum value and opportunities when managing, (re) developing and extending our portfolio. In-depth research and analysis of consumer needs supports these plans so that we can detect trends and needs at an early stage. This enables us to expand our business and create new sources of income for our centres. Further enhancement of this is created by empowering centre managers and leasing managers, by moving responsibility and the accompanied mandates down the command chain, supporting them from both head office as well as country management.

## GEOGRAPHIC SPREAD
BY VALUE




- NETHERLANDS 26%
- FRANCE 23%
- ITALY 18%
- SPAIN/PORTUGAL 9%
- GERMANY 15%
- TURKEY 8%
- OTHER 1%

## FMP TRC SPREAD
BY VALUE


- FMP 87%
- TRC 9%
- TRC 4% SOLD BUT NOT TRANSFERRED YET AT REPORTING DATE

## SECTOR SPREAD
BY VALUE


- RETAIL 99%
- OTHER 1%

## PIPELINE SPREAD
BY VALUE


- NETHERLANDS 57%
- FRANCE 6%
- ITALY 15%
- GERMANY 22%

# STRUCTURE OF CORIO

## SUPERVISORY BOARD

DERK DOIJER *CHAIRMAN*
ROBERT VAN DER MEER *VICE CHAIRMAN*
GOBERT BEIJER
ROEL VAN DEN BERG
JOHN CARRAFIELL

## MANAGEMENT BOARD

GERARD GROENER *CEO*
BEN VAN DER KLIFT *CFO*
FREDERIC FONTAINE *CDO*

INVESTOR RELATIONS
HUMAN RESOURCES MANAGEMENT
CORPORATE PR & COMMUNICATIONS
DESIGN & DEVELOPMENT
RESEARCH & CONCEPTS
CORPORATE SOCIAL RESPONSIBILITY
TRC DISPOSAL TEAM

LEGAL & COMPLIANCE
RISK MANAGEMENT
TREASURY
FINANCE & CONTROL
TAX
INFORMATION MANAGEMENT

CORIO NEDERLAND


CORIO FRANCE


CORIO ITALIA


CORIO ESPAÑA


CORIO DEUTSCHLAND


CORIO TÜRKIYE


OFFICE SUPPORT

MARKETING
LEASING
CENTER MANAGEMENT

BUSINESS SUPPORT

# PERFORMANCE HIGHLIGHTS

PORTA DI ROMA, ROME

| | 2013 | 2012 |
|---|---|---|
| Number of visitors | 420 million | 415 million |
| Retail contracts | 5,600 | 6,200 |
| Leasable area retail | 1.8 million $m^2$ | 1.8 million $m^2$ |
| Average Occupancy FMP | 96.4% | 96.9% |
| Operational portfolio | € 6.4 billion | € 6.6 billion |
| Pipeline (committed and deferrable) | € 1.2 billion | € 1.8 billion |
| Net rental income retail (including EAI*) | € 410.8 million | € 422.2 million |
| Net rental income FMP (including EAI*) | € 343.0 million | € 342.5 million |
| Net rental income TRC (including EAI*) | € 67.8 million | € 79.7 million |
| Like-for-like NRI retail | -4.4% | -0.6% |
| Like-for-like NRI FMP | -2.2% | 0.0% |
| Direct result | € 261.2 million | € 262.0 million |
| Indirect result | -€ 511.7 million | -€ 246.0 million |
| Net result | -€ 250.5 million | € 16.0 million |
| Market capitalisation | € 3.2 billion | € 3.3 billion |
| Dividend per share | € 2.13 | € 2.76 |
| NAV per share | € 37.07 | € 42.44 |
| NNNAV per share | € 37.65 | € 41.20 |

* Equity Accounted Investees.

# SUPERVISORY BOARD

**D.C. DOIJER DERK, 1949**
Chairman of the Supervisory Board
*attendance rate 100%*
Dutch nationality
First appointed in 2005
Current term of office expires in 2017
Chairman of the Selection & Appointment Committee
*attendance rate 100%*
Member of the Audit Committee
*attendance rate 100%*

**Supervisory directorships**
Lucas Bols Holding B.V. (chairman), Koninklijke Ahold N.V.

**R.A.H. VAN DER MEER ROBERT, 1949**
Vice-chairman of the Supervisory Board
*attendance rate 100%*
Dutch nationality
First appointed in 2004
Current term of office expires in 2015
Chairman of the Audit Committee
*attendance rate 100%*

**Present positions**
Professor of Finance, University of Groningen and deputy justice (raadsheer-plaatsvervanger) with the Enterprise Chamber (High Court Amsterdam)

**Supervisory directorships**
European Asset Trust N.V. and Kas Bank N.V.

**G.A. BEIJER GOBERT, 1950**
Member of the Supervisory Board
*attendance rate 92%*
Dutch nationality
First appointed in 2009
Current term of office expires in 2017
Chairman of the Remuneration Committee
*attendance rate 100%*

**Present position**
Independent advisor and associate of BoerCroon Management

**Supervisory directorship**
Staedion

**R.C. VAN DEN BERG ROEL, 1957**
Member of the Supervisory Board
*attendance rate 100%*
Dutch nationality
First appointed in 2011
Current term of office expires in 2015
Member of the Remuneration Committee
*attendance rate 100%*
Member of the Selection & Appointment Committee
*attendance rate 100%*

**Present positions**
Founder/co-owner of the ‘Access to Quality’ network organisation, member of the advisory board of My Cognition, member of the advisory board of the foundation GGTO

**J.A. CARRAFIELL JOHN, 1965**
Member of the Supervisory Board
*attendance rate 92%*
American nationality
First appointed in 2012
Current term of office expires in 2016
Member of the Audit Committee
*attendance rate 100%*

**Present positions**
Founder and managing partner of GreenOak and a member of the Dean’s Council of the Yale School of Architecture

# TO THE GENERAL MEETING OF SHAREHOLDERS

Herewith we present the 2013 annual report and financial statements as drawn up by the Management Board. PricewaterhouseCoopers Accountants N.V. has audited the financial statements and issued an unqualified auditor's report on these statements. We recommend that you adopt the financial statements as presented and declare a dividend payable in cash and/or in shares of € 2.13 per share for 2013 in accordance with the Management Board's proposal. Corio distributes its dividends at least once per year. The objective of Corio's dividend policy is at least to comply with the FBI requirements and distribute 80% - 90% of its total direct result in dividend. Corio may propose to the General Meeting of Shareholders to pay this dividend, within the FBI requirements, in cash or in shares or a combination thereof.

## COMPOSITION OF THE SUPERVISORY BOARD

Corio's Supervisory Board consists of five members: Mr. Derk Doijer (chairman), Mr. Robert van der Meer (vice-chairman), Mr. Gobert Beijer, Mr. Roel van den Berg and Mr. John Carrafiell. Each Supervisory Board member provides a particular talent and/or background in order to provide the Supervisory Board with a broad range of expertise in line with the Supervisory Board profile. For further information we refer you to the curriculum vitaes in this report. All members of the Supervisory Board have adequate time available to give sufficient attention to the matters concerning the company. All members of the Supervisory Board are independent according to the criteria as set out in the Dutch corporate governance code.

As of 1 January 2013 the Act on Management and Supervision ('Wet Bestuur en Toezicht') came into effect. This Act introduced statutory provisions to ensure a balanced representation of men and women in management boards and supervisory boards of companies governed by this Act. Balanced representation of men and women is deemed to exist if at least 30% of the seats are filled by men and at least 30% are filled by women. Corio currently has no seats taken by women and as such does not comply with the law in this respect. The Supervisory Board recognises the benefits of diversity, including gender balance. However, the Supervisory Board feels that gender is only one part of diversity. Supervisory Board and Management Board members will continue to be selected on the basis of wide ranging experience, backgrounds, skills, knowledge and insights. The Supervisory Board continues to strive for more diversity in both the Supervisory Board and Management Board and therefore has a preference for female candidates. For more information in this regard please refer to the profile of the Supervisory Board on Corio's website www.corio-eu.com.

## MEETINGS OF THE SUPERVISORY BOARD

In 2013 the Supervisory Board met with the Management Board in plenary sessions on 12 occasions (5 by means of a telephone conference). The Supervisory Board also had 3 private meetings preceding a Supervisory Board meeting. None of the members of the Supervisory Board was frequently absent from meetings. The attendance rate was 97% for the plenary sessions. For the individual attendance rates of the members please refer to their curriculum vitaes in this report.

The year 2013 has been a challenging year for Corio. In a period in which valuations are under pressure and the nature of shopping is evolving at a rapid pace Corio has been increasing its focus on Favourite Meeting Places and disposing of its Traditional Retail Centres.

The financial performance of Corio was discussed extensively both in general and in preparation for the publication of the quarterly reports, half-yearly figures, the annual report and financial statements. The external auditors presented the results of their examinations at the meetings at which the half yearly figures and financial statements of the year were discussed. The Supervisory Board and the Audit Committee discussed the audit findings with the external auditors. At least in one instance the Supervisory Board met with the external auditor without any Management Board member present.
In the meetings with the Management Board in 2013 the Supervisory Board has primarily focused on monitoring the execution of Corio's strategy and in particular the progress of the disposal programme, investment proposals, risk management and control systems, internal audit, compliance, financing, operational efficiency, organisational structure, Corio's rating, CSR, targets, the pipeline and the annual budget. Various scenarios that take into account market conditions and their impact on operations and the financing of Corio were reviewed and discussed. During a two-day annual strategy review Supervisory Board meeting in September 2013, all attention was focused on the progress of the execution of the Favourite Meeting Places strategy and the organisational and governance structure of Corio.
The new organisational structure, with the Management Board closer to the operations, means increased focus on operational excellence. The resulting reorganisations will be finalised in 2014.

The chairman of the Supervisory Board and the chairman of the Management Board met frequently to discuss general matters affecting Corio.

The Supervisory Board reviewed its own performance, the performance of the committees, as well as its individual members. The evaluation was led by the chairman of the Supervisory Board and entailed reviewing and discussing the frequency, attendance and subjects of the meetings as well as the dynamics during discussions. All members of the Supervisory Board were asked to complete a survey regarding the Supervisory Board meetings and the meetings of the committees of which they were a member.

HOOG CATHARIJNE, UTRECHT

The outcome was that the Supervisory Board as a whole and its individual members performed well.

The performance of the Management Board as a whole, as well as its individual members was also discussed and evaluated. As with the Supervisory Board, the evaluation was led by the chairman of the Supervisory Board.

## REAPPOINTMENTS

The Supervisory Board will nominate Mr. Ben van der Klift for reappointment as member of the Management Board (CFO) for four years. Mr. Van der Klift has fullfilled his function as member of the Management Board adequately and with his financial experience provides a valuable contribution to the decision making of the Management Board.

## REPORT OF THE SELECTION COMMITTEE

The Selection Committee met twice in 2013. Topics discussed include succession planning and the search process for the COO position.

The Selection & Appointment Committee is conducting a search together with a professional recruitment agency for two additional members for the Supervisory Board. The search places an emphasis on financial and real estate knowledge. There is a preference for female candidates in the event of two candidates, one male, one female, with similar quality credentials. The Committee also discussed the reappointment of Mr. Van der Klift.

## REPORT OF THE REMUNERATION COMMITTEE

The Remuneration Committee met three times during 2013. Items discussed include the short-term and long-term incentives of the Management Board, the performance of the members of the Management Board, the development of the remuneration of the second echelon, the remuneration policy, and the remuneration report.

The Remuneration Committee conducted scenario analyses in order to assess whether the maximum cash value of the performance phantom shares is still reasonable. The Remuneration Committee advised that the outcome of the scenario analyses is in line with the spirit and principles of the Performance Phantom Share Plan. The Performance Phantom Share plan itself was also discussed and was extended for one year. The remuneration report was adopted by the Supervisory Board.

Further information on the structure and background of the remuneration policy can be found in the remuneration report in this annual report and on Corio's website www.corio-eu.com. The process followed in 2013, was in line with the remuneration policy approved at the General Meeting of Shareholders on 29 April 2008.

## REPORT OF THE AUDIT COMMITTEE

The Audit Committee met four times in 2013. The main topics of discussion were the quarterly reported numbers, the auditor's report, the management letters and the performance of the external auditor. With regard to the performance of the external auditor, the Audit Committee concluded that their performance was adequate. The Audit Committee met with the external auditor without any Management Board member present at least once in 2013. Risk management, the disposal plan, valuations, accounting policies, audit fees, internal audit, IT systems, treasury activities and policies and the company's financial results and position were discussed. For information on the approach for non audit services and the steps in place to protect statutory auditor independence please refer to the aforementioned policy which is available on Corio's website www.corio-eu.com

At least once every four years the Supervisory Board and the Audit Committee conduct a thorough assessment of the functioning of the external auditor. The Audit Committee discussed the management letter with the external auditor and advised to the Supervisory Board that no matters in the management letter were applicable for disclosure. The Audit Committee advised the Supervisory Board to present PricewaterhouseCoopers Accountants N.V. to the Annual General Meeting of Shareholders as external auditor for 2014. The Supervisory Board agreed.

In 2013 the Audit Committee assessed the need to establish an internal audit function, and concluded that this would be preferable. On the basis of this conclusion of the Audit Committee, the Supervisory Board recommended to the Management Board to appoint an internal auditor. The Management Board adopted the recommendation and appointed an Internal Auditor. Subsequently an Internal Audit Charter and risk based annual Internal Audit Plan were developed and approved by the Audit Committee after consultation with the Management Board and the external auditor.

## PERSONNEL

On 1 April 2013 Mr. Jaap Blokhuis resigned from the Supervisory Board to take charge of the disposal programme of the Traditional Retail Centre portfolio. The disposal programme is well under way and the process is integrated in the current organisation. Mr. Blokhuis has informed the Supervisory Board that he has the ambition to assume a full time assignment and therefore unfortunately will not be available for reappointment in the Supervisory Board. The Supervisory Board of course regrets but respects this decision. Both Supervisory and Management Board are grateful to Mr. Blokhuis for his valuable contribution to the company and wish him all the succes in his new endeavour.

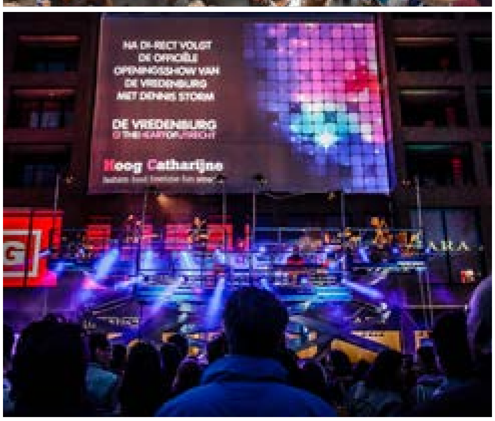
Finally, we would like to take this opportunity to express our appreciation and thanks to the Management Board and Corio's employees for their hard work and dedication during this challenging year.

*Utrecht, 17 February 2014*
*The Supervisory Board*

# 1 TOP 10 VALUE
# PORTA DI ROMA ROME

| | |
|---|---|
| VALUE | € 476.2 MILLION |
| TOTAL GLA | 130,000 $M^2$ |
| FOOTFALL | 18.7 MILLION |
| SHOPS | 224 |
| PARKING SPACES | 7200 |
| CATCHMENT AREA | 2,400,000 |

# 2 TOP 10 VALUE
# HOOG CATHARIJNE UTRECHT




| | |
|---|---|
| VALUE | € 461.0 MILLION |
| TOTAL GLA | 89,500 M$^2$ |
| FOOTFALL | 26 MILLION |
| SHOPS | 180 |
| PARKING SPACES | 2320 |
| CATCHMENT AREA | 1,400,000 |

# SHAREHOLDERS' INFORMATION & INVESTOR RELATIONS

THE MANAGEMENT BOARD, TOGETHER WITH THE INVESTOR RELATIONS DEPARTMENT, IS COMMITTED TO PROVIDING SHAREHOLDERS, DEBT HOLDERS, OTHER STAKEHOLDERS AND ALL OTHER INTERESTED PARTIES WITH INFORMATION ON AN EQUAL BASIS, SIMULTANEOUSLY, ON TIME AND IN A CLEAR AND CONSISTENT MANNER.


SHOPVILLE GRAN RENO, BOLOGNA

## MAJOR SHAREHOLDERS

Stichting Pensioenfonds ABP (through direct and indirect holdings), Amundi, BlackRock and State Street Corporation own more than 3% of the issued share capital. ABP informed the Netherlands Authority for the Financial Markets (AFM) on 2 February 2010 that it owns 36.77% of the issued share capital. ABP informed Corio that it held 30.58% at year-end 2013 (year-end 2012: 32.65%). Amundi owned 4.95% (registered 17 December 2013), State Street Corporation owned 3.89% (registered 1 July 2013) and BlackRock owned 4.96% (registered 7 February 2013) of Corio's shares according to AFM.

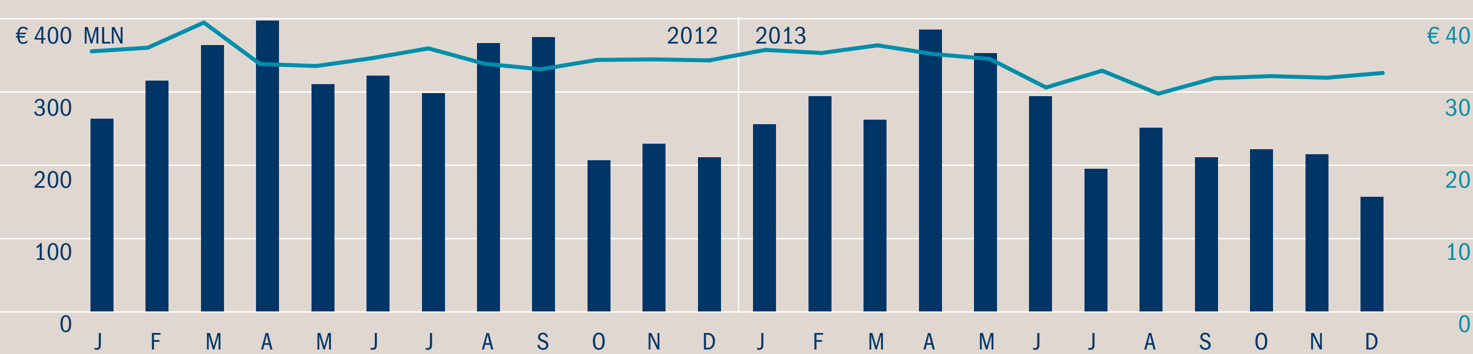
## SHARE

Corio N.V.'s shares are listed on NYSE Euronext in Amsterdam. Corio is part of the AEX index. The Corio shares are included in several relevant leading indices, including the AEX, EPRA, GPR, STOXX Europe 600, EURO STOXX, FTSE4good, DJSI Europe and World and ASPI index.

## COST RATIO

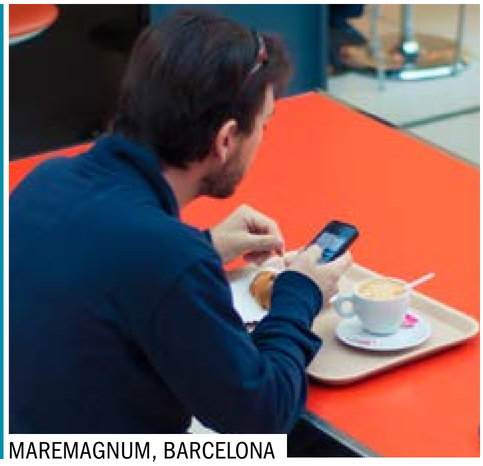
The WFT requires investment institutions to report cost ratios such as the Ongoing Charges Figures (OCF). This requirement was introduced to ensure the availability of clear and comparable information on cost levels. With effect from 2006 and in compliance with the Further Rules for Supervision of the Market Conduct of Investment Institutions, issued by the Dutch regulator the Netherlands Authority for the Financial Markets (AFM), the OCF is defined as total costs (property operating expenses, general expenses and taxes), excluding interest charges, as a percentage of the weighted average net asset value for the four quarters in the book year. In 2013, Corio's cost ratio worked out at 2.64% compared to 2.66% in 2012.

## PRICE AND TURNOVER OF CORIO SHARES




NAVE DE VERO, VENICE

| FINANCIAL CALENDAR | 2014 | 2015 |
|---|---|---|
| Full year | 12 February | 11 February |
| First quarter update | 7 May | 6 May |
| Half-year results | 6 August | 5 August |
| First three quarters update | 5 November | 4 November |
| General Meeting of Shareholders | 17 April | 16 April |
| Ex-dividend | 23 April | |
| Start of period of choice | 28 April | |
| End of period of choice | 28 May | |
| Dividend payable | 3 June | |


MAREMAGNUM, BARCELONA

## FIVE YEAR OVERVIEW

| | 2013 | 2012 | 2011 | 2010 | 2009 |
|---|---|---|---|---|---|
| Share price period end (€)* | 32.58 | 34.32 | 33.61 | 48.02 | 47.69 |
| Average share price (€)* | 33.48 | 34.94 | 41.78 | 45.61 | 37.43 |
| Highest closing share price (€)* | 36.95 | 40.93 | 50.23 | 53.95 | 49.20 |
| Lowest closing share price (€)* | 28.90 | 31.45 | 28.83 | 36.74 | 25.87 |
| Average number of daily traded shares (€)* | 358,559 | 405,037 | 384,103 | 309,044 | 300,800 |
| Number of outstanding shares | 98,295,391 | 96,186,136 | 92,291,961 | 91,002,947 | 76,363,025 |
| Market capitalisation period end (x € million) | 3,202.5 | 3,300.6 | 3,101.5 | 4,369.5 | 3,641.8 |

* On NYSE Euronext Amsterdam.

## DIVIDEND

Corio distributes its dividends at least once per year. The objective of Corio's dividend policy is at least to comply with the FBI requirements and distribute 80% - 90% of its total direct result in dividend. Corio may propose to the General Meeting of Shareholders to pay this dividend, within the FBI requirements, in cash or in shares or a combination thereof.

In accordance with the Management Board's recommendation, Corio's Supervisory Board proposes that a dividend of € 2.13 per share be distributed for 2013 (2012: € 2.76 in cash or shares). This represents a pay-out ratio of approximately 80%. The dividend is payable in cash or stock, within the constraints imposed by the company's FBI status. The dividend yield is thus 6.4% on the basis of the average price in 2013.

The dividend proposal will be submitted to the AGM on 17 April 2014. The dividend will become payable on 3 June 2014.

For further information on Corio's investor relations activities, please contact our Investor Relations department at investor.relations@nl.corio-eu.com or by phone: +31 30 2346743.

Follow us on Twitter @CORIOIR. Corio aims to be in close contact with its investors through participating actively in conferences, organising road shows and meeting investors individually at our offices or at our properties.

# 3 TOP 10 VALUE
# BOULEVARD BERLIN BERLIN

| | |
|---|---|
| VALUE | € 369.6 MILLION |
| TOTAL GLA | 87,100 M$^2$ |
| FOOTFALL | 11 MILLION |
| SHOPS | 193 |
| PARKING SPACES | 883 |
| CATCHMENT AREA | 1,500,000 |

# 4 TOP 10 VALUE GRAND LITTORAL MARSEILLE

| | |
|---|---|
| VALUE | € 361.6 MILLION |
| TOTAL GLA | 110,500 M$^2$ |
| FOOTFALL | 12 MILLION |
| SHOPS | 190 |
| PARKING SPACES | 5000 |
| CATCHMENT AREA | 940,000 |

ZARA H&M INTERSPORT Carrefour NEW YORKER LEROY MERLIN PRIMARK SEPHORA JD GUESS SWAROVSKI

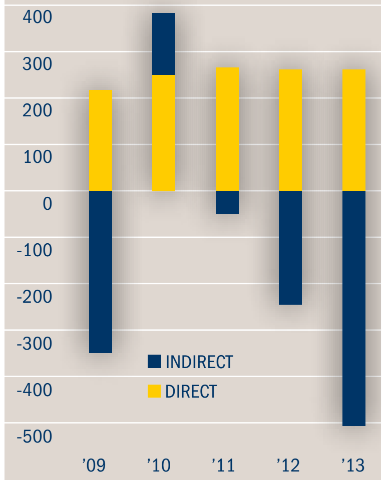
# FINANCIAL REVIEW

**BEN VAN DER KLIFT (1959)**
**CFO and member of the Management Board**
Appointed from 1 May 2010 to 1 May 2014

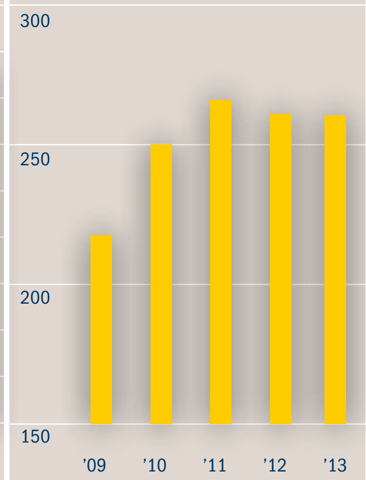
Dutch nationality

**Ancillary positions**
Member of the advisory board of the mortgage fund Syntrus Achmea Vastgoed B.V.

**DIRECT AND INDIRECT RESULT**
€ MILLION




**DIRECT RESULT**
€ MILLION




In 2013 the adverse Eurozone economy, low consumer confidence and reduced retail spending challenged our tenants, particularly in Spain, the Netherlands and to a lesser extent in France. Fashion and electronics retailers faced pressure on sales volume and prices while food retailers showed resilience as food retail remained stable. While there are differences per country, this general trend made tenants less able to afford existing rent levels. We saw increasing late payments and store closures, pressuring our like-for-like net rental income. The latter predominantly reflects higher vacancy and discounts and increased bad debt. Location and product specifics determined the real outcome of this and led to a widening performance gap between our TRC and FMP portfolio.

The total value of Corio's portfolio stood at € 7.0 billion at year-end 2013 compared to € 7.1 billion at year-end 2012. This reflects the transferred disposals of € 225.1 million, a negative revaluation of € 404.5 million, which were partly offset by acquisitions of € 404.1 million and investments of € 170.7 million.

Net rental income fell to € 379.7 million in 2013, down from € 397.5 million in 2012. Net rental income from acquisitions of € 21.9 million was more than offset by the effect of disposals of € 20.5 million, reduced income from development projects of € 3.4 million and the negative impact of like-for-like net rental income of € 15.9 million. The like-for-like net rental income for the retail portfolio was 4.4% negative while the like-for-like for the FMP portfolio was 2.2% negative. The direct result was € 261.2

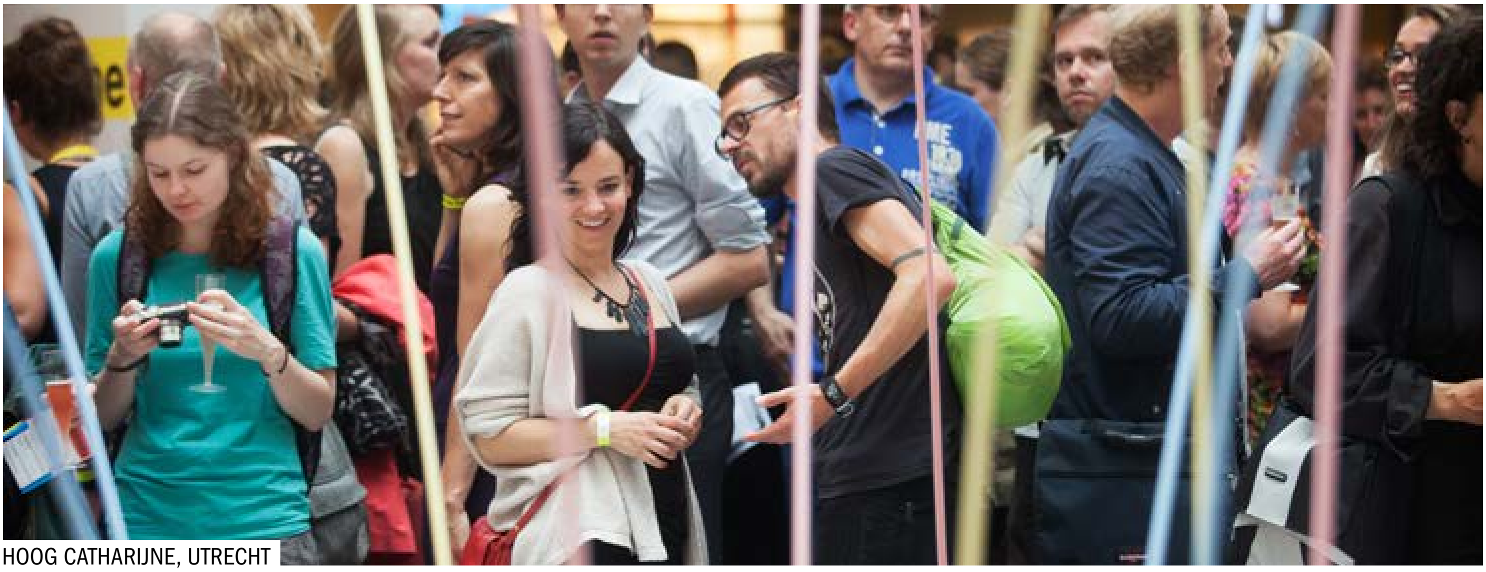
## 15 DISPOSALS IN 2013

| City | Project |
|---|---|
| Coignières, building I (France) | Les Portes de Chevreuse |
| Issy les Moulineaux (France) | Les Trois Moulins |
| Laval (France) | La Mayenne |
| Montreuil (France) | La Grande Porte |
| Mulhouse (France) | Monoprix |
| Orgeval in Paris (France) | Art de Vivre |
| Ivry sur Seine (France) | Quais d'Ivry |
| Rouen (France) | Galerie de l'Espace du Palais |
| Sainte Geneviève de Bois in Paris (France) | La Croix Blanche |
| Alkmaar (The Netherlands) | De Mare |
| Emmen (The Netherlands) | De Weiert |
| Nieuwegein (The Netherlands) | Apartments above Cityplaza |
| Purmerend (The Netherlands) | Weidevenne |
| Spijkenisse (The Netherlands) | Maaswijk |
| Malatya (Turkey) | Land |

A total of 15 assets have been sold in 2013 for € 332 million, out of which 10 assets for € 225 million were transferred in 2013. Early 2014 Corio sold another 12 assets in the Netherlands and France for a total consideration of € 250 million, bringing the closed deals of our disposal programme to € 582 million at 17 February 2014.

## DISPOSAL PLAN BRIDGE

| (€ million) | |
|---|---|
| Disposal programme announced on 4 December 2012 | 1,446 |
| Transferred from TRC to FMP (Akmerkez) | -190 |
| **Value TRC portfolio (disposal plan) at year-end 2012** | **1,256** |
| Transferred from FMP to TRC during Q1 2013 | 195 |
| **Total value TRC portfolio (disposal plan)** | **1,451** |
| Sold and transferred to buyers in 2013 | -225 |
| Sold and to be transferred to buyers in 2014 | -357 |
| Negative valuation in 2013 for TRC (including loss on disposal) | -287 |
| **Value of the TRC portfolio (disposal plan) at year-end 2013** | **582** |



HOOG CATHARIJNE, UTRECHT

million compared with € 262.0 million in 2012 and direct result per share went from € 2.77 to € 2.68, also impacted by the increased number of shares after voluntary pickup in shares of 28.5% of total dividend distributed in 2013.

**DISPOSALS**

As part of our strategic objectives we identified a portfolio for disposals of 45 assets with a total book value of around € 1.4 billion at year-end 2012, after having already sold € 329.4 million in 2012. In 2013 and early 2014 we sold 27 assets for an amount of € 582 million.

**DIRECT RESULT**

The direct result was € 261.2 million compared to € 262.0 million in 2012. If we compare the performance of our FMP portfolio versus our TRC portfolio, the like-for-like numbers for the net rental income of our FMP portfolio (2.2% negative) was stronger than for our TRC portfolio (13.2% negative).

Net administrative expenses were € 39.1 million, down from € 45.4 million in 2012, overachieving our targeted level of 8% of gross theoretical rental income, arriving at 7.6%.

Net direct financing expenses decreased € 5.8 million in 2013 to € 97.7 million (2012: € 103.5 million), predominantly as a consequence of lower interest rates. All in all, the reduced administrative expenses and lower interest rates largely compensated the negative like-for-like net rental income.

**PERFORMANCE FMP PORTFOLIO**

THE NETHERLANDS

Macro-economic conditions in the Netherlands remain challenging and have resulted in reduced retail spending. Our Dutch portfolio continues to be affected by this and experienced a 2.0% decline in like-for-like net rental income. This decline was due mainly to higher bad debt provisions largely related to bankruptcies. While there are early indicators that conditions are slowly improving, we remain cautious in the near term, as we see retailers suffering liquidity and solvency issues. With the disposal of the majority of our non-core asset in the Netherlands, we expect the core portfolio to be well positioned for when the recovery gathers pace. In addition the refurbishment of our largest Dutch centre, Hoog Catharijne, is progressing well.

FRANCE

The ability to attract Primark to open its first French store in Grand Littoral Marseille, indicated the strategic importance of the shopping centre to the region. The positive impact of bringing in such an important anchor tenant has resulted in footfall in Grand Littoral rising 20% in December after the opening. In addition, vacancy in this centre is expected to decrease significantly after follow-up leasing to strong international brands. Like-for-like net rental income in France of 2.2% negative (excluding Grand Littoral and Metz, which were under refurbishment) suffered from slightly higher vacancy and higher bad debt provisions. Re-letting and renewals of contracts showed an uplift of 9.5%. We anticipate finalising our refurbishment in Metz in the third quarter of 2014 and expect the centre to stabilise in the beginning of 2015.

ITALY

Significant refurbishment activities in Le Gru, Campania and Porta di Roma, combined with extensive re-tenanting, were undertaken during the year resulting in vacancy in our Italian portfolio reducing to almost 1% at year-end. Despite all these activities, like-for-like net rental income in 2013 grew 1.4%. Re-lettings and renewals of rental contracts were 10.5% positive, illustrating the strength of the portfolio.

GERMANY

In Germany three centres were responsible for the like-for-like net rental income increase of 4.9% in 2013. Forum Duisburg is the largest of these centres and showed a continued good performance. Berlin and Dresden are not yet part of the like-for-like numbers. Berlin was acquired in mid-January 2013 and Dresden is undergoing a redevelopment. The signing of the agreement in January 2014 for Primark to enter Centrum Galerie Dresden is expected to have a material positive impact on signing new leases to strong fashion brands which, in turn, will strengthen the centre and reduce vacancy in 2014. In Germany our centres are young, hence we had no impact from re-lettings and renewals of contracts.

SPAIN/PORTUGAL

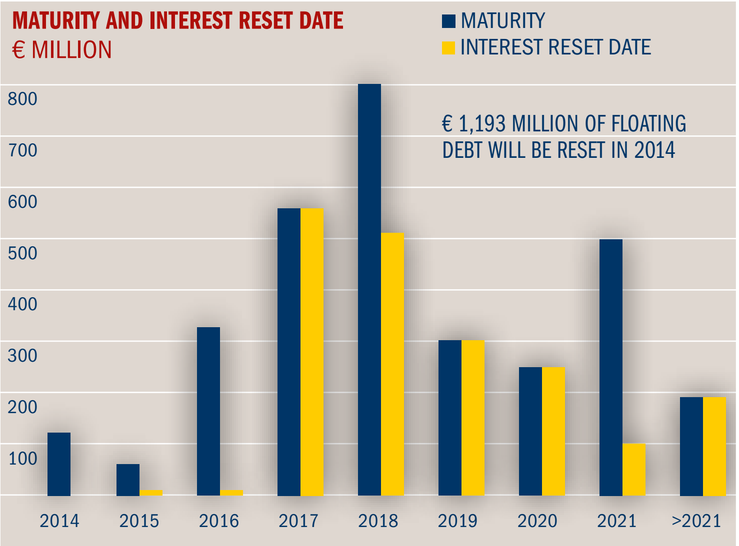
In Spain, while our high quality assets Maremagnum and Principe Pío continue to perform well, many of the tenants in the more regional locations continue to suffer from a difficult trading environment. Like-for-like net rental income fell 13.7% in 2013.

TURKEY

In Turkey like-for-like net rental income was 5.5% negative. When including the impact of the expiration of the rental guarantee for our centre Anatolium in Bursa (impact € 2.7 m), like-for-like net rental income was flat. Re-lettings and renewals were up 1.7%.

**INDIRECT RESULT**

In 2013 the total revaluation for our operational portfolio was € 359.6 million negative (5.4% decline) including loss on disposals, comprising of € 53.3 million (1.0%) for our FMP portfolio, € 286.7 million (21.7%) for our TRC portfolio and € 19.7 million (30.2%) for our offices. Especially our TRC portfolios in France, Spain and the Netherlands were affected. The gap in yields




| | 31-12-13 | 31-12-12 |
|---|---|---|
| Leverage (%) | 43.7 | 40.3 |
| Average interest on net debt in the 4th quarter (%) | 3.5 | 3.7 |
| Average duration of debt (year) | 4.8 | 4.7 |
| % loans with a fixed interest rate | 65 | 69 |
| Interest cover ratio | 3.5 | 3.4 |
| Headroom (€ million) | 611 | 750 |

between prime and secondary assets has been widening in continental Europe. The valuation yield was stable across our FMP portfolio. Our Italian portfolio saw a positive revaluation of 3.3%.

The revaluation of our development portfolio was € 43.6 million negative mainly caused by cancelled initiatives in France, and the Netherlands and a revaluation of € 22.8 million negative in Centrum Galerie in Dresden. We signed with Primark in January 2014 and expect that ongoing letting with major fashion brands will strengthen the position and value of this centre. Other indirect result amounted to € 107.2 million negative, with as major components:

- € 23.0 million of negative revaluations of Equity Accounted Investees;
- € 21.2 million impairment on development project Leidsche Rijn due to higher level of risk as perceived earlier by our appraisers;
- € 9.5 million impairment for two cancelled Italian development projects;
- € 29.1 million indirect finance expenses predominantly due to early redemptions of loans, exchange rate differences and change in value of the inflation linked loan;
- € 19.2 million deferred tax liabilities.

## PIPELINE

The total pipeline decreased 33% from € 1.8 billion to € 1.2 billion in 2013. Three projects were taken into operation and one project in Italy was cancelled. No new additions were made to the pipeline. In Berlin the 86,000 m$^2$ Boulevard Berlin at the Schlosstrasse was acquired for a total of € 366.0 million, producing a 6.0% net initial yield as of 15 January 2013. Furthermore, a smaller project in Zoetermeer, a suburb of The Hague, was taken into operation for a total amount of € 39.5 million producing a net initial yield of 6.4% as of 1 January 2013. The zone Azur of Grand Littoral opened in the fourth quarter of 2013 and the main anchor, Primark, opened its store on 16 December 2013. All these projects together represent 127,600 m$^2$ of GLA. Palazzo del Lavoro in Turin has been cancelled for administrative reasons and therefore has been taken out of the pipeline. During the first quarter 2013 we committed to realise the second phase of the Hoog Catharijne redevelopment scheme. This involves an investment of € 287 million, which we moved from the deferrable pipeline into the committed pipeline.

## FINANCING ACTIVITIES

Following two private placements of bonds totalling € 235 million in December 2012, we issued a € 500 million public bond in February 2013, with a 3.25% coupon and an eight-year maturity. Half of the proceeds of the bond issue were used to prepay fixed debt, originally maturing in August 2014, and the other half was used to repay short term floating debt.
Revolving credit facilities amount to € 905 million. The maturity of € 775 million was extended to the third quarter of 2018. Revolving credit facilities totalling € 130 million remain available until the second half of 2016. Following the extension, € 162 million of Italian mortgage loans were repaid that would originally mature between December 2015 (€ 135 million) and by mid-2016 (€ 27 million).
During the year our long-term credit rating with Moody's was downgraded one notch to Baa2 and Standard & Poor's revised its outlook on its rating to negative. The short term ratings of both agencies remain unchanged.

At year-end 2013 Corio had financial headroom of € 611 million in undrawn revolving credit facilities that was freely available. Shareholders' equity at year-end 2013 amounted to € 3,643.7 million (year-end 2012: €4,082.5 million) or € 37.07 per share (2012: €42.44). The decrease is due primarily to the negative revaluation of the property portfolio. In June we increased our share capital by issuing 2.1 million shares as stock dividend.

At year-end 2013, leverage was 43.7% (2012: 40.3%). The interest cover ratio was 3.5 (2012: 3.4). Our private debt stipulates thresholds of a maximum of 55% and minimum 2.2 for leverage and interest cover respectively. The average duration of net debt increased slightly to 4.8 years at the end of 2013 (2012: 4.7 years).

## INTEREST RATE EXPOSURE

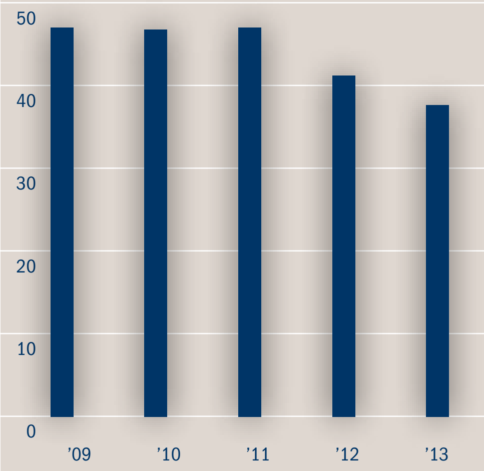
The average interest rate on borrowings in the fourth quarter of 2013 was 3.5% (Q4 2012: 3.7%). The average rate for the year was 3.6% (2012: 3.9%). Fixed rate debt with a remaining maturity of one year or less, is considered as floating debt. At year-end 2013, long-term fixed-rate borrowings accounted for 65% of the group's interest-bearing net debt.
The interest expense decreased in 2013 due to lower interest rates. This was partly offset by a higher average borrowing amount. Net finance expenses fell to € 97.7 million from € 103.5 million in 2012.

In 2014 about € 1,193 million of net borrowings will face an interest rate reset. This consists of € 293 million of debt reset on a monthly basis and of € 486 million reset quarterly, € 296 million reset semi-annually and € 118 million of debt repayments.

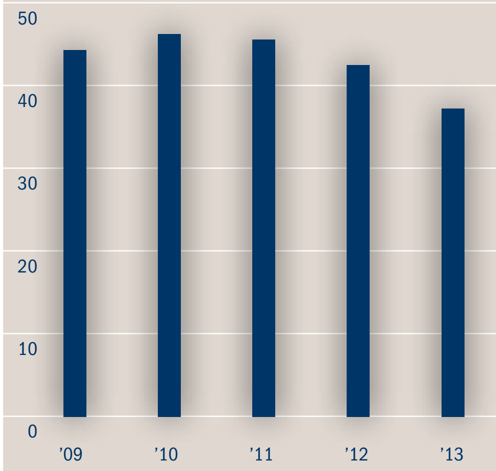
## CURRENCY RISK EXPOSURE

Our currency risk derives from investments in Turkey. Our US dollar investments in Akmerkez and Adacenter are hedged by a $ 190 million loan and a $ 81 million swap contract to avoid currency fluctuations having an impact on the

**NNNAV (EPRA)**
PER SHARE (€ 1)




**NAV BEFORE RESULT APPROPRIATION**
PER SHARE (€ 1)




**DIVIDEND PER SHARE**
€


### 12 DISPOSALS AFTER BALANCE SHEET DATE

| City | Project |
|---|---|
| Alphen aan den Rijn (The Netherlands) | Aarhof |
| Amsterdam (The Netherlands) | Reigersbos |
| Dordrecht (The Netherlands) | Slangenburg |
| Goirle (The Netherlands) | De Hovel |
| Heerlen (The Netherlands) | Corio Center |
| Leiderdorp (The Netherlands) | Meubelplein |
| Spijkenisse (The Netherlands) | Kopspijker/Stadsplein/Kolkplein |
| Tegelen (The Netherlands) | Kerkstraat |
| Veldhoven (The Netherlands) | City Passage |
| Zeist (The Netherlands) | Belcour |
| Coignières building II (France) | Les Portes de Chevreuse |
| Cherbourg (France) | Cotentin |

group's results. The value of these investments is $ 270 million. A 10% depreciation of the US dollar to the Euro would result in a loss on the investment of € 17.7 million and in a gain on the combined hedge instruments thereon of € 17.5 million. On 31 December 2013 these investments were covered by loans and swaps amounting to $ 270 million. Corio receives US dollar-denominated rental income from the shopping centres Akmerkez and Adacenter in Turkey, which is partly offset by US dollar interest on a $ 190 million loan.

### TAX STATUS

Our current structure consists of a mix of taxable structures and tax exempt structures. Currently we have activities in seven countries: France, Italy, the Netherlands, Spain, Turkey, Germany and one centre in Portugal. In the Netherlands and France we make use of specific tax regimes (FBI and SIIC respectively) that result in an effective tax rate of 0% on the investment profit realised on virtually the entire local portfolio. The tax-friendly regimes in the Netherlands and France are subject to certain conditions. We monitor these conditions continuously to ensure proper compliance. Effective 2014 the Dutch FBI regime was revised to allow ancillary activities that are directly related to the core investments. This further mitigates potential risks of losing the FBI status, hence allowing us to continue managing our portfolio in a dynamic way to meet the changing demands from consumers and tenants.

Activities in Italy, Spain, Turkey, Germany and Portugal are taxed at the normal statutory tax rate, be it that the effective tax rate may be lower as a result of the combined effect of interest charges, depreciation and other operating expenses. In these countries and particularly in Spain austerity measures put upward pressure on taxable results though the limitation of deductibles. As a response we continue to actively investigate alternative investment structures.

### AFTER BALANCE SHEET DATE

Corio has sold 12 retail properties in the Netherlands and France for a total amount of € 250.0 million in the first two months of 2014. The majority of the disposals were in The Netherlands. The disposals concern small to medium sized shopping centres, mainly outside the metropolitan conurbation. After finalising these disposals, Corio is ahead of schedule in the execution of the disposal programme in the Netherlands and France. The disposals will have a negative effect on the direct result of 2014.

Including this transaction, Corio has sold 27 projects for in total € 582 million to a variety of buyers since the start of the programme. In executing this we 1) increased the average size of our shopping centres, 2) increased occupancy rates and 3) pushed leverage down. We are confident that these transactions have put us ahead of schedule with our disposal programme, enabling us to focus fully on our strong assets and to embark on a more regular process of asset recycling going forward.

We will also align the organization in the Netherlands and France following our disposals. We will not only reduce staffing but also the organizational structure will be adjusted in the first half year of 2014, to support a more agile, performance driven, culture. As well in France and the Netherlands we will reduce layers in the organisation and enhance profit responsibility at shopping centre level.

# FIVE-YEAR REVIEW

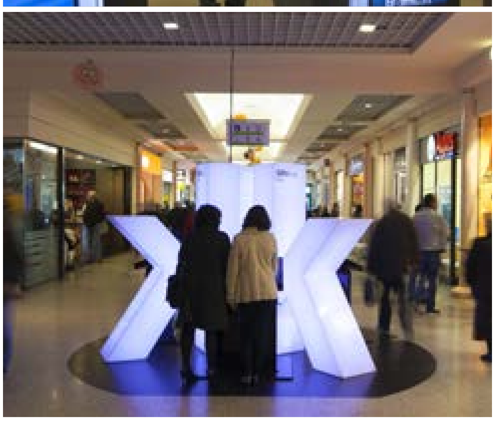
| (x € million) | 2013 | 2012 | 2011 | 2010* | 2009 |
|---|---|---|---|---|---|
| **FINANCIAL** | | | | | |
| Gross rental income | 462.2 | 475.6 | 460.3 | 429.6 | 390.8 |
| Property operating expenses (including service charges) | -82.5 | -78.1 | -63.8 | -61.7 | -53.8 |
| Net rental income | 379.7 | 397.5 | 396.5 | 367.9 | 337.0 |
| Share of direct result of equity accounted investees | 25.7 | 22.7 | 21.0 | 18.1 | 8.7 |
| Revaluations (including result on sales) | -404.5 | -219.6 | 2.6 | 164.4 | -389.7 |
| Share of indirect result of equity accounted investees | -23.0 | -7.1 | -15.5 | 3.0 | -5.6 |
| | | | | | |
| Total result | -250.5 | 16.0 | 218.2 | 375.7 | -131.9 |
| Direct result | 261.2 | 262.0 | 267.0 | 251.0 | 218.2 |
| Indirect result | -511.7 | -246.0 | -48.8 | 124.7 | -350.1 |
| | | | | | |
| Invested in property | 7,007.2 | 7,082.9 | 7,426.5 | 6,988.8 | 5,885.5 |
| Total assets | 7,459.5 | 7,631.0 | 7,961.2 | 7,816.9 | 6,291.2 |
| Shareholders' equity (excluding non-controlling interest) | 3,643.7 | 4,082.5 | 4,206.0 | 4,195.6 | 3,384.1 |
| Leverage (%) | 43.7 | 40.3 | 41.0 | 38.2 | 40.4 |
| Interest coverage ratio | 3.5 | 3.4 | 3.3 | 3.7 | 3.4 |
| Average number of issued shares (million) | 97.41 | 94.66 | 91.80 | 87.25 | 72.16 |
| | | | | | |
| Figures per share (€ 1) | | | | | |
| Total result | -2.57 | 0.17 | 2.38 | 4.31 | -1.83 |
| Direct result | 2.68 | 2.77 | 2.91 | 2.88 | 3.02 |
| Indirect result | -5.25 | -2.60 | -0.53 | 1.43 | -4.85 |
| | | | | | |
| Shareholders' equity | 37.07 | 42.44 | 45.57 | 46.10 | 44.32 |
| | | | | | |
| Dividend | 2.13** | 2.76** | 2.76** | 2.69** | 2.65** |
| | | | | | |
| Highest closing shareprice | 36.95 | 40.93 | 50.23 | 53.95 | 49.20 |
| Lowest closing share price | 28.90 | 31.45 | 28.83 | 36.74 | 25.87 |
| Share price at year-end | 32.58 | 34.32 | 33.61 | 48.02 | 47.69 |
| Average stock exchange turnover on NYSE (shares per day) | 358,559 | 405,037 | 384,103 | 309,044 | 300,800 |
| Market capitalisation year-end (€ billion) | 3.2 | 3.3 | 3.1 | 4.4 | 3.6 |
| | | | | | |
| **BUSINESS** | | | | | |
| Average financial occupancy rate retail including rental guarantees (%) | 96.4*** | 96.9*** | 96.2 | 96.2 | 96.3 |
| Like-for-like retail (%) | -2.2*** | 0.0*** | 1.9 | 1.9 | 1.7 |
| Reletting and renewal retail, increase in rent (%) | -0.5*** | 0.4*** | 6.6 | 3.8 | 7.2 |
| Share portfolio in retail (%) | 99 | 99 | 97 | 96 | 94 |
| Pipeline (€ billion) | 1.2 | 1.8 | 1.9 | 2.5 | 2.0 |
| Average Net Theoretical Yield retail portfolio (%) | 6.8 | 6.6 | 6.5 | 6.5 | 6.7 |
| Total footfall in Corio centres (million) | 420 | 415 | 410 | 400 | 360 |

* Numbers are restated with regard to Equity Accounted Investees where appropriate.

** In cash or shares.

*** FMP

# 5 TOP 10 VALUE LE GRU TURIN

| | |
|---|---|
| VALUE | € 335.2 MILLION |
| TOTAL GLA | 78,500 $M^2$ |
| FOOTFALL | 12.8 MILLION |
| SHOPS | 170 |
| PARKING SPACES | 4700 |
| CATCHMENT AREA | 1,500,000 |

# 6 TOP 10 VALUE CAMPANIA NAPLES

| | |
|---|---|
| VALUE | € 318.7 MILLION |
| TOTAL GLA | 108,000 $M^2$ |
| FOOTFALL | 11.4 MILLION |
| SHOPS | 177 |
| PARKING SPACES | 7000 |
| CATCHMENT AREA | 2,100,000 |

# VALUATIONS

CAMPANIA,NAPLES

### VALUATION POLICY AND METHODS

Corio's valuation policy entails a quarterly appraisal of fair value for the operational and development portfolio. External valuations are performed twice per year at 30 June and 31 December for all operational investment properties generating rental income and all relevant investment properties under development. All external valuations comply with IFRS and are performed in compliance with the valuation standards in the 'Red Book' of the Royal Institute of Chartered Surveyors (RICS) and the International Valuation Standards of the International Valuation Standard Committee (IVSC). They are carried out by independent certified appraisers with recognised and relevant professional qualifications and experience within the local market and the category of properties to be valued. The three appraisers appointed by Corio since 2010 are: CB Richard Ellis (CBRE), DTZ and Jones Lang LaSalle (JLL). A part of the portfolio was still valued by its former appraisers. This concerns the remaining French office portfolio (JLL France), the Real Estate Investment Trust Akmerkez (EVA) and the joint venture Porta di Roma (Cushman & Wakefield). Each of Corio's local business units works with at least two independent appraisers. At least once every three years a rotation or change in appraisers takes place. In accordance with this policy the portfolio has been reallocated between the appraisers for the 2014-2016 valuation period. To assure the independence of the appraisers, valuation fees are not directly related to the current market value of the properties.

For the valuations at half year and year-end 2013 half the portfolio was appraised on the basis of a full valuation and half on the basis of an update valuation. Corio provided the appraiser with adequate information to conduct a comprehensive valuation. The valuation methods used are the discounted cash flow method and the direct capitalisation method, in which market parameters concerning rents and yields are based on comparable and current market transactions. Reference transactions for both market rent and yield are included in the valuation report. For development projects the residual value method is used. The residual value is derived by determining the market value of the property upon completion using one of the above methods, less all estimated remaining cost including profit and risk allowance. Internal valuations are performed at 31 March and 30 September each year. The local business units conduct these internal valuations in consultation with Corio Holding and with the external appraisers. The external appraisers provide a market letter to Corio with the latest quarterly update for each home country of the property investment market and of estimated yield and rent movements. The approach of internal valuations is based on the direct capitalisation method.

The valuation numbers reported below are excluding equity accounted investees unless otherwise stated. All references to values are based on the appraised value before IFRS adjustments of capitalized lease incentives which amounted to € 1.3 million negative at year-end 2013.

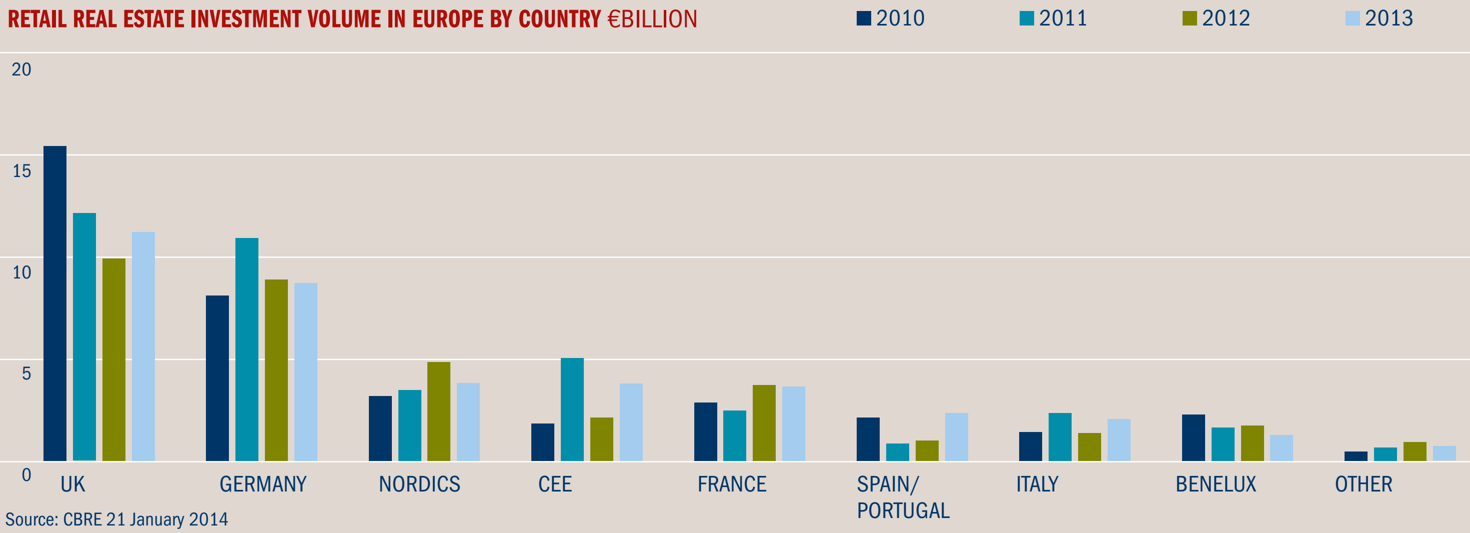
### EUROPEAN RETAIL INVESTMENT MARKET

Commercial real estate investment activity in Europe totalled € 53.4 billion in Q4 2013, showing an uplift of 19% compared to Q4 2012 and 46% compared to Q3 2013.

European retail investment grew to € 13.7 billion in Q4, representing a 50% increase on the three-year quarterly average of € 9.2 billion. Just as in Q3 2013, the last quarter provided substantial evidence of broadening investor demand and of investors starting to move further along the risk spectrum. Recent economic improvements together with relative pricing and product availability are the drivers behind this change in sentiment. Total European retail investment in 2013 was € 37 billion, which was a 9% increase compared to 2012.

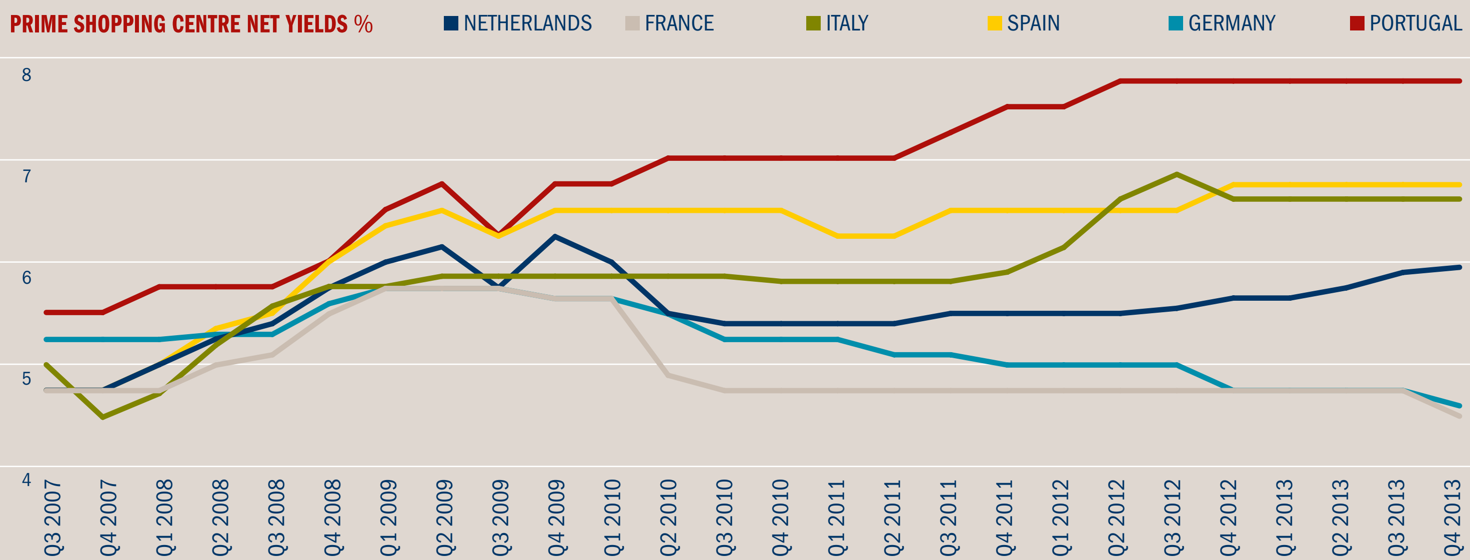
In the Corio home countries retail investment market performance was diverse. There are signs of improvement in the southern European markets Italy and Spain which have seen more investors bidding on opportunities. In 2013 this turned into an uplift in investor activity of respectively 52% and 124% compared to 2012.
On the other hand, in most of Western Europe the volume of retail investments was lower in 2013 than in 2012. France and Germany are becoming increasingly constrained in terms of the availability of prime retail investment stock. Since late 2010 many core assets have changed hands, amid low new development activity. The constraints are also evident in the latest investment transactions: there are fewer transactions of over € 100 million and notably fewer shopping centres changing hands.

**RETAIL REAL ESTATE INVESTMENT VOLUME IN EUROPE BY COUNTRY €BILLION**




Source: CBRE 21 January 2014

**PRIME SHOPPING CENTRE NET YIELDS %**




Source: CBRE Research with Italy corrected to net yield based on 8% average operational expenses and 2% purchaser cost

The Netherlands was the only European country where retail investment decreased in Q4 2013 compared to the three year quarterly average and total Q4 volume was down 25%. The Netherlands has been lagging behind other European countries in terms of economic recovery, consumer confidence and retail spending and the recovery of the retail investment market is also expected to take longer to materialise.

The increasing interest of investors in retail in Italy and Spain comes after considerable upward yield movements in these markets during the crisis years. The fact that investment activity is picking up again is an indication that yields are starting to stabilise and that the price gap between sellers and buyers is becoming smaller. However this is primarely the case for prime and well performing secondary properties as they remain in short supply. This also applied to France and Germany, where yields for prime properties even contracted in the last quarter of 2013. The Netherlands was again an exception as yields for prime properties moved out slightly by 0-10 bps. Only the very best properties in the Dutch market were immune for a yield shift. In contrast, yields for less performing secondary properties showed quite a substantial increase in 2013 in all Corio home markets. These properties often suffer from increasing levels of vacancy, poor trading performance or a high level of competition and are therefore still viewed with much more caution by potential buyers.

### YIELDS FOR THE PORTFOLIO

Market yield movements were also reflected in the Corio valuations as per 31 December 2013. For prime properties, yields generally remained at the same level as year-end 2012. Yields on secondary properties rose between 25 and 350 bps. This was especially the case for this category of properties in The Netherlands, France and Spain. As a result the overall yield for the Corio retail portfolio increased by 20 bps from 6.6% to 6.8% in 2013.
When differentiating the retail portfolio between Favourite Meeting Places (FMP's) and Traditional Retail Centres (TRC's), the yield for the TRC portfolio increased by 181 bps in 2013 to 9.3%, whereas for the FMP portfolio the yield contracted by 2 bps on average and remained at 6.4%.

Within the FMP portfolio in the Netherlands, yields for the most prime properties, such as the extension of Hoog Catharijne in Utrecht and Alexandrium in Rotterdam, remained stable. Non-prime properties predominately in the TRC portfolio, such as Kopspijker in Spijkenisse, faced a substantial yield increase. On balance, while the average yield for the Dutch FMP portfolio in 2013 increased by 11 bps to 6.4%, the yield on the TRC portfolio moved out by 318 bps to 10.5%. This increase was partly caused by the adoption of the under offer prices for several properties that have been sold after 31 December 2013, early 2014.

## WEIGHTED AVERAGE NET THEORETICAL YIELDS* FOR THE PORTFOLIO IN OPERATION INCLUDING EQUITY ACCOUNTED INVESTEES**

| | 31-12-2013 NTY | | | 30-06-2013 NTY | | | 31-12-2012 NTY | | | Difference in basis points 2011-2012 | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Total | FMP | TRC | Total | FMP | TRC | Total | FMP | TRC | Total | FMP | TRC |
| Retail | | | | | | | | | | | | |
| Netherlands | 7.1% | 6.4% | 10.5% | 6.7% | 6.3% | 8.1% | 6.5% | 6.3% | 7.3% | 60 | 11 | 318 |
| France | 6.1% | 5.5% | 8.4% | 6.3% | 5.6% | 8.0% | 6.0% | 5.6% | 7.0% | 9 | -7 | 136 |
| Italy | 6.6% | 6.5% | 7.4% | 6.7% | 6.6% | 7.4% | 6.6% | 6.5% | 7.1% | 2 | 0 | 26 |
| Germany | 6.0% | 6.0% | | 5.8% | 5.8% | | 6.2% | 6.2% | | -20 | -20 | |
| Spain/Portugal | 8.0% | 7.0% | 10.1% | 7.7% | 7.0% | 9.1% | 7.5% | 7.0% | 8.8% | 46 | 7 | 126 |
| Turkey | 8.4% | 8.3% | 8.8% | 8.4% | 8.4% | 7.4% | 8.2% | 8.1% | 8.4% | 21 | 21 | 40 |
| **Total** | **6.8%** | **6.4%** | **9.3%** | **6.7%** | **6.4%** | **8.1%** | **6.6%** | **6.4%** | **7.5%** | **20** | **-2** | **181** |
| Other | 14.9% | | | 13.1% | | | 10.7% | | | 412 | | |
| **Total Corio** | **6.9%** | | | **6.8%** | | | **6.7%** | | | **23** | | |

* The Net Theoretical Yield (NTY) is calculated as a result by dividing the Net Theoretical Rental Income by the Net Market Value. The Net Theoretical Rental Income is the sum of the annualised contractual rent (excl discounts and rent incentives) plus turnover based rent plus other income plus market rent for vacancy minus total non-recoverable operating expenses.

** In the calculation of the yields the property value and income of equity accounted investees have been taken into account proportionally for the Corio share. These relate to the properties CC Mayol (40% Corio Interest), Le Kupka (40% Corio Interest), Porta di Roma (50% Corio Interest), Città Fiera (49% Corio Interest) and Akmerkez (47 % interest).

In France yields for the strongest properties in the FMP portfolio remained stable and in some cases even slightly decreased in 2013. The average yield for the FMP portfolio contracted 7 bps to 5.5%. For the TRC portfolio the yield increased by an additional 36 bps in the second half of 2013, on top of the 100 bps in the first half of the year, reaching 8.4%. Also in France, part of the yield increase in the TRC portfolio was the result of a downward value adjustment to the sale price for a group of properties which has been sold in Q4 2013 but will be transferred to the new owners in 2014. This includes Quais d'Ivry, La Grand Porte, La Mayenne, Galerie de l'Espace du Palais and Portes de Chevreuse.

The yield of the predominantly prime Italian operating retail portfolio remained stable in 2013 at 6.6%. This was the result of strong performance and proven stability of most properties. The yield for the least prime properties of the TRC portfolio increased 26 bps in 2013 to reach a level of 7.4%.

The TRC portfolio in Spain showed a yield increase of 126 bps to 10.1%. The yield for the FMP portfolio was not affected and stabilised at 7.0%. The average yield for the total portfolio increased by 46 bps to 8.0%.

For the German properties in operation, the weighted average yield decreased by 20 bps in 2013 from 6.2% to 6.0%. This was caused by the addition to the portfolio of Boulevard Berlin for which the yield at year-end 2013 stood at 5.6%. Since Centrum Galerie in Dresden was transferred to the development portfolio in Q2, the net theoretical yield for this property of 5.8% was excluded from the average yield for the German operational portfolio at year-end.

The yield for Turkey stabilised at 8.4% in the second half of 2013 after increasing by 20 bps in the first half. This increase in yield can mainly be attributed to shopping centres Tarsu and Ada, both of which were affected by rent reductions, more risk for vacancy and increasing competition.

### VALUE OF THE PORTFOLIO

In 2013 the appraised value of the operational investment property portfolio declined to € 6,065.1 million from € 6,228.0 million. Total revaluations over this period were € 359.6 million negative, which includes a € 37.1 million net loss on sales. Of this total, € 165.7 million negative were in the first half of the year and € 193.9 million in second half.

The total amount of revaluations in the year to date is the balance of € 76.3 million of positive revaluations (including profit on sales) and € 435.9 million of negative revaluations (including loss on sales). Other effects on total value were mainly caused by dispositions and by new additions to the portfolio, either by acquisitions or developments coming on stream and investments in the portfolio. The different components of this movement for 2013 are shown in the chart below.

Acquisitions relate to shopping centre Boulevard Berlin in Berlin (€ 366 million), which took place in Q1 and shopping centre Oosterheem in Zoetermeer (€ 38.1 million), which was completed and also added to the investment portfolio in Q1. Further the Zone Azur in Grand Littoral in Marseille and several smaller redevelopments were completed and were transferred from the development portfolio to the operational portfolio at the end of Q3. The remaining operational part of Centrum Galerie Dresden was also moved to the development portfolio in Q2 as the current redevelopment works are affecting the leasing of the majority of the centre. Finally ten properties for a total consideration of € 225 million were disposed and transferred in 2013. These concerned eight operational properties for € 204 million and two properties under construction for € 21 million.

The value of the property portfolio under construction, including land, increased to € 594.5 million from € 486.6 million. Total revaluations amounted to € 43.6 million negative which was the balance of € 2.9 million of positive revaluations and € 46.5 million of negative revaluations including loss on disposals.

The transfer of an additional part of Centrum Galerie Dresden to the development portfolio increased the value of the portfolio under development in 2013. This was partly offset by the earlier mentioned move of Zone Azur to the operational portfolio. The properties Monoprix in Mulhouse, France and the land in Malatya, Turkey were disposed of in 2013. New investments in the development projects (€ 97.9 million) were mainly related to Centrum Galerie Dresden in Germany, Grand Littoral in France and New Hoog Catharijne in the Netherlands.

### REVALUATION OF THE PORTFOLIO

In 2013 the total revaluation for the portfolio was 5.5% negative. Looking at the operational FMP portfolio, the revaluation percentages were considerably less negative in all home countries. The revaluation for the FMP operational portfolio was 1.0% negative (-€ 53.3 million) compared to 21.7% negative (-€ 286.7 million) for the TRC portfolio.

## REVALUATION OF THE PORTFOLIO 2013 EXCLUDING EQUITY ACCOUNTED INVESTEES

| (€ million) | Netherlands | France | Italy | Spain/ Portugal | Germany | Turkey | Total |
|---|---|---|---|---|---|---|---|
| Retail | -160.3 | -100.4 | 38.1 | -100.0 | -10.7 | -6.7 | -340.0 |
| Retail (%) | -8.2% | -6.2% | 3.3% | -14.0% | -1.2% | -1.9% | -5.1% |
| FMP | -30.2 | -1.5 | 40.8 | -51.7 | -10.7 | 0.0 | -53.3 |
| FMP (%) | -1.9% | -0.1% | 3.6% | -10.2% | -1.2% | 0.0% | -1.0% |
| TRC | -130.1 | -98.9 | -2.6 | -48.3 | | -6.8 | -286.7 |
| TRC (%) | -26.1% | -19.1% | -8.4% | -20.4% | | -19.3% | -21.7% |
| Other | -16.9 | -2.8 | | | | | -19.7 |
| Other (%) | -32.6% | -20.7% | | | | | -30.2% |
| Operational | -177.2 | -103.1 | 38.1 | -100.0 | -10.7 | -6.7 | -359.6 |
| Operational (%) | -8.9% | -6.4% | 3.3% | -14.0% | -1.2% | -1.9% | -5.4% |
| Development | -7.2 | -11.7 | 0.0 | | -22.8 | -1.8 | -43.6 |
| Development (%) | -5.7% | -5.0% | 0.0% | | -7.0% | -13.5% | -6.6% |
| **Total Retail** | **-167.4** | **-112.1** | **38.1** | **-100.0** | **-33.5** | **-8.5** | **-383.4** |
| **Total Retail (%)** | **-8.1%** | **-6.3%** | **3.3%** | **-14.0%** | **-3.0%** | **-2.3%** | **-5.3%** |
| **Total FMP** | **-37.2** | **-12.5** | **40.8** | **-51.7** | **-33.5** | **0.0** | **-94.1** |
| **Total FMP (%)** | **-2.2%** | **-1.0%** | **3.6%** | **-10.2%** | **-3.0%** | **0.0%** | **-1.6%** |
| **Total TRC** | **-130.2** | **-99.6** | **-2.6** | **-48.3** | | **-8.6** | **-289.3** |
| **Total TRC (%)** | **-26.1%** | **-18.8%** | **-8.4%** | **-20.4%** | | **-17.7%** | **-21.3%** |
| **Total Other** | **-17.0** | **-2.8** | | | | | **-19.8** |
| **Total Other (%)** | **-32.8%** | **-9.5%** | | | | | **-24.4%** |
| **Total** | **-184.4** | **-114.9** | **38.1** | **-100.0** | **-33.5** | **-8.5** | **-403.2*** |
| **Total (%)** | **-8.7%** | **-6.4%** | **3.3%** | **-14.0%** | **-3.0%** | **-2.3%** | **-5.5%** |

* Excluding IFRS adjustment on capitalised incentives of € 1.3 million.

This difference was primarily caused by value adjustments for TRC properties in the Netherlands, Spain and France. A significant part of the TRC portfolio in the Netherlands has been sold shortly after balance sheet date. For the properties involved, the agreed sales prices were adopted. For the development portfolio, only the Netherlands showed a positive revaluation which was related to the New Hoog Catharijne project.

As a result of these value adjustments total revaluation of the operational portfolio in the Netherlands amounted to € 177.2 million negative (-8.9%). For only the retail portfolio this was € 160.3 million negative (-8.2%). These amounts are including total profit and loss on disposals of € 11.8 million negative. Positive revaluations regarded only a small selection of the most prime properties in the Dutch portfolio such as Hoog Catharijne and Alexandrium in Rotterdam. The total revaluation for the properties under construction amounted to € 7.2 million negative.
In case of the Leidsche Rijn project in Utrecht, an additional provision was required as a result of a decrease in the market value of the shopping centre at completion. This was related to further deteriorating market circumstances in the Dutch real estate investment market. The additional provision amounted to € 21.8 million, leading to a total provision for the project of € 35.9 million in 2013. This provision is not reflected in the revaluation numbers of 2013 as it concerns a turn-key project.

The revaluation of the operational portfolio in France, excluding equity accounted investees, amounted to € 103.1 million negative, of which € 25.2 million was a net loss on disposals. This is a decline of -6.4% compared to year-end 2012. Positive revaluations were for FMP's Grand Place, Centre Deux and Nice TNL.

On the contrary, revaluation for the operational portfolio in Italy was positive. This reflected better performance in a still difficult economy. Total increase was € 38.1 million excluding equity accounted investees. Revaluations were predominately the result of rental growth by re-lettings and renewals and indexations. The revaluation of equity accounted investee Porta di Roma was slightly positive. The current transformation of this property, which will contribute to an increase in rent, was included in the valuation. For the only development property, Nave de Vero in Venice, the value increased to reflect investments done over the year and revaluation was zero.

The total revaluation at year-end for the Spanish portfolio was € 100 million negative. The better performing properties with a stable competitive position, such as Ruta de la Plata and Maremagnum, showed a stable value or relative smaller decrease.

On a year-to-date basis the revaluation for the German operational portfolio was € 10.7 million negative. Positive revaluations were related to Boulevard Berlin and to Forum Duisburg.

Revaluations for the Turkish portfolio were negative (total down € 8.5 million excluding Akmerkez). Revaluations were positive for Tekira, which reflected rent increase, and Anatolium, reflecting lower operational expenses and the better establishment of the centre. The values of Teras Park and 365 remained virtually stable. In the case of Teras Park the extension of the centre with the Media Markt had a positive effect on the value. With regard to Akmerkez, the revaluation in terms of the property value was negative (down € 17.3 million). The development portfolio of Turkey consisted of the land site in Malatya which was sold in Q4.

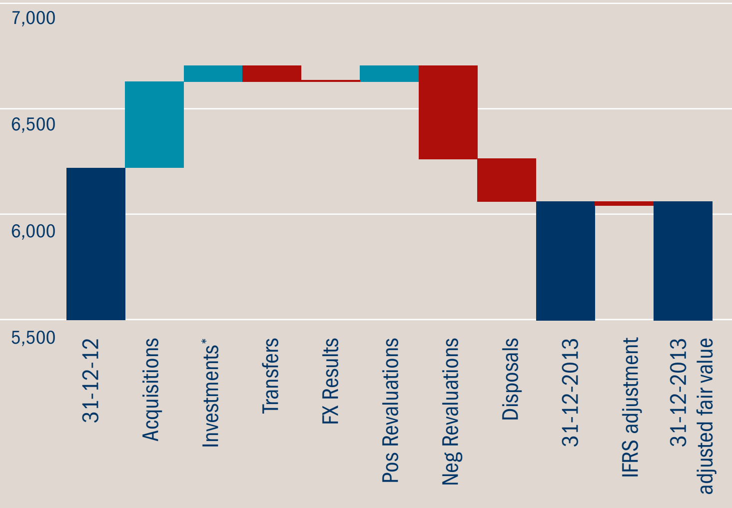
## CHANGES IN VALUE: OPERATIONAL PORTFOLIO BY COUNTRY

| Retail | Net Market Value | | Revaluation | | Other Movements |
|---|---|---|---|---|---|
| | € million | | € million | % | € million |
| | 31-12-'13 | 31-12-'12 | | | |
| Netherlands | 1,708.5 | 1,895.4 | -160.3 | -8.2% | -27 |
| France | 1,382.7 | 1,519.0 | -100.4 | -6.2% | -36 |
| Italy | 1,193.6 | 1,152.0 | 38.1 | 3.3% | 3 |
| Germany | 769.5 | 537.7 | -10.7 | -1.2% | 242 |
| Spain/Portugal | 612.8 | 707.4 | -100.0 | -14.0% | 5 |
| Turkey | 352.5 | 359.6 | -6.7 | -1.9% | 0 |
| Total Retail | 6,019.6 | 6,171.1 | -340.0 | -5.1% | 188 |
| FMP | 5,191.8 | 5,057.1 | -53.3 | -1.0% | 188 |
| TRC | 827.8 | 1,114.0 | -286.7 | -21.7% | 0 |
| Total Other | 45.5 | 56.9 | -19.7 | -30.2% | 8 |
| Total Operating | 6,065.1 | 6,228.0 | -359.6 | -5.4% | 197 |

## CHANGES IN VALUE: DEVELOPMENT PORTFOLIO BY COUNTRY

| Retail | Net Market Value | | Revaluation | | Other Movements |
|---|---|---|---|---|---|
| | € million | | € million | % | € million |
| | 31-12-'13 | 31-12-'12 | | | |
| Netherlands | 116.6 | 93.1 | -7.1 | -5.6% | 31 |
| France | 141.9 | 198.8 | -11.7 | -5.4% | -45 |
| Italy | 4.9 | 7.5 | 0.0 | 0.0% | -3 |
| Germany | 303.6 | 146.4 | -22.8 | -7.0% | 180 |
| Spain/Portugal | | | | | |
| Turkey | 0.0 | 13.3 | -1.8 | -13.5% | -11 |
| Total Retail | 578.6 | 470.6 | -43.4 | -6.8% | 151 |
| FMP | 563.6 | 432.5 | -40.8 | -6.8% | 172 |
| TRC | 15.0 | 38.2 | -2.6 | -6.8% | -21 |
| Total Other | 15.9 | 15.9 | -0.1 | -0.9% | 0 |
| Total Development | 594.5 | 486.6 | -43.6 | -6.6% | 152 |

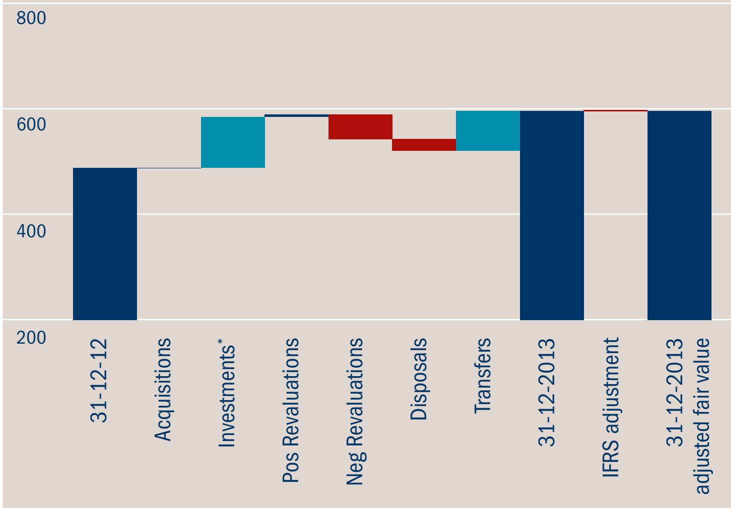
## CHANGES IN VALUE: OPERATIONAL PORTFOLIO** € MILLION




* Positive revaluations include profit on sales and negative revaluations include loss on sales

** Total IFRS adjustment on capitalised lease incentives for the Corio portfolio amounts to € 1.3 million of which € 1.2 million relates to the operational portfolio

## CHANGES IN VALUE: DEVELOPMENT PORTFOLIO** € MILLION




* Investments include capitalised interest

** Total IFRS adjustment on capitalised lease incentives for the Corio portfolio amounts to € 1.3 million of which € 0.02 million relates to the development portfolio

# 7 TOP 10 VALUE GRAND PLACE GRENOBLE


| | |
|---|---|
| VALUE | € 310.2 MILLION |
| TOTAL GLA | 94,100 $M^2$ |
| FOOTFALL | 13 MILLION |
| SHOPS | 165 |
| PARKING SPACES | 4060 |
| CATCHMENT AREA | 606,000 |

# 8 TOP 10 VALUE ALEXANDRIUM ROTTERDAM



| | |
|---|---|
| VALUE | € 283.1 MILLION |
| TOTAL GLA | 108,000 $M^2$ |
| FOOTFALL | 9.4 MILLION |
| SHOPS | 183 |
| PARKING SPACES | 1140 |
| CATCHMENT AREA | 2,500,000 |

# DEVELOPMENT REVIEW

**FRÉDÉRIC FONTAINE (1958)**
**CDO and Member of the Management Board**
Appointed from 1 May 2012 to 1 May 2016

French nationality

**Ancillary positions** None

IN 2013 WE STARTED TO SEE THE FIRST BENEFITS OF THE CURRENT REDEVELOPMENT PROGRAMME, WHICH IS ONE OF THE COMPONENTS OF OUR FAVOURITE MEETING PLACE STRATEGY. SOME GOOD EXAMPLES ARE:

In **Le Gru** in Turin the **Zara** store had been moved and extended from 1,600 to 2,800 m² and **Bershka** entered the shopping centre with a 1,400 m² store.

In **Grand Littoral** in Marseille, **Primark** has opened a 7,500 m² GLA store, while **H&M** and **Zara** have doubled their store sizes to 2,400 and 2,200 m².

In **Porta di Roma** a large re-tenanting programme allowed **Pelizzari** to open a prime multi-brand store of 2,800 m², **H&M** to increase its floor space to 2,800 m² and **Desigual** to open on 600 m² and **Massimo Duti** on 800 m².

In **Anatolium** in Bursa the same happened with one of the leading Turkish brands, **Koton**, which doubled its store size to 1,600 m².

In **La Loma** in Jaen, the opening of the first **H&M** store in the city on 1,500 m² was a big event that has boosted footfall.

In **Campania** in Naples, **Zara** increased its store from 1,700 to 3,500 m² creating its second largest store in Italy.


## BEST RETAILERS WANT MORE FLAGSHIPS

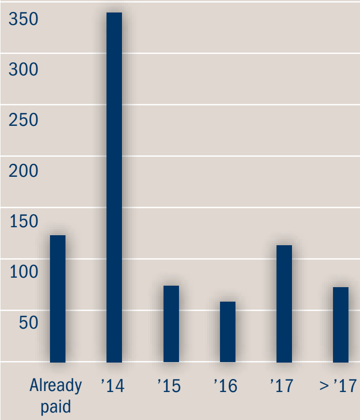
THE STRENGTH OF THE FLAGSHIP STORE REACHED NEW HEIGHTS IN 2013 AND AT CORIO WE WERE ABLE TO TAKE ADVANTAGE OF THIS TREND THANKS TO THE FACT THAT MANY OF OUR PROPERTIES WERE UNDERGOING LARGE-SCALE RE-DEVELOPMENTS, TO MEET THE NEEDS OF RETAILERS.

In these economically stressed times, paradoxically the most successful retailers are still opening new stores, many of which are flagship, in the best European shopping centres. These flagship stores are larger than average in the past and show off the brand's best concept of fitting out. Corio has anticipated this trend for several years and we had prepared fine-tuned renovation programmes in order to offer to retailers and shopping centre visitors the best brands with their most powerful concept stores.

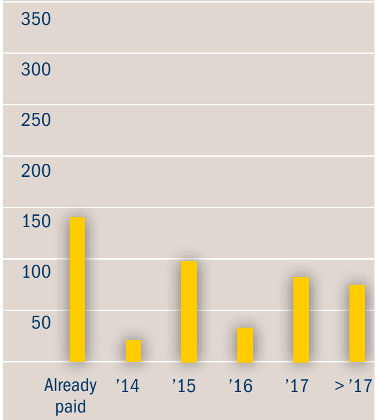
All these outstanding flagship stores are part of larger re-tenanting developments that bring many new brands into these shopping centres, creating more persuasive propositions for visitors. These re-development actions are still ongoing and include projects that are well underway, for example as in the new phase of the Hoog Catharijne extension in Utrecht, or the re-development of Centrum Galerie in Dresden. The first floor has been transformed into spectacular double-floor façade stores. Together with the Primark store, this will create an impressive and attractive retail environment. Besides these re-developments, Corio is creating new shopping centres such as the Nave de Vero project in Venice. Owing to its prime location and outstanding architecture, the project is attracting the best international and national brands, which will contribute to making Nave de Vero the prime mall in the region when it opens in the second quarter of 2014.

Another new project is the Markthal in Rotterdam that will open in the fourth quarter 2014 featuring the most innovative food offering in the Netherlands.

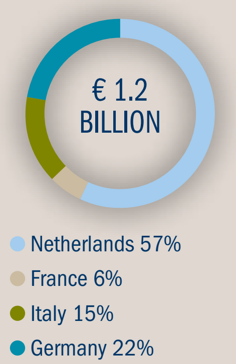
**PAYMENT SCHEDULE COMMITTED** (€ M)




**PAYMENT SCHEDULE DEFERRABLE** (€ M)

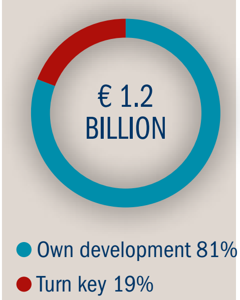



**PIPELINE SPREAD** BY VALUE (%)




**PIPELINE SPREAD COMMITTED/ DEFERRABLE** BY VALUE (%)


**PIPELINE SPREAD OWN DEVELOPMENT/ TURN KEY** BY VALUE (%)




**TOTAL PIPELINE** (€ M) 31 DECEMBER 2013

| | Committed | Deferrable | Total | % of total |
|---|---|---|---|---|
| Already invested | 125.3 | 139.1 | 264.4 | 22% |
| Cost to completion | 654.8 | 303.8 | 958.6 | 78% |
| Total pipeline | 780.1 | 442.9 | 1,223.0 | 100% |
| % of total | 64% | 36% | 100% | |

The total pipeline decreased 33% from € 1.8 billion to € 1.2 billion in 2013.

Three projects were taken into operation and one project in Italy was cancelled.

Palazzo del Lavoro in Turin has been cancelled for administrative reasons and therefore taken out of the pipeline. Corio has decided to postpone the re-development of the Zone Emeraude to take more advantage of the successful opening of Zone Azur. During the first quarter 2013 we also committed to realise the second phase of the Hoog Catharijne redevelopment scheme. This involves an investment of € 287 million, which we moved from the deferrable pipeline into the committed pipeline. With these and some smaller changes in the composition of the pipeline the overall picture is as shown on the table below. The yield on cost of the pipeline improved from 7.4% at year-end 2012 to 7.6% at year-end 2013. The investments include finance charges and internal costs.

## PIPELINE

As of 31 December 2013, there were 11 projects in Corio's pipeline. All of them qualify as a Favourite Meeting Place. The pipeline consists of our own (re)development projects, accounting for 81% of the total pipeline in value and turn key projects (19%). The pipeline projects are divided into committed and deferrable, depending on the status of the projects. Unlike projects in the committed pipeline, projects in the deferrable pipeline have not yet been launched and are in full control of Corio, who decides when the time is right to commit. We provide precise definitions of these classifications in the definition list in the back of this report.

Corio continually evaluates the risk/return profile of projects in the light of changing market circumstances and Corio's short and long-term strategy. Due to the dynamics and long lead times of retail projects of this kind, the amounts to be invested, completion dates and anticipated yields may be subject to change and are therefore closely monitored.

The value of projects in the committed pipeline on 31 December 2013 decreased to € 780.1 million (including € 125.3 million already invested) from € 887.3 million (including € 123.4 million already invested) on 31 December 2012. The committed pipeline consists of seven projects, three of which are new developments and four relate to existing centres. During 2013 three projects were taken from the committed pipeline into operation: Boulevard Berlin, Oosterheem in Zoetermeer and Zone Azur of Grand Littoral in Marseille. A part of Hoog Catharijne has been transferred from deferrable to the committed pipeline. On 31 December 2013, the yield on the total costs (projected net rental income as a percentage of investments, including financing and management costs) of the projects in the committed pipeline was 7.0%.

Projects in the deferrable pipeline on 31 December 2013 represented a total investment of € 442.9 million (2012: € 920.6 million), including € 139.1 million (2012: € 159.6 million) already invested. This pipeline category consisted of four projects, one of which is a new development and three are extensions of existing centres. On 31 December 2013, the yield on the total costs as defined above was 8.8% for this part of the pipeline.

For a complete overview of the committed pipeline, see the pipeline overview in the back of this report.

## ALREADY INVESTED AND SECURITIES

It is Corio's policy to obtain securities such as bank guarantees for amounts that Corio has invested in projects that can be cancelled or waived. The amounts already invested in Corio's own developments are already part of Corio's development portfolio. They are therefore included in Corio's consolidated balance sheet as 'investment property under development'.

# PIPELINE PROJECTS

## HOOG CATHARIJNE UTRECHT

Hoog Catharijne is the Netherlands' most visited shopping centre, with its more than 26 million annual visitors. The vast complex is mid-way through a 10-year redevelopment scheme that foresees the creation of the most attractive retail destination in the Netherlands. Vredenburg, the first phase, is now completed and has proven highly successful, with tenants including Zara, Starbucks, Polarn o Pyret and The Sting flagships. This bodes well for the next phases that will progressively open until 2018, offering outstanding opportunities for international and national retailers to open impressive flagships and launch innovative concepts and services.

## MARKTHAL ROTTERDAM

The Markthal project features a high quality, sheltered, fresh market mixed with restaurants, retail units and a supermarket. The construction is progressing well and completion is forecast for the fourth quarter of 2014. The project's outstanding architecture and innovative commercial concepts, together with the high footfall in this part of the city, will produce an exciting new destination in Rotterdam.

## NAVE DE VERO, MARGHERA / VENICE

Nave de Vero is a 38,800 m² GLA shopping centre which opening is foreseen in the second quarter of 2014. The construction is on time and on budget. This high quality centre together with the existing Multiplex cinema and Leroy Merlin store located next door will constitute the main retail destination in the Venetian region. Leasing campaign is successful and will offer the best international and national brands to the visitors.

## CENTRUM GALERIE DRESDEN

Since its opening in September 2009 Centrum Galerie has experienced good footfall owing to its prime location on Prager Strasse, the best retail street in Dresden. However, because of conceptual weaknesses and a poor merchandising mix it cannot capture its full potential. The reconfiguration project is progressing well. The Media Markt store has been moved and downsized to 3,500 m² and the food court re-opened at the end of November 2013. The last phase is now ongoing with the creation of the Primark store and fashion flagship stores on the first floor.

# 9 TOP 10 VALUE
# FORUM DUISBURG DUISBURG


| | |
|---|---|
| VALUE | € 241.9 MILLION |
| TOTAL GLA | 57,800 $M^2$ |
| FOOTFALL | 9 MILLION |
| SHOPS | 90 |
| PARKING SPACES | 1153 |
| CATCHMENT AREA | 500,000 |

# 10 TOP 10 VALUE
# CENTRUM GALERIE DRESDEN


| | |
|---|---|
| VALUE | € 212.6 MILLION |
| TOTAL GLA | 64,400 M$^2$ |
| FOOTFALL | 8 MILLION |
| SHOPS | 100 |
| PARKING SPACES | 1100 |
| CATCHMENT AREA | 1,000,000 |

# OPERATIONAL REVIEW

## OPERATIONAL PORTFOLIO YEAR-END

| | Lettable area* (x 1,000 m²) | | Annualised rent** (€ million) | | Occupancy rate (%) | | Value** (€ million) | |
|---|---|---|---|---|---|---|---|---|
| | 2013 | 2012 | 2013 | 2012 | 2013 | 2012 | 2013 | 2012 |
| FMP | 1,354 | 1,368 | 405.5 | 405.4 | 96% | 97% | 5,942 | 5,851 |
| TRC | 472 | 456 | 102.5 | 103.9 | 87% | 90% | 1,027 | 1,295 |
| Other | 91 | 93 | 15.0 | 14.9 | 77% | 82% | 91 | 115 |
| **Total** | **1,917** | **1,917** | **523.0** | **524.2** | **94%** | **94%** | **7,060** | **7,260** |

## FMP RETAIL (BY COUNTRY YEAR-END 2013)

| | Netherlands | France | Italy | Germany | Spain/ Portugal | Turkey | Total |
|---|---|---|---|---|---|---|---|
| Lettable floor area (x 1,000 m²)* | 325 | 221 | 284 | 191 | 108 | 225 | 1,354 |
| Occupancy rate (financial) (%) | 97% | 93% | 98% | 99% | 86% | 94% | 96% |
| Value of operational portfolio (€ million)** | 1,398 | 1,227 | 1,640 | 769 | 425 | 482 | 5,942 |
| Total annualised rent (€ million)** | 92 | 71 | 115 | 45 | 35 | 48 | 405 |
| Annualised rent per m² per year (€) | 283 | 322 | 404 | 235 | 323 | 213 | 300 |
| Value per m² (€) | 4,305 | 5,563 | 5,770 | 4,031 | 3,932 | 2,142 | 4,390 |

## TRC RETAIL (BY COUNTRY YEAR-END 2013)

| | Netherlands | France | Italy | Germany | Spain/ Portugal | Turkey | Total |
|---|---|---|---|---|---|---|---|
| Lettable floor area (x 1,000 m²)* | 186 | 128 | 56 | | 77 | 25 | 472 |
| Occupancy rate (financial) % | 90% | 86% | 92% | | 82% | 89% | 87% |
| Value of operational portfolio (€ million)** | 311 | 295 | 205 | | 188 | 28 | 1,027 |
| Total annualised rent (€ million)** | 33 | 28 | 16 | | 22 | 3 | 102 |
| Annualised rent per m² per year (€) | 177 | 221 | 294 | | 285 | 111 | 217 |
| Value per m² (€) | 1,669 | 2,305 | 3,673 | | 2,427 | 1,140 | 2,175 |

* Includes the Corio part and for EAI where Corio has control 100% of the floor area.
** Includes 100% of the property value and annualised rent for EAI's in case of joint ventures.

In December 2012, Corio announced its intentions to fully focus its portfolio on its Favourite Meeting Place (FMP) concept. The FMP concept is to create strategically located, attractive shopping and leisure destinations where people go to by choice to window shop, meander, shop, eat and drink and return to regularly, not because they need to, but because they want to. We are convinced that Favourite Meeting Places will generate greater economic activity, as reflected in higher footfall and conversion rates. Over time, these centres will deliver higher capital value and cash flow growth, based on their greater appeal for tenants and for extension or redevelopment opportunities.

As of 2012 we are reporting our performance in a segmented way. We are reporting on the performance of the properties that meet our Favourite Meeting Places definition separately from the Traditional Retail Centres. The other properties consist of the remaining offices and two industrial properties. They account for 1% of total assets by valuation.

### PORTFOLIO

At year-end 2013, retail properties accounted for 99% of the Corio portfolio, of which the FMPs account for approximately 87% of Corio's total portfolio value. In other words Corio is now focused exclusively on retail and is shifting up market through its FMP and disposals programme. The average size of our FMP centres is now 48,800 m² and with an average value of € 138.2 million. That compares with an average size of 25,000 m² and average value of € 32.1 million for our Traditional Retail Centres.

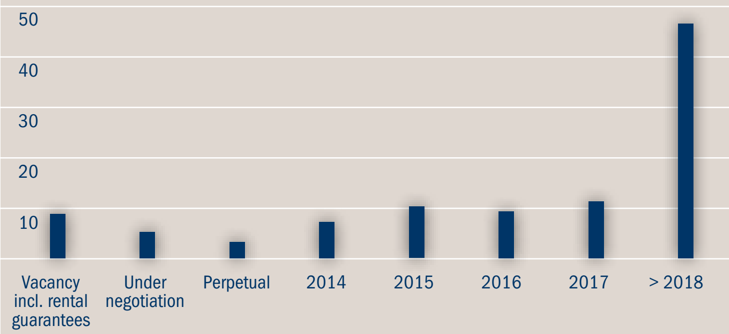
The table above shows clearly that on average, FMPs have a higher annual rent per m², a higher overall occupancy rate, higher value per m², demonstrating the higher quality of these assets. The occupancy rates particularly in the Netherlands and Italy were strong for the FMP properties in 2013.

While Corio still owns offices with a GLA of 46,200 m² of strategic importance for the retail portfolio in the Netherlands, Corio plans to sell properties in the French offices and industrial portfolio with a total GLA of 44,400 m².

The annualised rent of the total portfolio (including Equity Accounted Investees) fell slightly to € 523.0 million at year-end 2013 from € 524.2 million at year-end 2012. Net rental income for the total portfolio declined slightly to € 410.8 million from € 422.2 million. The total contribution of developments and acquisitions to the 2013 results was € 18.5 million. At the same time, € 20.5 million in net rental income was lost through disposals. The net like-for-like income growth for the retail portfolio as a whole was 4.4% negative, whereas the like-for-like performance of the FMP portfolio was 2.2% positive.

CAMPANIA,NAPLES

## EXPIRATION OF RETAIL LEASE CONTRACTS BY RENT (%)




## RE-LETTINGS AND RENEWALS

| % | FMP | TRC | Total | Total |
|---|---|---|---|---|
| | Rent increase | Rent increase | Rent increase | % of total rent |
| The Netherlands | -4.2 | -14.1 | -7.4 | 4.7 |
| France | 9.5 | -3.1 | 4.0 | 7.7 |
| Italy | 10.5 | -22.1 | 10.2 | 18.5 |
| Spain/Portugal | -40.7 | -42.7 | -41.5 | 11.8 |
| Turkey | 1.7 | -8.8 | 0.4 | 15.9 |
| **Total** | **-0.5** | **-19.7** | **-4.1** | **9.2** |

In 2013, 9.2% (2012: 6.9%) of the annual rent, or 630 rental contracts, were re-let or renewed resulting on average in a decreased rent of 4.1% rent. The performances varied quite widely, however, among our six home countries. The FMPs showed better re-letting and renewal results than the TRCs.

The expiration of retail leases is well spread over the years and only a relatively small portion, 7%, will qualify for re-letting or renewal in 2014.

## FOOTFALL AND SALES

Footfall was stable in Corio's retail portfolio, as 420 million people visited our centres in 2013. Tenant turnover fell 1.2%, with performance varying widely over the different home markets. More detailed information on footfall and sales per country is available in the review per country.

## OFFICE AND INDUSTRIAL PORTFOLIO

The office and industrial portfolio accounted for only 1% of the total portfolio at year-end 2013. The value of the office and industrial portfolio is € 63.8 million (Corio-share).

# THE NETHERLANDS
# HOOG CATHARIJNE


Several milestones were passed in the development of Hoog Catharijne in 2013. The first one was the opening of the Vredenburg building at the Vredenburg square. This building contains 6,000 m$^2$ of retail space and is an important part of the overall re-development scheme. The opening on 18 April 2013 was a huge celebration for the whole city. To strengthen ties between Hoog Catharijne and its customers and the City of Utrecht we celebrated the event with a performance of the well-known Dutch band Direct. The event was a great success, generating a lot of publicity. The Vredenburg building is now fully let with an attractive tenant mix including Zara, Sting, Polarn o Pyret and Starbucks.

In the first quarter of 2013 work started on the demolition of one of the old buildings in the complex and combined it with a Facebook competition, the winner of which set in motion the demolition. The demolition and the entire event triggered a lot of positive exposure in the press and on television. In September work started on the new Vredenburg parking facility in the centre of the Hoog Catharijne scheme and in the heart of Utrecht. This parking garage will provide an important service to the centre and city as a whole. The spectacular building with five underground levels can be accessed through two tunnels and can accommodate 1,250 vehicles. The first phase will open in 2016.


# THE NETHERLANDS

## TOP-5 VALUE


1 HOOG CATHARIJNE


2 ALEXANDRIUM


3 CITYPLAZA


4 MIDDENWAARD


5 CITY CENTRE ALMERE

## HIGHLIGHTS 2013



**JANUARY >** Oosterheem in Zoetermeer comes into operation.
**>** A new loyalty system in Alexandrium is launched, attracting over 10,000 members in its first year of operation.

**FEBRUARY >** Hoog Catharijne is home to 'Living room of Utrecht', an event that transforms the shopping centre into a cosy living room, with fashion, food, music and fun.
**>** As of this month Hoog Catharijne gained Sunday opening throughout the year.
**>** Sting opens a store of 2,700 m$^2$ in the first completed phase of Hoog Catharijne. Leases for the remaining units in the Vredenburg are secured by contracts with Polarn O Pyret and Starbucks.

**APRIL >** The winner of a facebook competition slams the wrecking ball into Hoog Catharijne, starting the second phase of the redevelopment. Spectacular opening event of De Vredenburg, the first new building of the Hoog Catharijne project. 1,250 residents of Utrecht and 350 other guests enjoy a spectacular party, generating 2,000 additional fans on Facebook during the same evening.

**MAY >** Corio launches a book on 'Dutch Brands' for Dutch retailers that attracts 60 retailers to participate in the story telling marketing event.

**JUNE >** The Dutch non-core properties De Mare in Alkmaar, Weidevenne in Purmerend and Maaswijk in Spijkenisse are sold.
**>** Alexandrium in Rotterdam completes the largest Green Roof, covering 21,000 m$^2$ of sedum and grass. It improves the view from the neighbouring office building and contributes to rainwater buffering and isolation capacity.
**>** A 'Call of the Mall' art exhibition kicks off in Hoog Catharijne. The event attracted 100,000 additional visitors to the centre in 2 months, making it the busiest museum in the Netherlands during the period.

**SEPTEMBER >** The first regional farmers' market is held in Middenwaard in Heerhugowaard, bringing in 30% more visitors who browse the 40 stands hired by local farmers, craftsman and retailers. Thanks to its success the event will be repeated bi-monthly.

**OCTOBER >** A pop-up store selling merchandise of the world-famous boy band One Direction opens in Hoog Catharijne, pulling in more than 20,000 teenage fans in the two weeks after the opening.

**DECEMBER >** Google Indoor Maps is introduced in all shopping centres.

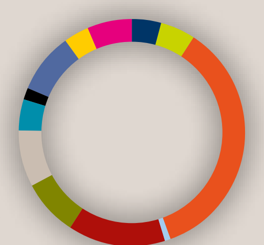
## TOP-10 TENANTS

| | | | GTRI % | # contracts |
|---|---|---|---|---|
| 1 | Ahold | Albert Heijn, Etos, Gall & Gall | 4.9% | 34 |
| 2 | Blokker | Blokker, Marskramer, Xenos, Bart Smit, E-Plaza | 3.9% | 43 |
| 3 | Metro | Makro, Mediamarkt, Saturn | 3.3% | 8 |
| 4 | Lion Capital | Hema | 2.2% | 19 |
| 5 | As Watson | Kruidvat | 2.2% | 23 |
| 6 | Coltex Retail Group | Didi, Vet, SPS, Steps | 2.2% | 32 |
| 7 | The Sting | Lady Sting, The Sting | 1.9% | 5 |
| 8 | Macintosh Retail Group N.V. | Scapino, Dolcis, Manfield, Invito | 1.8% | 25 |
| 9 | Miss Etam | | 1.7% | 17 |
| 10 | Hennes & Mauritz | H&M | 1.7% | 7 |
| **TOTAL** | | | **25.8%** | **213** |

## KEY RETAIL PORTFOLIO INDICATORS

| | FMP | TRC | Total |
|---|---|---|---|
| Footfall change (%) | 1.4 | -5.1 | -1.0 |
| Total annual rent (€ m) | 92 | 33 | 125 |
| Reletting renewal (%) | -4.2 | -14.1 | -7.4 |
| Average occupancy (%) | 97.8 | 93.3 | 96.3 |
| Value in € per $m^2$ | 4,305 | 1,669 | |
| Like-for-like net rental growth (%) | -2.0 | -8.8 | -4.0 |
| Revaluation (%) | -1.9 | -26.1 | -8.9 |

**SECTOR SPREAD**
BY RENT (%)



- FOOD AND TOBACCO
- RESTAURANTS AND BARS
- FASHION
- VEHICLES
- HOUSEHOLD EQUIPMENT/DIY
- CULTURE, GIFTS AND LEISURE
- HEALTH AND BEAUTY
- SERVICES
- ENTERTAINMENT
- SUPERMARKETS/HYPERMARKETS
- DEPARTMENT STORES
- SPECIALTY LEASING

**FMP/TRC SPREAD**
BY VALUE (%)


- FMP 85%
- TRC 6%
- TRC 9% SOLD BUT NOT TRANSFERRED YET AT REPORTING DATE

**Jan Willem Weissink**
CEO Corio Nederland

**ECONOMY**
The retail environment in the Netherlands was again challenging in 2013. Consumption slipped back further due to austerity measures including a VAT rise, public spending cuts and an increase in the retirement age. In addition house prices declined further and unemployment rose, depressing retail sales.

**CORIO'S CENTRES**
Footfall in the Dutch FMP portfolio, excluding Hoog Catharijne, grew 1.4% in 2013. Because of extensive redevelopments in Hoog Catharijne in Utrecht, this centre saw a decline of 4.1% in footfall. Conversely, thanks to the introduction of Sunday openings, Alexandrium in Rotterdam and Pieter Vreedeplein in Tilburg contributed positively. Due to the very limited number of turnover-based leases in the Dutch market, sales figures are not available.
The overall like-for-like net rental income declined 4.0%, of which 2.0% negative for FMP and a 8.8% negative for the TRCs.

# FRANCE
# GRAND LITTORAL



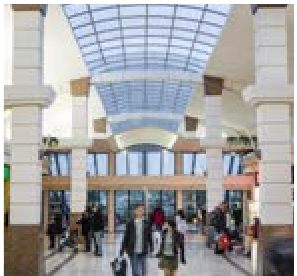
Primark opened its first ever store in France on 16 December 2013 in the Corio centre Grand Littoral in Marseille. Apart from driving footfall and sales, the entry of Primark encouraged other tenants to invest. Existing tenants including Zara and H&M are renewing and enlarging their store and new ones such as Starbucks, Burger King, Decimas and Tamaris are coming in for the first time. Since the opening we have seen visitor number grow by 20% and spending showed exceptional growth of over 40% in the food & beverage category.

# FRANCE

## TOP-5 VALUE


1 GRAND LITTORAL


2 GRAND PLACE


3 MONDEVILLE 2


4 TNL NICE


5 ST. JACQUES

## HIGHLIGHTS 2013


**JANUARY >** Eric Damiron is appointed as CEO for Corio France, succeeding Frederic Fontaine, who is now CDO on Corio's board.

**FEBRUARY >** The Rugby Club Toulonnais decides to open a restaurant and a store in the shopping centre Mayol in Toulon, close to the Mayol stadium.

**APRIL >** The retail brands Crocs and Haribo select Nailloux Outlet Village in Toulouse to open new outlet stores.

**MAY >** Corio signs lease with Primark for Grand Littoral's Zone Azur in Marseille.
> Free music concert 'Tendance Live 2013' on the car park of Mondeville 2 in Caen, in partnership with the local radio, Tendance Ouest, and French celebrities.

**JUNE >** Quais d'Ivry Academy: organisation of a dance live show with all the 'Ludo workshop' dancers in Quais d'Ivry in Paris.

**JULY >** Monoprix building in Mulhouse is sold.

**AUGUST >** Les Trois Moulins in Moulineaux is sold.
> Inauguration of new service areas (playing, resting, etc.) in Grand Littoral in Marseille.
> Columbus Café & Co opens in Mondeville 2 in Caen.

**SEPTEMBER >** BriteLayer loyalty programme launching in Grand Littoral, Marseille: 2,000 members registered after 1 week; at the end of January 2014, 7,800 members registered, 63,700 receipts collected and 20 millions points won.
> La Mondevillaise in Mondeville 2 in Caen: more than 1,400 women participated in that race to support the fight against cancer.
> 'Les voiliers de légende': exhibition of sailboats miniature from 20 to 30 September in Mayol in Toulon. This exhibition has been visited by all the schools of Toulon.

**OCTOBER >** First part of Les Portes de Chevreuse in Coignières sold.
> Delivery of the embellishment works in La Grande Porte in Montreuil.
> 'Fier de ton action' Trophies in Grand Place in Grenoble: the shopping centre launches a voting appeal to its consumers in order to select the association they are proudest of among a selection of 60 candidates.

**NOVEMBER >** Refurbishment and redevelopment works start in Saint-Jacques in Metz.

**DECEMBER >** France's first Primark opens on 16 December in Grand Littoral, in the presence of the Senator and Mayor of Marseille, Jean Claude Gaudin.
> A press conference is organised by Corio France together with the Senator and Mayor of Metz on 20 December, to expose Saint-Jacques redevelopment works and leasing actions.
> Art de Vivre in Orgeval sold.
> Quais d'Ivry in Paris, La Grande Porte in Montreuil, La Mayenne in Laval and Galerie de l'Espace du Palais in Rouen sold.

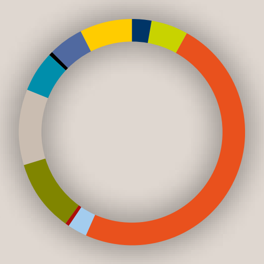
## TOP-10 TENANTS

| | | GTRI % | # contracts |
|---|---|---|---|
| 1 Carrefour | Carrefour, Champion | 3.7% | 6 |
| 2 Celio Groupe | Celio, Jennifer | 3.5% | 20 |
| 3 Hennes & Mauritz | H&M | 2.6% | 5 |
| 4 Go Sport Group | Go Sport, Couries | 2.5% | 12 |
| 5 Inditex | Zara, Berschka, Stradivarius, Pull & Bear | 2.2% | 7 |
| 6 Steinhoff International | Conforama | 2.0% | 3 |
| 7 Armand Thiery | Armand Thiery, Toscane | 2.0% | 12 |
| 8 PPR Group | FNAC, Puma, Redcats | 1.7% | 6 |
| 9 Etam Group | Etam, 123 | 1.7% | 15 |
| 10 Grandvision | | 1.4% | 11 |
| **TOTAL TOP 10 TENANTS** | | **23.3%** | **97** |

## KEY RETAIL PORTFOLIO INDICATORS

| | FMP | TRC | Total |
|---|---|---|---|
| Footfall change (%) | -1.1 | -4.0 | -2.0 |
| Sales change (%) | -1.9 | -3.4 | -2.3 |
| Total annual rent (€ m) | 71 | 28 | 99 |
| Reletting renewal (%) | 9.5 | -3.1 | 4.0 |
| Average occupancy (%) | 95.7 | 89.7 | 93.0 |
| Value in € per m² | 5,563 | 2,305 | |
| Like-for-like net rental growth (%) | -2.2 | -9.2 | -4.3 |
| Revaluation (%) | -0.1 | -19.1 | -6.4 |

**SECTOR SPREAD**
BY RENT (%)



- FOOD AND TOBACCO
- RESTAURANTS AND BARS
- FASHION
- VEHICLES
- HOUSEHOLD EQUIPMENT/DIY
- CULTURE, GIFTS AND LEISURE
- HEALTH AND BEAUTY
- SERVICES
- ENTERTAINMENT
- SUPERMARKETS/HYPERMARKETS
- DEPARTMENT STORES
- SPECIALTY LEASING

**FMP/TRC SPREAD**
BY VALUE (%)


- FMP 79%
- TRC 10%
- TRC 11% SOLD BUT NOT TRANSFERRED YET AT REPORTING DATE

**Eric Damiron**
CEO Corio France

**ECONOMY**
Private consumption in France remained at a low level in 2013 as the French economy is under pressure and negatively influenced by rising unemployment (10.5% end of Q3 2013). Consumption for the year was forecasted to advance by a meagre 0.4% and with VAT set to rise to 20.0% from 19.6% set for 1 January 2014 the trend is not seen improving in the near term. French retail sales fell in 2013.

**CORIO'S CENTRES**
Sales in Corio's reporting centres slipped 1.9% in 2013 and footfall in the French FMPs fell 1.1%, reflecting consumer cautiousness. Nice TNL outperformed with an increase in footfall. Mondeville 2 in Caen was an underperformer. The average occupancy cost ratio was stable at 10.7% (10.7% for 2012).

The retail like-for-like for net rental income in Corio's French centres was 4.3% negative, of which 2.2% negative for the FMP portfolio and 9.2% negative for TRC. In total 111 rental leases were signed during the year at a 4.0% higher level than a year earlier.

# ITALY
# PORTA DI ROMA

Porta di Roma has a powerful magnetic pull in the Rome and the surrounding region catchment area. However, the centre has scope to improve its position as a shopping and community destination and is therefore undergoing an internal refurbishment. Allianz and Corio are working together to create a more urban, fashion-oriented, and enjoyable place by making only limited changes to the base building systems. The first phase of the works was finished at the end of 2013. The décor and internal lay-out on the second floor was changed and upgraded, allowing for the creation of new large area stores and shops and higher quality brands.
The refurbishment affected 3,200 m$^2$ and allowed for the creation of larger spaces for retailers Stroili Oro (Jewellery), Optissimo (Optician) and Imperial (Women's clothing). Desigual, Twin-Set, Piazza Italia and Massimo Dutti were among customers opening new stores following the interior design improvements.

Almost the entire former Fnac surface has now been leased, mainly to Pellizzari, a high-quality multi brand store formula and a portion to H&M, which created additional offices. The Porta di Roma renovation improves the quality of the commercial offering and the efficiency of the visitor flows within the centre.

# ITALY

## TOP-5 VALUE


1 PORTA DI ROMA


2 LE GRU


3 CAMPANIA


4 GLOBO


5 GRAND EMILIA

## HIGHLIGHTS 2013


**APRIL >** Porta di Roma hosted the Italian Air Force for the 90th anniversary of its foundation. For a whole week the square outside the shopping centre was transformed into an action-packed airfield hosting four military aircrafts of which thousands of visitors took pictures. Pilots and engineers interacted with families through multimedia stations, information panels and flight simulators.

**JUNE/AUGUST >** GruVillage, the live music and show festival organized by Shopville Le Gru, reached its eighth edition this year. The 2013 programme, whose complexity, quality and variety of artistic proposal was unparalleled, satisfied about 40,000 visitors. For jazz music, real superstars were on stage like George Benson and also Skunk Anansie and Morcheeba.

**SEPTEMBER >** Campania: a significant portion of Campania was re-let through the replacement of Eldo (Electronics chain) with Zara. Inditex group realized the new Zara concept on a 3,500 m$^2$ surface, doubling its previous surface and obtaining outstanding performances. This has generated also the moving and the extension of main brands of the Inditex Group already existing in the centre and producing a positive economical result. New opening for Bershka, Pull&Bear and Stradivarius.

**OCTOBER >** Campania: L'orto in Campania, the educative garden of Campania Shopping Centre, hosts more than 100 educative classes yearly held by Slow Food teachers reaching about 5,000 kids and their families from local schools.
In October Alice Waters visited 'L'orto in Campania' and met several young professional who contribute daily to improve the educational garden. Alice Waters is one of the key figures in the USA and in the world for sustainability, healthy local food and educational gardens for children, teaching young students sustainability, seasonality, healthy and local food, waste recycling, etc.

**OCTOBER >** Porta di Roma: Celebration of the Italian Naval Aviation. During a week Porta di Roma registered 425,000 visitors who had the opportunity of a unique experience. Further to the informative points and the exhibition itself, the Naval Aviation took the occasion to promote their job opportunities and describe families the military world.

**NOVEMBER >** Shopville Le Gru: after the internal refurbishment of the centre following the closure of fnac, Zara opened the new concept store on a 2,800 m$^2$. As a consequence Pull&Bear moved next to Zara, extending its surface; Stradivarius and Bershka opened new stores.
\> Porta di Roma: a planning of works was implemented for creating a more urban, fashion oriented, and enjoyable place. The first phase of works has been finished at the end of 2013. The internal lay-out at the second floor was changed including new large area stores, shops and higher quality brands.
Some 3,200 m$^2$ were involved into the refurbishment. Stroili Oro (Jewellery), Optissimo (Optician) and Imperial (Women's clothing) were moved and enlarged. Desigual, Twin-Set, Piazza Italia, Massimo Dutti opened new stores with a best quality of interior design compared to the past.
Almost the entire former fnac surface has been leased mainly to Pellizzari (a high quality multi brand medium surface) and the remaining portion H&M (they created additional offices). By this renovation Corio has improved the quality of commercial offer and the efficiency of the visitors' flows within the centre. The refurbishment was a positive flywheel that has positively impacted several re-lettings spreading the perception of the renewal to the whole centre.

**DECEMBER >** Corio Italia ranked as one of the Best Workplaces 2014 of the country.

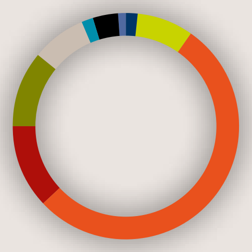
## TOP-10 TENANTS

| | | GTRI % | # contracts |
|---|---|---|---|
| 1 Inditex | Zara, Zara Home, Zara Kids, Berschka, Stradivarius, Pull & Bear, Oysho, M. Dutti | 9.0% | 25 |
| 2 Metro | Mediamarket, Saturn, Media World | 5.2% | 6 |
| 3 Gruppo Miroglio | Motivi, Oltre, Fiorella Rubino, Elena Mirò | 2.9% | 24 |
| 4 Gruppo COIN | Coin, OVS Industry, OVS Kids | 2.1% | 6 |
| 5 Compar S.p.A. | Athletes World, Bata, AW Lab | 1.9% | 10 |
| 6 Bencom s.r..l. | Sisley, United Colors of Benetton, Undercolors, 012 Benetton | 1.9% | 12 |
| 7 Cisalfa Sport S.r.l. | Cisalfa, Intersport | 1.8% | 4 |
| 8 Hennes & Mauritz | H&M | 1.7% | 3 |
| 9 Gruppo Percassi | Calvin Klein Jeans, Kiko, Levi Strauss & Co., Nike | 1.6% | 14 |
| 10 Conbipel S.p.A. | Conbipel | 1.5% | 5 |
| **TOTAL TOP 10 TENANTS** | | **29.6%** | **109** |

## KEY RETAIL PORTFOLIO INDICATORS

| | FMP | TRC | Total |
|---|---|---|---|
| Footfall change (%) | -0.4 | -0.4 | -0.4 |
| Sales change (%) | 1.2 | -3.8 | 0.6 |
| Total annual rent (€ m) | 115 | 16 | 131 |
| Reletting renewal (%) | 10.5 | -22.1 | 10.2 |
| Average occupancy (%) | 97.8 | 96.0 | 97.7 |
| Value in € per m² | 5,770 | 3,673 | |
| Like-for-like net rental growth (%) | 1.4 | -1.3 | 1.2 |
| Revaluation (%) | 3.6 | -8.4 | 3.3 |

**SECTOR SPREAD**
BY RENT (%)



- FOOD AND TOBACCO
- RESTAURANTS AND BARS
- FASHION
- VEHICLES
- HOUSEHOLD EQUIPMENT/DIY
- CULTURE, GIFTS AND LEISURE
- HEALTH AND BEAUTY
- SERVICES
- ENTERTAINMENT
- SUPERMARKETS/HYPERMARKETS
- DEPARTMENT STORES
- SPECIALTY LEASING

**FMP/TRC SPREAD**
BY VALUE (%)


- FMP 94%
- TRC 6%

**Ermanno Niccoli**
CEO Corio Italia

**ECONOMY**

With the economy forecast to shrink another 1.8 % in 2013 and unemployment at a 36-year high, retail sales remained largely depressed. In November retail sales fell for the 33rd successive month, creating the longest retail recession since the data series began. A weak labour market, together with policy restructuring, austerity measures and relatively low purchasing power depressed real disposable income and consumer confidence.

**CORIO'S CENTRES**

Once again showing relative resilience in a depressed market, Corio's Italian centres delivered a solid footfall performance and ever growing sales performance in 2013, thanks to their high quality and strategic geographic locations.

Footfall in the Corio Italy shopping centres, on a like-for-like basis, was stable compared to 2012, mainly due to an increase in visitors to Campania (3.7%) after the new openings of Inditex Group, Porta di Roma in Rome (2.1%), and GrandEmilia in Modena (1.8%).

Despite the challenging economic environment, sales within Corio's FMP portfolio grew 1.2% on a like-for-like basis, above the national average. The average occupancy cost ratio of the Italian centres remained at a sustainable 11.9%, a moderate increase compared to 2012.

Our operations in Italy also showed positive like-for-like net rental income growth of 1.2% in 2013, of which 1.4% for the FMP portfolio and 1.3% negative for the TRC. Like-for-like net rental income for FMP was impacted mainly by the increase in re-lettings and renewals (10.5%).

# SPAIN
# PRÍNCIPE PÍO

The ‘Estación del Norte’ or Príncipe Pío is one of the **most significant buildings** in Madrid dating from the nineteenth century.

It was originally built by the ‘Compañía de los Caminos de Hierro del Norte de España’ as the terminal station in the Madrid-Irun line. This station was constructed at the foot of the ‘Campo del Moro’ gardens, on a hill which was then known as ‘Príncipe Pío mountain,’ because it formed part of an extensive possession of this member of the house of the Saboya family.

Príncipe Pío was opened in late 2004 and was acquired by Corio in June 2009. The shopping centre has a GLA of 28,700 m$^2$ and it is connected to the Principe Pio Railway station and has 1,000 underground parking spaces. The centre welcomes 11.4 million visitors per year.

# SPAIN / PORTUGAL

## TOP-5 VALUE

1 PRÍNCIPE PÍO


2 MAREMAGNUM

3 ESPACIO TORRELODONES

4 RUTA DE LA PLATA

5 LA LOMA

## HIGHLIGHTS 2013


**MARCH >** The success of the Downtown Market in Maremagnum, the most chic 'urban bazaar' of Barcelona has driven us to promote this glamorous 'street market' with music and good atmosphere as an ongoing event which from then on will take place every two months.

**MAY >** Very good reception of the CSR communication campaign in the first shopping centre, Príncipe Pío, reaching a high impact of awareness as well as good return regarding personal aspirations.
> Ratification of the agreement between Corio and Eroski Hypermarket regarding the extension of the mall to 3,000 m$^2$ by taking part of the hypermarket in Ruta de la Plata.

**JUNE >** The first H&M in the city of Jaén opens in La Loma and was a spectacular success, having substantial impact on the centre's footfall.
> Health and Sports Month: a huge programme of activities took place about healthy living and sports focusing on the people's good living habits and practices in Ruta de la Plata.

**JULY >** First version of Maremagnum's engagement programme Britelayer has been launched, which after 6 months has already reached 8,000 members.
> Great success of the opening of the Diesel pop-up store using a shipping container at Maremagnum.
> Opening of the Vitoria Football Club store in Espaço Guimaraes sponsored by Nike as the exclusive sports brand sponsor for the football team. The city mayor, Nike representatives and all football players attended the opening event in a massive social act.

**AUGUST >** In line with Corio's strategy, Espacio Torrelodones launched the Free Cinema & Popcorn Project following the family entertainment positioning.

**SEPTEMBER >** Renovation and improvement of 2,300 m$^2$ of mall space in Espacio Torrelodones, outdoor terraces, food court and cloister.
> Full digitalisation of the cinemas in La Loma in Jaén.

**OCTOBER >** The entrepreneurship contest at El Ferial started in collaboration with the City Council, which would allow the winner to have free use of a commercial unit in El Ferial SC to implement his/her business.
> Signing of the agreement to change the Principe Pio's parking management model and operator with an annual savings of € 150,000.

**NOVEMBER >** Agreement with the Local Transportation Institution of Madrid (CTM) to improve the signage of Principe Pio in the transport hub.
> Opening of 880 m$^2$ high-quality restaurant and lounge bar concept (Allegra) in the top floor Maremagnum.
> Corio and the City Council of Torrelodones signed an agreement to create a direct access through a tunnel in the A-6 highway to the Espacio Torrelodones.
> Implementation of the Work Space Hub at Gran Turia, creating a multifunctional space where the community can work together with other entrepreneurs and promote new projects, organise conferences with and for the community about themes related to self-employment and innovation.

**DECEMBER >** We launched a Kids' Power concept starring the implementation of a 10-metre biplane children's playground located in Espacio Torrelodones. The main goal is to create the best shopping centre experience for kids and their families in the north of Madrid .
> The Kitchen Community concept (based on food experience), successfully tested at the beginning of 2013, has been implemented on a permanent basis in Sexta Avenida.
> Opening of the new Food Court in Espacio Guimarães decorated using the typical embroidery design of the town.

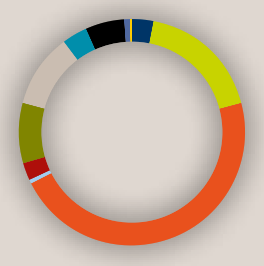
## TOP-10 TENANTS

| | | | GTRI % | # contracts |
|---|---|---|---|---|
| 1 | Inditex Group | Zara, Lefties, Zara Home, Pull & Bear, Bershka, Stradivarius, Oysho, Massimo Dutti, Kiddy's Class | 11.2% | 30 |
| 2 | Cortefiel Group | Cortefiel, Pedro del Hierro, Women's Secret, Springfield | 3.6% | 14 |
| 3 | Hennes & Mauritz | H&M | 2.8% | 3 |
| 4 | Cinesa | | 1.8% | 2 |
| 5 | Mc Donald's | | 1.8% | 5 |
| 6 | Decimas | Decimas, Polinesia | 1.6% | 10 |
| 7 | El Corte Inglés | Opencor, Telecor, Sfera | 1.5% | 5 |
| 8 | Calzedónia | Tezenis, Calzedónia, Intimissimi | 1.3% | 8 |
| 9 | El Chipirón de Monchos | | 1.3% | 3 |
| 10 | Blanco | | 1.2% | 3 |
| **TOTAL TOP 10 TENANTS** | | | **27.9%** | **83** |

## KEY RETAIL PORTFOLIO INDICATORS

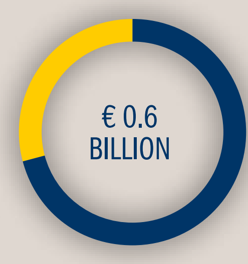
| | FMP | TRC | Total |
|---|---|---|---|
| Footfall change (%) | -2.3 | -1.0 | -1.8 |
| Sales change (%) | -9.5 | -3.4 | -7.5 |
| Total annual rent (€ m) | 35 | 22 | 57 |
| Reletting renewal (%) | -40.7 | -42.7 | -41.5 |
| Average occupancy (%) | 90.5 | 84.9 | 88.5 |
| Value in € per m² | 3,932 | 2,427 | |
| Like-for-like net rental growth (%) | -13.7 | -27.7 | -18.5 |
| Revaluation (%) | -10.2 | -20.4 | -14.0 |

**SECTOR SPREAD**
BY RENT (%)



- FOOD AND TOBACCO
- RESTAURANTS AND BARS
- FASHION
- VEHICLES
- HOUSEHOLD EQUIPMENT/DIY
- CULTURE, GIFTS AND LEISURE
- HEALTH AND BEAUTY
- SERVICES
- ENTERTAINMENT
- SUPERMARKETS/HYPERMARKETS
- DEPARTMENT STORES
- SPECIALTY LEASING

**FMP/TRC SPREAD**
BY VALUE (%)




- FMP 70%
- TRC 30%

**Christophe Mouton**
CEO Corio España

### THE ECONOMY

The year 2013 was another difficult one for retailers in Spain as consumer spending dropped further due to austerity measures and high unemployment. Towards the end of the year, however, some signals pointed to improvements, suggesting the economy may have reached rock bottom and that consumption might be recovering. Impressive growth in the tourism sector, lower public debt charges and favourable unemployment figures for December all suggested a more positive trend.

### CORIO'S CENTRES

Footfall at our 11 centres began to recover in 2013. In fact, 6 out of the 11 centres reported an increase in footfall for the whole year. In Barcelona Maremagnum attracted 1.3 million more visitors in 2013, reaching a total of 10.7 million, up 14% on 2012. La Loma in Jaén also experienced a significant increase of 14.1%. However, Príncipe Pío, the most visited centre of Corio´s Spanish portfolio (11.4 million visitors in 2013) suffered a 7.5% decline in footfall due to the new Sunday opening regulations in the city of Madrid, which created greater competition as more centres followed Príncipe Pío's example and began opening on this traditional day of rest. The remaining four Spanish centres saw footfall declines. Turnover fell during 2013 for all centres. However, for 7 out of 11 centres turnover increased in the last months of year 2013 in what could signal the start of an upturn. The occupancy cost ratio was 14.9%, which is high but little changed from the previous year. Our FMP portfolio reported a decline in like-for-like net rental income of 13.7%, largely reflecting a sharp drop in rental income for Espacio Torrelodones and Gran Turia. The TRC portfolio reported a decline of 27.7%.

# GERMANY
# CENTRUM GALERIE


In an important development, Corio has signed a contract with Primark to open a store in Centrum Galerie in Dresden in Germany early 2013. The Primark store will anchor the centre over three levels. This is the first Primark in the east of Germany and the 12th in Germany. With the experience we have, we are convinced that the Primark store will boost footfall, sales and therefore the quality and value of the centre, especially in Dresden. The deal was tailor-made through close cooperation between the Primark and Corio teams. The store will be a major anchor for the shopping centre. We are also in advanced negotiations with a number of premium international fashion retailers for our newly designed upper floor that will round up the branch and tenant mix to a highly attractive level.

# GERMANY

## TOP-5 VALUE


1 BOULEVARD BERLIN


2 FORUM DUISBURG


3 CENTRUM GALERIE


4 ARNEKEN GALERIE


5 KÖNIGSGALERIE

## HIGHLIGHTS 2013

**JANUARY >** Takeover of Boulevard Berlin as the last step in the cooperation with Multi in Germany.

**FEBRUARY >** Arneken Galerie is the set for the shooting of the filmlet 'Dance & Run'.

**MARCH >** Harlem Shake at Arneken Galerie attacts 23,200 visitors and turns out to be biggest Shake in Lower Saxony.

**APRIL >** Arneken Galerie participated in the Speed 4, school running championships for elementary kids.

**MAY >** Centrum Galerie in Dresden hosted the REWE team challenge, which attracted 24,000 visitors.

**JUNE >** Day of Music in Duisburg was hosted by Forum Duisburg as well as Königsgalerie in Duisburg in cooperation with Duisburger Hochschule für Musik. This very successful event attracted a plus of 22% of visitors to both shopping centres.

**SEPTEMBER AND OCTOBER >** Centrum Galerie Dresden was the location for the Face of Germany semi final as well as the finals, Germany's biggest casting show. This very successful event attracted for the semi final an additional footfall.
**>** Boulevard Berlin was the location for the live concert of Maggie Reilly with approximately 15,000 visitors.

**NOVEMBER >** Opening of new food court and opening of repositioned Media Market in Centrum Galerie, Dresden.
**>** Opening of the first Pop up Village with a unique mall concept in Boulevard Berlin.

**DECEMBER >** Finalisation of negotiations with Primark for a store in Centrum Galerie Dresden.

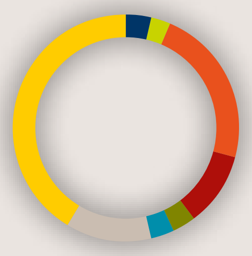
## TOP-10 TENANTS

| | | | GTRI % | # contracts |
|---|---|---|---|---|
| 1 | Karstadt | Karstadt | 17.0% | 4 |
| 2 | Metro | Makro, Metro, Mediamarket | 9.0% | 4 |
| 3 | Osnabrücker Parkgesellschaft | | 8.2% | 4 |
| 4 | The Sting | Lady Sting, The Sting | 4.4% | 2 |
| 5 | Peek & Cloppenburg | Peek & Cloppenburg | 4.0% | 1 |
| 6 | Hennes & Mauritz | H&M | 3.1% | 4 |
| 7 | New Yorker | New Yorker | 2.0% | 2 |
| 8 | DM Drogerie | DM Drogerie | 2.0% | 5 |
| 9 | Cofra Group | C & A | 1.9% | 1 |
| 10 | s.Oliver Bernd Freier GmbH & Co. KG | s. Oliver | 1.6% | 3 |
| **TOTAL TOP 10 TENANTS** | | | **53.2%** | **30** |

## KEY RETAIL PORTFOLIO INDICATORS

| | FMP |
|---|---|
| Footfall change (%) | 0.1 |
| Sales change (%) | -1.0 |
| Total annual rent (€ m) | 45 |
| Reletting renewal (%) | NA |
| Average occupancy (%) | 99.5 |
| Value in € per $m^2$ | 4,031 |
| Like-for-like net rental growth (%) | 4.9 |
| Revaluation (%) | -1.2 |

**SECTOR SPREAD**
BY RENT (%)



- FOOD AND TOBACCO
- RESTAURANTS AND BARS
- FASHION
- VEHICLES
- HOUSEHOLD EQUIPMENT/DIY
- CULTURE, GIFTS AND LEISURE
- HEALTH AND BEAUTY
- SERVICES
- ENTERTAINMENT
- SUPERMARKETS/HYPERMARKETS
- DEPARTMENT STORES
- SPECIALTY LEASING

**FMP/TRC SPREAD**
BY VALUE (%)


- FMP 100%

**Jörg Banzhaf**
CEO Corio Deutschland

**ECONOMY**
Retail sales rose only slightly in 2013 as German consumers showed reluctance to spend, partly reflecting the expectation that their salaries will stagnate. Sales in January through November were up 0.3% from the corresponding period a year earlier and retail sales for the year as a whole should be around 0.4% higher than in 2012 in inflation-adjusted terms, the statistics office estimates. Much of this slight increase is due to stronger food sales.

**CORIO'S CENTRES**
The like-for-like footfall in Corio's German centres in 2013 was similar to that of 2012, up 0.1%. The footfall in Boulevard Berlin rose 20% in 2013.

Despite the small increase in footfall, in Germany our like-for-like net rental income, in other words for the three operational FMPs Forum Duisburg and Königsgalerie in Duisburg and Arneken Galerie as of its opening in March 2012, increased 4.9%. Sales turnover in the centres fell 1.0% in 2013.

# TURKEY
# AKMERKEZ

The leading region for Corio's centres in Turkey is still Istanbul, in terms of brand diversity, per m$^2$ sales efficiency and retail turnover. Akmerkez, the prime asset in the Corio Turkey portfolio, achieved a like-for-like sales increase of 3.1 % despite strong competition.

As part of the re-development project, a new movie theatre with a modern and trendy look was opened and a construction permit was obtained which would allow Akmerkez to replace the old façade with a glamorous glass front and to improve the fine dining offering by lining up the most popular restaurants and cafés of Istanbul alongside the new façades. Beymen, the successful anchor, also announced the renewal of its store decoration on all three levels.


# TURKEY

## TOP-5 VALUE

1 AKMERKEZ


2 ANATOLIUM

3 TEKIRA

4 TERASPARK

5 TARSU

## HIGHLIGHTS 2013


**JANUARY**

> Tarsu starts to use spring water, cutting 2,500 m$^3$ of water consumption each month. Investment payback achieved in 1.5 months.

**FEBRUARY**

> Anatolium makes a special agreement with one of the biggest car companies in Turkey, Tofas, whereby their employees receive gift cards that can only be spent at Anatolium Bursa, leading to € 0.5 million in additional turnover.

**MARCH**

> With the lease of New Castle Cafe Pub at 365 Shopping Center, the need for a cafe, bar and restaurant concept at the shopping center was resolved.

**APRIL**

> Opening of an 'ecological house', which produces its own energy and can re-use waste water in a project sponsored by Corio.

**MAY**

> Anatolium Academy is established under the wing of the Anatolium Shopping Center to provide training on entrepreneurship to university students and young entrepreneurs.

> The retailer LC Waikiki signs a two-floor unit lease in Tekira with its own escalator connecting the floors.

**JUNE**

> A popular music festival is held with the involvement of 20 schools at Teraspark Shopping Center, attracting 5,000 visitors.

**AUGUST**

> A small hill is removed by the municipality, improving the visibility of the facade of the 365 shopping centre.

> O-Card loyalty system is launched at Tekira, reaching 11,186 members at the end of December 2013.

**SEPTEMBER**

> Launch of the Turkish location-based shopping application Boni on smartphones at Anatolium Shopping Center, making it the first centre in Bursa to feature this. Boni is a popular app. Customers earn rewards by just walking through stores, transforming shopping into a more rewarding and fun shopping experience for all customers. Already downloaded by 1,700 users.

**OCTOBER**

> O-Card loyalty system starts at 365 Shopping Center and reaches 9,200 members by the end of December.

> Car exhibition at Teraspark featuring the latest models of all the local car retailers. This 2-day event attracts 57,000 visitors.

**NOVEMBER**

> The foodcourt of the 365 shopping centre gets a makeover with the addition of outside terraces and two new units to the leaseable area of the centre.

> In Anatolium, a lease agreement is signed with Koton for the second floor, whereby its shop space is nearly doubled to 1,600 m$^2$.

> A lease agreement with evening dress and bridal designer brand Oleg Cassini is signed for a 558 m$^2$ shop at .

> Construction of the Media Markt shop starts in Teraspark, where it is hoped the electronic retailer will lure other complementary retailers when it opens in 100 days.

**DECEMBER**

> Lease agreement signed with Benzin Cafe/Bar for a 389 m$^2$ area in Atolium that is expected to be popular with young visitors in particular.

> Work commences on a new entrance at the eastern side of the Tarsu centre. The entrance will increase visibility for the centre and facilitate access, ending the current cul-de-sac situation.

> Akmerkez gets construction permit to renovate the facade and create new cafés and restaurants.

> A new, modern movie complex with eight cinemas with quality Dolby 4 sound opens at Akmerkez, immediately becoming the most popular in town.

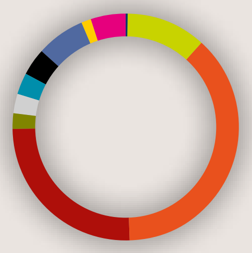
## TOP-10 TENANTS

| | | | GTRI % | # contracts |
|---|---|---|---|---|
| 1 | Sabanci | Carrefour, Teknosa | 9.8% | 8 1 |
| 2 | Ikea | | 5.9% | 1 |
| 3 | Leroy Merlin | | 4.8% | 1 |
| 4 | LC Waikiki | | 3.6% | 7 |
| 5 | Koton | | 1.7% | 6 |
| 6 | Deichmann | | 1.7% | 6 |
| 7 | Metro | Makro, Metro, Media Markt | 1.7% | 1 |
| 8 | Kipa | | 1.6% | 1 |
| 9 | Boyner | | 1.3% | 2 |
| 10 | Colins | | 1.3% | 4 |
| **TOTAL TOP 10 TENANTS** | | | **33.4%** | **37** |

## KEY RETAIL PORTFOLIO INDICATORS

| | FMP | TRC | Total |
|---|---|---|---|
| Footfall change (%) | 1.1 | -7.4 | 0.4 |
| Sales change (%) | 3.1 | -9.7 | 1.5 |
| Total annual rent (€ m) | 48 | 3 | 51 |
| Reletting renewal (%) | 1.7 | -8.8 | 0.4 |
| Average occupancy (%) | 93.9 | 91.9 | 93.7 |
| Value in € per m² | 2,142 | 1,140 | |
| Like-for-like net rental growth (%) | -5.5 | -36.2 | -7.8 |
| Revaluation (%) | 0.0 | -19.3 | -1.9 |

**SECTOR SPREAD**
BY RENT (%)



- FOOD AND TOBACCO
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- SERVICES
- ENTERTAINMENT
- SUPERMARKETS/HYPERMARKETS
- DEPARTMENT STORES
- SPECIALTY LEASING

**FMP/TRC SPREAD**
BY VALUE (%)


- FMP 95%
- TRC 5%

**Cem Alfar**
CEO Corio Türkiye

### ECONOMY

The Turkish economy has grown at an average rate of 5% in the past 10 years. The retail sector is the engine of this growth. Were Turkey in the EU, it would be the 7th biggest retail market. Rapid growth and increasing sophistication in consumer demand and consumption habits in Anatolian Cities have captured the interest of the international retailers. In 2013 retail spending grew 6.4% (2012: 4.0%). The Turkish currency, however, weakened on concerns about Syria and the Turkish politics, especially in December 2013. In total the TRY depreciated about 24.9% against the Euro in 2013. Inflation accelerated to 7.4% (2012: 6.1%), due to high energy prices and a weakening TRY. Turkish GDP growth was 4.0% in 2013 and unemployment was slightly higher at 9.4% (2012: 9.22%).

### CORIO'S CENTRES

The total footfall of the Turkish properties was 0.4% higher than a year earlier. Political instability negatively influenced footfall in December. As a consequence, the footfall increase of our FMP's in the year to December was 1.1%. In Euro our centres showed growth of 1.5% in sales. Total sales for the FMPs was up 3.1%. The occupancy cost ratio decreased to 12.3% (2012: 12.6%).

# CORPORATE SOCIAL RESPONSIBILITY

| Key performance indicator | | 2013 | 2012 | Target |
|---|---|---|---|---|
| Consumer surveys held (%) | ◊ | 71 | 66 | 100% of all centers every two years |
| Vacant GLA available for community projects (%) | ◊ | 1.43 | 0.85 | Implement focused community strategy |
| Electricity intensity (kWh/$m^2$) | ◊ | 84.4 | 97.5 | - 15% by 2015 (2007 - 2015) |
| Carbon emissions intensity (tonnes $CO_2/m^2$) | ◊ | 0.018 | 0.028 | - 15% by 2015 (2007 - 2015) |
| Green lease signed (%) | ◊ | 98 | 57 | 75% green leases at yearend 2013 |
| Standard green lease in place (%) | | 100 | 83 | 100% compliant at yearend 2013 |
| Green supplier contracts (%) | | 100 | 81 | 100% compliant at yearend 2013 |
| BREEAM certifications in portfolio (%) | ◊ | 100 | 20 | 100% new developments delivered with BREEAM Good certificate |
| Code of conduct for suppliers (%) | | 100 | 80 | Increase active supply chain management |

WE ARE CONVINCED THAT CSR IS CRUCIAL IN EXECUTING OUR FMP STRATEGY. WE BELIEVE THAT CSR HELPS US TO TRULY CONNECT WITH CONSUMERS, ESPECIALLY IN THE RAPIDLY CHANGING WORLD WE LIVE IN TODAY.

## SHARED VALUE

It helps us to work together with our retailers in an innovative way. It enables us to provide our employees with a sound working environment, where they can get the best out of themselves. It makes our centres contribute to society by minimising our impact on the environment and maximising our social and economic impact. In other words, operating responsibly makes us a more attractive company. Our Favourite Meeting Places simply cannot meet their definition when they are not managed in a conscious and sustainable way. In the end CSR is all about the impact of our centres on the lives of consumers, the success of tenants, the quality of our portfolio and the wellbeing of society. Our Favourite Meeting Places, or FMP strategy, is the means to realise that.

## PERFORMANCE REVIEW

Overall target and KPI performance shows excellent progress on all CSR aspects, both socially and environmentally. With 83% of the group targets on sustainability having been achieved in 2013 (65% in 2012), we are well ahead of our long term targets and on track for the short term targets. Several highlights are the group wide implementation of green leases (98%), green clauses in supplier contracts (100%) and a sharp increase of suppliers that have signed the code of conduct (from 80% to 100%). This performance is a basis to build on in increasing partnership with stakeholders such as tenants and suppliers. A drop in electricity consumption per $m^2$ with 13% in 2013 is a direct result of many energy efficiency measures taken on centre level and is reflected in a decrease in carbon emissions of 36%. Since 2009, electricity consumption per $m^2$ was reduced with 26%, resulting in lower operational costs for our tenants and the company. With this result, Corio is two years ahead of schedule for both carbon emissions and electricity intensity. Reflecting on the year past, we are happy to see our CSR strategy and execution evolving towards quality: quality of operational management, buildings and retail services. Some of our efforts were recognised by the outside world too in 2013: Marseille Grand Littoral won the CNCC award in the category sustainability, Corio Nederland won the ICSC Solal marketing award in the category Cause Marketing with Moms with Guts.

## INVESTORS

Sustainability is growing in relevance for our investors and shareholders too. We are therefore proud to have been included in a new ESG index: Euronext Vigeo Eurozone 120. We see this as a reward for our ongoing efforts to improve our CSR performance and fully integrate CSR into the way we do business. We maintained our inclusion in all main ESG indices, including the Dow Jones Sustainability Index Europe and World.

## CSR ASSURANCE

The CSR report has received limited assurance on a selected set of Key Performance Indicators, as indicated with a "◊" in the table above.

## OUTLOOK

In our aim to bring CSR as close to our operational business as possible, the 2014 approach will focus on the following:

- Improvement of the level of building certification with a BREEAM in use programme
- Robust environmental management, including an energy and water conservation plan
- Sustainability risk assessment of the portfolio resulting in an actionable a risk management plan
- Further improvement of the quality and scope of CSR performance management and reporting. We have introduced a new CSR management information system in 2013 to handle this. In 2014, the plan is to investigate and execute a plan to improve performance indicator measurement and management.

An important subject in 2014 will be the further encouragement of sustainable behavior among Corio staffers, in particular by assigning responsibility throughout the organisation on all levels. It is about taking ownership and initiative and not waiting for the rest of the world to move. Now is the time to collect all the lessons learnt from the past years and apply everything we know to move to the next level. The aim is to have everyone acting towards achieving our targets, financial and extra-financial, as these two are linked together in our value creating process.

# PERFORMANCE PER KEY TOPIC

## PUTTING CONSUMERS FIRST

Consumers and visitors are vital to Corio. We therefore strive to attract them by creating Favourite Meeting Places they find comfortable enough to want to come back to, again and again. This ambition is both an aspiration and a responsibility.

**MID-TERM GOAL**
To monitor and translate the results of consumer behaviour into the daily management of our shopping .

**LONG-TERM GOAL**
To enable, engage with and inspire consumers to enrich their lives, make responsible purchases and reduce their impact on the environment.

### FMP performance

| Key Performance Indicators | 2013* | 2012 | 2011 | 2010 |
|---|---|---|---|---|
| Shopping centres that survey consumers yearly (%) | ◊ 71 | ◊ 66 | 63 | 50 |
| Centres that have a communication strategy in place regarding our sustainability results on centre level (%) | 67 | 67 | 67 | n/a |

For this key topic we achieved 80% green targets on the FMP portfolio

## ROOTED IN SOCIETY

Our centres play an important social and economic role in the community, not only as a place to meet but also as a source of Employment, Education and Entrepreneurship: the 3E scope. A targeted community investment approach is likely to create value both for society and for Corio.

**MID-TERM GOAL**
To understand our local impact and integrate it into local management practice.

**LONG-TERM GOAL**
To enhance community development by providing lasting social and economic opportunities.

### FMP performance

| Key Performance Indicators | 2013* | 2012 | 2011 | 2010 |
|---|---|---|---|---|
| The number of projects initiated in operational centres within the 3E scope | 36 | 121 | 90 | 50 |
| Vacant GLA used for projects in 3E scope (%) | ◊ 1.43 | ◊ 0.85 | 1.58 | no data |

For this key topic we achieved 100% green targets on the FMP portfolio

## LEADERSHIP AND OUR CULTURE

Our people are our future and future leaders need to be developed and inspired continuously. We encourage our people to incorporate Corio's core values: team play, empathic, inspiring, reliable and daring into their leadership role within the organisation, with a view to create sustainable value.

**MID-TERM GOAL**
To uphold our company values and maintain a leadership style that preserves these anchors of our culture.

**LONG-TERM GOAL**
To foster a culture of leadership that emphasises the connection between trust and transparency and where freedom and accountability are inseparable.

### HR data

| | 2013 | 2012 | 2011 | 2010 |
|---|---|---|---|---|
| Number of employees | 595 | 599 | 571 | 462 |
| Women (%) | 51 | 51 | 51 | 55 |
| Men (%) | 49 | 49 | 49 | 45 |
| Total FTE | 574.4 | 577.5 | 553.1 | 444.8 |
| Women in management positions (%) | 27.5 | 28.6 | 30.5 | no data |
| Employee compensation* (€ gross wage per FTE) | 53,393 | 57,028 | 59,992 | 55,493 |
| Absenteeism (%) | 2.46 | 2.22 | 1.89 | 2.06 |
| Turnover (%) | 11.9 | 15.8 | 11.9 | 9.6 |

* Total salary sum: income and bonus of all employees including managers and management board.

◊ Key Performance Indicators on which limited assurance is provided

* As a result of strategic choices, for 2013 we report on consumer surveys and vacant GLA made available for community investment projects in our FMPs. This is both a difference in scope as in number of performance indicators for this key topic. Please refer to the ESG statements in the CSR report for a more in depth explanation.

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# SUSTAINABILITY IN OUR OPERATIONS

To us sustainability means finding the balance in the integration of social, environmental and economic quality. Realising the sustainability potential of our portfolio requires us to partner with our tenants and suppliers and to develop Green Leases and Green Clauses.

**MID-TERM GOAL**

To manage our shopping centres in such a way that our environmental impact is minimised and collaboration with our partners is maximised.

**LONG-TERM GOAL**

To realise the sustainability potential of our portfolio through partnerships with tenants and suppliers, focusing on resource efficiency, reduction of $CO_2$ emissions and promoting wellbeing within our centres.

## FMP and TRC performance

| Key Performance Indicators | 2013 | 2012 | 2011 | 2010 |
|---|---|---|---|---|
| Electricity intensity (kWh/m²) | ◊ 84.4 | ◊ 97.5 | 101.6 | 103.8 |
| Carbon emissions intensity (tonnes $CO_2/m^2$) | ◊ 0.018 | ◊ 0.028 | 0.031 | 0.039 |
| Green Leases signed as part of all new contracts (%) | ◊ 98 | ◊ 57 | 20 | N/A |
| Business units that have a standard green lease in place (%) | 100 | 83 | 83 | N/A |
| Green clauses signed to regular contracts with suppliers in operation (%) | 100 | 81 | 39 | N/A |

For this key topic we achieved 79% green targets on the FMP portfolio

# CREATING SUSTAINABLE CENTRES

Corio ensures its economic sustainability by investing in the ecological and social development of its centres. We want to create flexible, future-proof and viable centres.

**MID-TERM GOAL**

To integrate sustainability fully in the design and (re) development of our centres.

**LONG-TERM GOAL**

To create flexible, future-proof and viable centres.

## FMP and TRC performance

| Key Performance Indicators | 2013 | 2012 | 2011 | 2010 |
|---|---|---|---|---|
| BREEAM ‘Good’ or higher for new developments (%) | ◊ 100 | ◊ 20 | 11 | N/A |
| Suppliers in development who have signed the code of conduct (%) | 100 | 80 | 92 | N/A |

For this key topic we achieved 100% green targets on the FMP portfolio

◊ Key Performance Indicators on which limited assurance is provided

**We refer to the csr report 2013 for full performance data and activities or www.Corio-eu.Com/csr.Html**

# REMUNERATION REPORT

## THIS REPORT GIVES AN OVERVIEW OF THE REMUNERATION OF THE MANAGEMENT BOARD AND THE SUPERVISORY BOARD, AND EXPLAINS HOW THE REMUNERATION POLICY FOR THE MANAGEMENT BOARD WAS APPLIED IN 2013

### INTRODUCTION

The remuneration policy of Corio was approved at the General Meeting of Shareholders on 29 April 2008. Details of the remuneration policy can be found on Corio's website.

### REMUNERATION POLICY OBJECTIVE AND SCOPE

The remuneration policy relates to the level and structure of the remuneration package for the Management Board. The objective of the remuneration policy is to enable Corio to recruit directors for the Management Board with the necessary management skills, required background and experience in the real estate market. The policy should furthermore motivate and retain members of the Management Board by its competitive nature, therewith contributing to the company's performance and profitable growth objectives.
Corio has postponed the review of the remuneration policy of the Management Board that was scheduled for 2013 due to the fact that current market circumstances did not give rise to it. This review will be scheduled for 2014 and, if applicable, Corio will propose changes in the AGM in 2015.

### A. LEVEL OF THE REMUNERATION PACKAGES

To meet the objectives of the remuneration policy, levels of compensation (both fixed and variable income) are set in line with levels of comparable Dutch and European companies. Additionally for external reference of the value of the overall remuneration package, a specific labour market reference group has been defined. The Supervisory Board reviews this reference group periodically and updates it if and when required. The labour market reference group includes property investment companies that primarily focus on retail, operating in a number of European markets (pan-European strategy) and Dutch listed companies comparable in terms of size and complexity and operating in the property sector. The labour market reference group consisted of the following companies in 2013:

**Beni Stabili**
**Intu Properties (formerly Capital Shopping Centres Group)**
**Deutsche EuroShop**
**Eurocommercial Properties**
**Hammerson**
**IVG Immobilien**
**Klépierre**
**Mercialys**
**Redevco**
**Unibail-Rodamco**
**VastNed Retail**
**Wereldhave**

The determination of pay levels is also based on more generic information about compensation practices at Dutch listed companies of comparable size and complexity and the remuneration committee's insights and experience.

### B. STRUCTURE OF THE REMUNERATION PACKAGES

The total remuneration of the Management Board of Corio consists of:

- Base salary
- Short-term incentive scheme
- Long-term incentive scheme
- Pension and other benefits
- Contract with a severance clause

The remuneration package is based on an equal balance between fixed and variable components. Corio aims to offer a performance-oriented package in a balanced and controlled setting.

### BASE SALARY

Salary increases are determined by the Supervisory Board, based on the principle that the individual's annual salary will reach the reference level within three years after being appointed to the Management Board, provided that his or her personal performance is at least satisfactory. Annual salaries are assessed and revised on 1 May each year, taking into account factors such as annual or other general changes in salaries at Corio, and, for individual directors whose salary has not yet reached the standard level, the growth rate.
In 2013, the base salary of Mr. Groener was maintained at € 452,000. The base salary of Mr. Van der Klift was maintained at € 312,000. The base salary of Mr. Fontaine was increased from € 275,000 to € 295,000, in line with his appointment as fulltime member of the Management Board as per 1 January 2013.

### VARIABLE REMUNERATION

All members of the Management Board are eligible for variable remuneration if they achieve certain pre-agreed performance criteria that support Corio's short- and long-term objectives. This variable remuneration is linked to both short-term and long-term objectives set by Corio. The annual short-term variable remuneration in case of at-target performance consists of 40% of base salary and is maximized at 60% of base salary in the case of outperformance. The long-term variable remuneration consists of an annual award of performance phantom shares equalling the value of 60% of base salary. The number of performance phantom shares that actually vest after three years is dependent on the total shareholders return, and may vary from 0 to 1.5 times the number of performance phantom shares initially awarded.

Variable remuneration is aligned with Corio's objectives of delivering both annual operational results and long-term shareholder return. By structuring the long-term incentives to track long-term performance indicators, and deriving short-term incentives from a multi-faceted mix of financial and non-financial objectives, the Supervisory Board kept in mind the risk profile attached to both kinds of performance objectives. The Supervisory Board has a discretionary authority to adjust any annual variable remuneration of the Management Board. The Supervisory Board has the right to reduce, cancel or claw back variable remuneration, either in full or in part, which was already awarded if subsequently it is discovered that this variable remuneration has been wrongly awarded (on the basis of incorrect financial data or otherwise).

### A. SHORT TERM INCENTIVE SCHEME

The short-term incentive scheme relates to the operational results of the company and includes financial and non-financial indicators that are relevant to the company's value creation. Two-thirds of the short-term incentive performance criteria consist of the metric 'controlled growth in the company's Operating Result'. One-third relates to measurable individual qualitative targets. The controlled growth of Operating Result consisted of targets related to 'direct result', administration expenses and the disposal programme. Individual qualitative targets were


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related to CSR, systems and improving asset performance.
The targets on direct result, direct result per share and the total of operational expenses and administration expenses were not achieved.
The target on the disposal programme was overachieved in volume but in pricing below target.
The individual qualitative targets were partly achieved.

Based on the above the annual short-term incentive for each Management Board member resulted in 15.3% of the annual base salary.

### B. LONG TERM INCENTIVE SCHEME

Under the 'Performance Phantom Share Plan', conditional performance phantom shares are awarded annually. Three years after the award date, vested performance phantom shares are paid out in cash. The number of performance phantom shares that vest depends on the 'total shareholder return' generated by Corio during the three-year vesting period, compared to the total shareholder returns generated by companies included in a pre-defined peer group, in that same period. The amount payable in respect of the vested performance phantom shares is the value of the performance phantom shares as at the payment date. Unvested performance phantom shares forfeit.

The number of performance phantom shares represent the average value of Corio shares over a three month period, starting January 1st. This three-month average aims to minimize the influence of short-term share price volatility. The three-month average also applies when calculating the relative total shareholders return of Corio and of the companies included in the performance reference group. The rules of the plan contain a provision to ensure that movements in the share price related to exceptional transactions do not affect the value of the performance phantom shares; e.g., in case of a take-over, the performance phantom share value is 'frozen' by limiting the value to the amount measured over the three-month period preceding the month before the notice of a change in control is made public.

The annual award value of performance phantom shares does not exceed 60% of annual base salary as determined after 1 May of the award year. The applied percentage is part of the remuneration policy approved by the General Meeting of Shareholders and was put down in the individual employment contract. In 2013 these percentages amounted to 60% for Mr. Groener, 60% for Mr. Van der Klift, and 60% for Mr. Fontaine.

The following scale applies to determine the number of performance phantom shares that vest, depending on the relative total shareholders return generated. The percentage of the performance phantom shares vesting ranges from 0% for below median performance to 150% of the awarded number of performance phantom shares if Corio ranks first in the performance reference group. The scale used to determine the number of performance phantom shares to be paid out is as follows:

### POSITION PERCENTAGE PAY-OUT*

| | | | |
|---|---|---|---|
| 1. | 150% | 6. | 0% |
| 2. | 130% | 7. | 0% |
| 3. | 110% | 8. | 0% |
| 4. | 90% | 9. | 0% |
| 5. | 70% | | |

* This percentage applies to the number of performance phantom shares that have been awarded (conditionally) three years before the vesting date.

The performance reference group consists of Corio and eight other listed property companies that primarily focus on retail. The performance reference group used for awards in 2013 consisted of Corio and the following companies:

**Deutsche Euroshop**
**Intu Properties**
**Eurocommercial Properties**
**Unibail-Rodamco**
**Hammerson**
**VastNed Retail**
**Klépierre**
**Wereldhave**

The Supervisory Board reviews the performance reference group periodically and adjusts it if necessary.

In 2013, conditional performance phantom shares were awarded under the plan rules to Mr. Groener, Mr. Van der Klift, and Mr. Fontaine for the year 2013. The awarded performance phantom shares for the year 2010, based on ranking in the performance reference group, did not result in a pay-out for Mr. Groener, Mr. van der Klift and Mr. Fontaine.


BOULEVARD BERLIN, BERLIN

In 2013 the Supervisory Board conducted the scenario analyses in order to assess whether the maximum cash value of the performance phantom shares is still reasonable. The Supervisory Board concluded that the outcome of the scenario analyses is in line with the principles of the Performance Phantom Share Plan.

The Performance Phantom Share Plan, which would expire per year-end 2013, was extended for another year.

Financial information with an overview of total cost to the company in 2013 can be found on page 107 of this annual report. Financial information on the long-term incentive awards can be found on page 108 of this report.
At the end of 2013, there were no other outstanding unvested shares or share options than the rights detailed in the scheme on page 108.

## PENSIONS

Corio pays an annual contribution to each member of the Management Board. It is assumed that members of the Management Board retire at the age of 65 and therefore there are no agreed arrangements for the early retirement of Management Board members.

The company's contribution to the CEO, CFO and CDO for personal pension plan financing has been set at 20% of base annual salary. This percentage is generally in line with Dutch market practice of average contribution levels for pension schemes.

Further information about the costs of the pension contributions by the company can be found on page 107 of this annual report.

## OTHER FRINGE BENEFITS

Corio provides a package of fringe benefits for its Management Board, in line with those applicable to other employees. These include benefits such as accident insurance, disability insurance, a lease car and directors' and officers' liability insurance. Corio does not provide any loans to the members of the Management Board.

## EMPLOYMENT CONTRACT AND SEVERANCE TERMS

The full terms and conditions of employment of the members of the Management Board are recorded in individual employment contracts. Members of the Management Board are appointed for periods of four years. If this is considered to be reasonable, the relevant director may be eligible for severance pay up to a maximum of one, or in special cases a maximum of two years annual salary.

## CHANGES IN COMPOSITION OF THE MANAGEMENT BOARD

As decided in 2012, Mr. Fontaine assumed full membership of the Management Board as CDO as of 2013.

## REMUNERATION POLICY AND IMPLEMENTATION IN FUTURE YEARS

In 2013 we have reviewed the consistency and soundness of other remuneration levels within Corio against the remuneration policy of the Management Board and concluded to be fully in line and consistent with this policy.

## SUPERVISORY BOARD REMUNERATION

On 21 April 2011 the AGM approved an adjustment in the remuneration of the Supervisory Board. This means that as of 1 May 2011, the annual remuneration comprises of € 45,000 for the chairman, € 40,000 for the vice-chairman and € 35,000 each for other members. Supervisory Board members also receive the following annual fixed payment for the Supervisory Board committees of which they are a member:

**Audit Committee**
Chairman € 10,000
Members € 7,500

**Remuneration Committee**
Chairman € 7,500
Members € 5,000

**Selection and Appointment Committee**
Chairman € 7,500
Members € 5,000

The remuneration is not related to the results. Supervisory Board members are not eligible to receive company shares as part of their remuneration. Financial information on the remuneration level in 2013 can be found on page 108 of this annual report.

*On behalf of the Remuneration Committee*
*Gobert Beijer, Chairman*

# CORPORATE GOVERNANCE & RISK MANAGEMENT

CORIO IS A PUBLIC COMPANY GOVERNED BY DUTCH LAW WITH A TWO-TIER BOARD. CORIO IS MANAGED BY A MANAGEMENT BOARD, WHICH IS SUPERVISED BY A SUPERVISORY BOARD. BOTH BOARDS ARE RESPONSIBLE FOR PROPER CORPORATE GOVERNANCE WITHIN CORIO AND ARE ACCOUNTABLE TO THE GENERAL MEETING OF SHAREHOLDERS.

## INTRODUCTION

Corio strives to maintain a corporate governance structure that best serves the interests of all stakeholders and that complies with the recommendations of the Dutch Corporate Governance Code (the 'Code'). The company has complied with the applicable principles and best practice provisions and will continue to do so in 2014. A checklist specifying the extent to which Corio currently complies with the principles and best practice provisions and an overview of the company's corporate governance structure can be found in Corio's Corporate Governance Statement on its website www.corio-eu.com.

## MANAGEMENT BOARD

The Management Board is responsible for setting the broad management parameters. It is responsible for setting the corporate strategy and policies, and for achieving the corporate objectives. The Management Board is accountable to the Supervisory Board, and both are in turn accountable to the General Meeting. The Management Board must consist of at least two members, who are (re-) appointed by the General Meeting following their non-binding nomination by the Supervisory Board. The Supervisory Board is at liberty to appoint one of the members as chairman of the Management Board, which is the case with Corio. The Supervisory Board determines the number of members. Members of the Management Board are (re-) appointed for a maximum period of four years, their term of office expiring on the day of the General Meeting four years after the year in which they were appointed, unless they step down earlier. Corio's Management Board consists of three members, namely Mr. Gerard Groener (CEO), Mr. Ben van der Klift (CFO) and Mr. Frederic Fontaine (CDO). Mr. Van der Klift will be nominated for reappointment during the General Meeting of 17 April 2014.

The company has a remuneration policy for its Management Board which was proposed by the Supervisory Board to the General Meeting and accepted in the General Meeting held on 29 April 2008. For further information, please refer to the 2013 remuneration report on page 62 of this Annual Report. Corio strives to ensure that every type of actual or perceived conflict of interest between the company and members of the Management Board is avoided. No such conflicts arose during 2013.

## SUPERVISORY BOARD

The role of the Supervisory Board is to oversee the Management Board's functioning and general developments within the company and its associated business, and to support the Management Board by advising. The Supervisory Board is responsible for the quality of its own performance. It should consist of at least three members. The members of the Supervisory Board are (re-) appointed by the General Meeting. The Supervisory Board may make a non-binding nomination. Members of the Supervisory Board must step down no later than the date of the first General Meeting held four years after the date of their (re-) appointment. A member of the Supervisory Board can be a member for a maximum of twelve years. The level of remuneration received by members of the Supervisory Board is determined by the General Meeting. The Supervisory Board has appointed an Audit Committee, a Remuneration Committee and a Selection Committee among its members. The task of these committees is to do preparatory work in support of the Supervisory Board's decision-making process. Rules have been drawn up for each committee and can be found on the Corio website www.corio-eu.com. For more information on the composition of the Supervisory Board and the committees please refer to the Report of the Supervisory Board elsewhere in this Annual Report.

Corio strives to ensure that every type of actual or perceived conflict of interest between the company and members of the Supervisory Board is avoided. Two such perceived conflicts arose during 2013. Mr. Carrafiell is a partner at GreenOak Real Estate, GreenOak Real Estate acts as a consultant with regard to one of Corio's projects. In this regard Mr. Carrafiell did not take part in the deliberations and decision-making regarding these topics in the Supervisory Board, nor did the Company share any information for decision-making with him, in accordance with article 11 of the Supervisory Board rules. Access to Quality, of which Mr. Van den Berg is one of the owners, has advised Corio on some matters relating to the Favourite Meeting Places concept. For more information please refer to Note 28 Related Parties on page 116 and Note 12 Related Parties on page 121 of this annual report.

Pursuant to the Dutch Financial Supervision Act and the Dutch Civil Code, transactions between the company and persons with a direct interest in it, including the members of the Management Board and Supervisory Board and major shareholders, are disclosed in the notes to the financial statements. In 2013 no transactions took place between the company and another party with a direct interest.

## COMPANY SECRETARY

The Supervisory Board is supported by the Company Secretary. The Company Secretary ensures that the correct company law procedures are followed and that the Supervisory Board acts in accordance with its legal and statutory obligations and powers, and the applicable corporate governance rules.

## SHAREHOLDERS

General Meetings of Shareholders are convened by either the Management Board or the Supervisory Board. They are held at least once a year to discuss the company's business over the last year, adopt the annual accounts, decide on the dividend proposal and to discharge the members of the Management Board and the members of the Supervisory Board with regard to their fulfilment of their duties. Other tasks include appointing members of the Management Board and the Supervisory Board. Shareholder approval is required for resolutions that have a substantial impact on the company and its risk profile. Please also refer to the paragraph Further Financial Information within the Meaning of Article 10 of the Takeover Directive. In compliance with the company's Articles of Association, the Management Board and/or the Supervisory Board will also put resolutions proposed by shareholders on the agenda of General Meetings of Shareholders. Shareholders representing shares with a total nominal value of at least € 10 million may ask the Management Board and/or Supervisory Board to convene a General Meeting. Shareholders are entitled to cast one vote for each ordinary share they hold, and if necessary they can vote by proxy. Resolutions of the General Meeting are carried by a simple majority of the votes cast, unless the law or Articles of Association prescribe a larger majority. To ensure that shareholders wishing to vote by proxy are given sufficient opportunity to perform a thorough analysis, the agenda and underlying documents are made available on Corio's website and at its offices not later than 42 calendar days before the General Meeting. The Management Board and the Supervisory Board provide the General Meeting with all required information unless an important interest of the company dictates otherwise.

## REMUNERATION

In addition to the remuneration policy as laid down for the Supervisory Board and the Management Board of Corio, there is a written remuneration policy for all other positions within Corio. This remuneration policy is based on the following principles:

- Employees receive a remuneration package in line with local market practice. This remuneration package is periodically checked internally by the Management Board and the human resource manager and externally benchmarked by consultants and adjusted when necessary;
- The remuneration package consists of a fixed income part, a possible short term and long term variable income part and a number of employment benefits for senior management;
- Remuneration of employees is linked to a performance management system, by which compensation is made dependent upon achieving individual and company results.

## EXTERNAL AUDITORS

The external auditors are appointed by the General Meeting on the recommendation of the Supervisory Board, which receives advice on this matter from both the Audit Committee and the Management Board. The remuneration of the external auditors and their terms of engagement to provide non-audit services are proposed by the Audit Committee and approved by the Supervisory Board after it has consulted the Management Board. The external auditors report the findings of their audit of the financial statements simultaneously to the Management Board and the Supervisory Board. The external auditors can be questioned by the General Meeting regarding their auditors' report on the fairness of the financial statements. The external auditors, therefore, are entitled to attend and address the General Meeting. The contents of the financial statements are primarily the responsibility of the Management Board. On the recommendation of the Supervisory Board and subject to the approval of the General Meeting on 17 April 2014 PricewaterhouseCoopers Accountants N.V. will be proposed to the General Meeting to carry out the audit of the 2014 financial statements.

## REGULATORS

Financial supervision in the Netherlands is carried out by the Dutch Central Bank (DNB) and the Dutch Financial Markets Authority (AFM). DNB is responsible for prudential supervision, which means that its role is to ensure that parties can meet their financial obligations in the financial markets. See www.dnb.nl. The AFM is responsible for supervision regarding the correct treatment of and proper provision of information to financial market participants. The AFM issued Corio a license under the Dutch Investment Institutions (Supervision) Act (WTB) on 19 June 2006. Following the introduction of the Dutch Financial Supervision Act (WFT) on 1 January 2007, the license was automatically converted into a WFT license. The EU Directive on Alternative Investment Fund Managers (AIFMD) has been implemented in Dutch law and will need to be complied with by 22 July 2014. Since the European Commission has not yet determined whether listed real estate investment companies will fall within the scope of the AIFMD, it is currently uncertain whether Corio will fall within the scope of the AIFMD. If the AIFMD should become applicable to Corio, this could affect Corio's regulatory position and requirements with regard to matters such as liquidity management, valuation and leverage could become applicable. In addition, Corio could then become obliged to appoint a depositary.

## RULES, REGULATIONS AND POLICIES

The company strives to prevent insider trading in shares and other financial instruments within the meaning of the Dutch Financial Supervision Act. By way of safeguards, it has drawn up a Compliance Code that applies to Corio's employees and Rules on Investments that apply to the Management Board and Supervisory Board. Corporate compliance officers and local compliance officers are appointed at Corio's business units. The compliance officer reports on these matters quarterly to the chairman of the Management Board and the Supervisory Board. Corio has further policies such as a Code of Conduct which sets out the fundamental principles governing how Corio and its employees should behave. In 2013 all Corio employees were requested to take a compulsory e-learning training. The training provided about 25 questions/dilemmas or imaginary cases in order to explain Corio's Code of Conduct and to explain what Corio considers as appropriate behaviour and expects from its employees.

Corio also has an Internal Breach Reporting Procedure (whistleblower policy) by which employees can report their suspicions of abuses to their superiors and/or a locally appointed confidential counselor. In late 2011 Corio made it possible, in jurisdictions where it is allowed, for employees to report their suspicions anonymously. We received 7 reports under the whistleblower policy in 2013. All these reports have been investigated and closed. None is likely to have a reputational or significant financial impact on the company. For further information regarding these policies and to review the policies themselves we refer you to Corio's website: www.corio-eu.com.

## FINANCIAL MARKETS, COMMUNICATION POLICY AND POLICY REGARDING BILATERAL CONTRACTS WITH SHAREHOLDERS

Analysts' reports and valuations are not assessed, commented upon or corrected by the company before publication, other than to verify their factual content. The company refrains from actions that might affect the independence of analysts in relation to the company, and vice versa. The company makes every effort to improve participation in and communication with the international investment world by disseminating all important new information immediately. It does this by using the services of a press release distribution system and by publishing such press releases along with other important information on its website. Corio adopted an outline policy regarding bilateral contracts with (potential) shareholders. The policy can be found on Corio's website www.corio-eu.com.

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## FURTHER FINANCIAL INFORMATION WITHIN THE MEANING OF ARTICLE 10 OF THE TAKEOVER DIRECTIVE

Corio has an authorised capital of € 2,000,000,000, which is divided into 200,000,000 shares, each with a nominal value of € 10. One vote can be cast for each share. Under the legal requirements for reporting holdings in listed companies the following was reported to the AFM register :

- on 3 February 2010 Stichting Pensioenfonds ABP (ABP) and Algemene Pensioen Groep N.V. (APG) were registered as 36.77% shareholder in Corio; ABP as indirect shareholder and APG (a subsidiary of ABP) as direct shareholder. ABP has informed Corio that its indirect interest in the company was 30.58% as at year-end 2013;
- on 7 February 2013 BlackRock Inc. was registered as 4.96% shareholder in Corio;
- on 1 July 2013 State Street Corporation was registered as 3.89% shareholder in Corio; and
- on 17 December 2013 Amundi was registered as a 4.95% shareholder.

Disclosure is required once a shareholder's interest amounts to 3% or more of the issued capital and again if the interest reaches, exceeds or falls below certain threshold values (3%, 5%, 10%, 15%, 20%, 25%, 30%, 40%, 50%, 60%, 75% and 95%).

Corio is a two-tier board company. Management Board members are appointed by the General Meeting. If a Management Board member needs to be appointed, the Supervisory Board may make a non-binding nomination. Members of the Management Board may be dismissed by the General Meeting. The Supervisory Board may make a proposal to the General Meeting to dismiss a member of the Management Board. The General Meeting can resolve to such appointment or dismissal by a resolution adopted by an absolute majority of the votes cast. A resolution to appoint or dismiss a Management Board member who is not proposed by the Supervisory Board shall be adopted by the General Meeting by qualified majority of 2/3 of the votes cast representing at least 50% of the issued share capital. Further, the General Meeting and the Supervisory Board may at all times suspend a member of the Management Board.

Members of the Supervisory Board are appointed by the General Meeting. If a Supervisory Board member needs to be appointed, the Supervisory Board may make a non-binding nomination. Members of the Supervisory Board may be dismissed by the General Meeting. The Supervisory Board may make a proposal to the General Meeting to dismiss a member of the Supervisory Board. The General Meeting can resolve to such appointment or dismissal by a resolution adopted by an absolute majority of the votes cast. A resolution to appoint or dismiss a member of the Supervisory Board which is not proposed by the Supervisory Board shall be adopted by the General Meeting by qualified majority of 2/3 of the votes cast representing at least 50% of the issued share capital. Further, the General Meeting may at all times suspend a member of the Supervisory Board.
Corio is an investment company with variable capital as referred to in Section 76a of Book 2 of the Dutch Civil Code. This means that the Management Board has the power to issue shares and to repurchase shares, subject to the approval of the Supervisory Board. However, Corio has a policy to limit, in line with market practice, its authorization to 10% of the issued shares for a period of 18 months in case of general share issuance and buybacks and an additional 10% of the issued shares in case of share issuance for M&A purposes. Investments and divestments of more than 20% (currently 33⅓%) of the total balance sheet will be put before the General Meeting for approval.

A resolution to amend the Articles of Association, dissolve the company or a legal merger or split up of the company can only be adopted by the General Meeting following a proposal by the Supervisory Board. The long-term agreements that Corio has with its lenders include a provision that gives the lenders the option of demanding early repayment of their loans in the event of a change in control of Corio. This would be the case, for example, after a takeover.

# RISK MANAGEMENT AND INTERNAL CONTROL SYSTEMS

## INTRODUCTION

CORIO MANAGES ITS OPERATIONS THROUGH A HOLDING COMPANY THAT IS MANAGED BY THE MANAGEMENT BOARD AND WHICH ENCOMPASSES THE FOLLOWING FUNCTIONS: INVESTOR RELATIONS, CORPORATE PR & COMMUNICATIONS, INVESTMENT STRATEGY & ACQUISITIONS, TREASURY, RESEARCH & CONCEPTS, CORPORATE SOCIAL RESPONSIBILITY, TRC DISPOSAL TEAM, FINANCE & CONTROL, LEGAL & COMPLIANCE, INFORMATION MANAGEMENT, TAX, HUMAN RESOURCES MANAGEMENT, RISK MANAGEMENT AND INTERNAL AUDIT.

The operations are managed primarily by six business units (BU), which are country based, where we have running operations. A BU is structured according to local conditions and insights. Any BU is responsible for operational functions within their individual areas of activity. This concerns the primary processes, development, letting and centre management and support processes. The management of the BU monitors the effectiveness and efficiency of these processes. Corio is an organisation with a combination of centralised specialist functions and decentralised operational functions. This to allow management to respond quickly and appropriately to changing market circumstances, seize opportunities and identify risks at an early stage. Monthly KPI reports and quarterly full business reports, closing the quarter and forecasting the remainder of the year, are produced by the BU to inform the holding company. These reports are based on an approved annual budget, approved dis/investment proposals and comply with the accounting manual. Consultative structures such as frequent Management Board meetings, monthly business unit CEO meetings, separate CFO meetings and expert meetings for example on Concepts & Design, CSR, research, valuations and accounting ensure continuous oversight and enable hands-on management by the Management Board. Guidance is provided furthermore through our group-wide policies and codes such as the investment procedure, valuation policy, screening policies, authorisation schedules, financing policy, insurance policy, compliance code and the code of conduct contain our business rules and principles.

Every year the strategy is evaluated by the Management Board in consultation with the Supervisory Board and adjusted where necessary. Decisions are taken on the basis of the strategy and are approved by the Management Board. Special cases, as laid down in the Management Board rules, require the approval of the Supervisory Board. Minutes are made of all decisions taken by the Management Board and Supervisory Board.

### HOW WE MANAGE RISKS

Corio has a structured, pro-active risk management framework that has been developed based on the guidance of the Committee of Sponsoring Organisations of the Treadway Commission (COSO). It focuses on material risks in the field of strategy, operations, compliance and financial reporting. The Corporate Risk Manager supports the Management Board in taking their responsibility for maintaining and continuously improving this framework. The business units and the holding company go through a systematic process of identifying and evaluating risks and controls and, where necessary, improving the way in which risks are managed.
In the above described reports and consultative structures, business units and staff functions report on their activities, including on the effectiveness of their risk management activities. Twice a year, business unit management signs a letter of representation that contains financial reporting statements and other statements regarding risk management, corporate social responsibility, integrity and compliance with the code of conduct, the accounting manual, statutory provisions and compliance with other rules and regulations. The outcomes of the internal risk and control evaluation process and the letter of representation process are discussed in the Management Board and reported to the Audit Committee.

In 2013 an Internal Audit function was established. The scope of Internal Audit encompasses, but is not limited to, the examination and evaluation of the adequacy and effectiveness of Corio's governance, risk management, and internal controls. The annual Internal Audit plan is risk-based and is approved by the Audit Committee after consultation with the Management Board and the external auditor. The Head Internal audit leads the internal audits, and works in conjunction with other Holding or BU functions. Findings and recommendations from the internal audits are discussed with the auditees, who then develop action plans and set deadlines to address these points. The internal audit reports are submitted to the Management Board and the Audit Committee. Progress with the action plans is monitored through periodic follow-up audits.

The aforementioned processes make the risks and the areas requiring improvement in the internal control systems transparent. It is always possible, however, for circumstances to arise in which unidentified risks become apparent or in which the impact of identified risks is greater than originally estimated.

### OUR RISK PROFILE AND APPETITE

Opportunities, such as entering new markets or buying existing portfolios, and important business risks, such as economic turmoil, are identified and assessed continuously. The resulting choices Corio has made and will make in the future reflect our corporate values and risk appetite and mean that we avoid certain risks and take on other risks. Our strategic choices determine both our playing field as well as the rules of our game. On the one hand they define the side lines of the playing field, such as our choice to move towards a pure retail investment portfolio or adding in-house development projects. On the other hand they set the basic rules of the game, such as having in-house management and our focus on CSR. Please find on the next page some of the key risks that we face daily.

# RISKS

Objectives

IN THIS TABLE WE HAVE LINKED THE RISKS TO THE POTENTIALLY DIRECTLY IMPACTED STRATEGIC OBJECTIVES

| | DISPOSAL PROGRAMME | OVERALL NRI GROWTH FMP PORTFOLIO OF 4%-6% PER YEAR | LEVERAGE OF 35%-38% | REDUCTION IN OPEX AND ADMIN | CONCEPT & TENANT MIX | FOOTFALL AND CONVERSION RATES | REVENUES FROM OTHER INCOME STREAMS BESIDES RENT | AGILE CULTURE, CASH FLOW DRIVEN, VIGOROUS EXECUTION |
|---|---|---|---|---|---|---|---|---|
| **Asset allocation risks** The risks that we are not successful in managing our risk-return profile.<br>These risks are managed by executing periodic hold/sell analyses in order to determine assets to be held, redeveloped or sold. | | ● | ● | ● | ● | ● | ● | |
| **Valuation risks** The risks that Corio's assets are incorrectly valued.<br>An important control in Corio's valuation process are external valuations that are performed twice a year by external international appraisers on a rotational basis. Nonetheless we are dependent on the market's view on valuation models used and the risk profile associated by the market with retail real estate centres in the different territories in which we are present. Market liquidity, that could adversely impact the valuation of our assets and therefore progress of our disposal plan is also assessed in our asset allocation process. | ● | | ● | | | | | |
| **Competition & substitution risks** The risks that consumers increasingly use other shopping channels, such as e-commerce. In-house research teams study and monitor general developments and assess their impact on our business. We also engage other parties in discussions about developments, innovative products and/or retail concepts, consumer behaviour, etc. | | ● | | | ● | ● | ● | |
| **Economic risks** The risks that consumer confidence will decline, leading to reduced consumer spending that in turn leads to the departure of tenants.<br>We manage these risks by our in-house decentralised leasing management striving to optimise the tenant mix. Through our onsite centre managers we are also in close contact with consumers and our tenants and this allows us to act quickly in response to changing demand and supply. | | ● | | | ● | ● | ● | |
| **Investment selection risks** The risks that the projects Corio selects as investments are not actually FMPs, either at present or in the future.<br>The risks of a declining market position in changing (local) market situations is managed by monitoring planning legislation and market pipeline, with our local management ensuring alignment with (changing) catchment area characteristics. | | ● | ● | | ● | ● | ● | |
| **(Re)development & construction risks** The risks that cost budgets are overrun or income budgets are underscored.<br>Corio in-sources (re) development activities in order to improve returns. With in-house experience and knowhow on successfully developing quality centres we mitigate the related construction risks. | | ● | ● | | | | ● | |
| **Tax risks** The risks that we breach or lose our tax exempt status in The Netherlands and France or are confronted with considerable higher taxation in the other markets.<br>We continuously monitor operations and regulatory developments in order to retain the tax-exempt status and ensure compliance with (changing) local tax regimes. | | ● | | | | | | |
| **Funding risks** The risks that we can no longer fund our business in a profitable manner caused by lack of available sources or pricing becoming too expensive.<br>Corio's funding policy aims to assure continuity of operations based on a diversified funding base and flexibility in order to facilitate management in achieving their strategic targets. It also aims to keep funding costs as low as possible. Information on the financing structure, key ratios and risk appetite is provided in this report and the notes to the financial statements. | | ● | ● | | | | | |
| **Risks of non compliance with rules and legislation** Non-compliance could lead to penalties and reputational losses for Corio.<br>We manage compliance risks through continuous monitoring of (expected) changes in legislation, assess the impact on our organization and translate them into group and local policies and procedures. Continuous monitoring and training ensure the effectiveness of these policies and procedures. | | ● | | | | | | ● |
| **Human resources risks** If Corio is not successful in retaining or attracting employees with the required skills and knowledge we could fail to execute the FMP strategy and manage the challenging market circumstances.<br>To manage these risks, Corio has renewed job profiles for key positions such as centre managers, and assessed current employees against these new profiles. Every employee's performance is assessed annually against targets and (changing) profile requirements. In addition Corio is aligning the organisational structure and reporting formats with the focus on FMPs. | ● | ● | ● | ● | ● | ● | ● | ● |


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ARNEKEN, HILDESHEIM


HOOG CATHARIJNE, UTRECHT


GRAND LITTORAL, MARSEILLE

SHOPVILLE LE GRU, TURIN


CAMPANIA, NAPLES


GRAND PLACE, GRENOBLE

ALEXANDRIUM, ROTTERDAM


FORUM DUISBURG, DUISBURG


CITYPLAZA, NIEUWEGEIN


ARNEKEN, HILDESHEIM


MAREMAGNUM, BARCELONA


TARSU, TARSUS

BOULEVARD BERLIN, BERLIN


365, ANKARA

The Risk Management Section of the website contains a more detailed description of the risks Corio faces. You will find a description of Corio's environment and market developments, their impact on strategy and the way in which Corio is responding to them, in the Management Board Report sections in this annual report. The risk-indicators for the social, environmental and economic performance are described in the CSR section of this report.

# DECLARATIONS

## CORPORATE GOVERNANCE 'IN CONTROL' STATEMENT

Corio's risk management approach has been developed in order to prevent material errors in financial reporting and to flag and mitigate failures in the management of strategic, operational and legal/regulatory risks in good time. The risk management and internal control systems reduce risks to an acceptable level but do not entirely exclude errors of judgement in the decision-making process, human error, the deliberate evasion of control processes by staff or third parties, or unforeseen circumstances. Therefore the presence and effectiveness of these systems cannot provide absolute assurance with regard to the achievement of objectives. The risk management process as executed in 2013 will be repeated each year, paying constant attention to the implementation of action plans and the process for monitoring the effectiveness of control measures. The Management Board believes that Corio's risk management and internal control systems satisfy the standards ensuing from the principles and the best practice provisions of the Dutch corporate governance code. These systems have shown themselves to be reasonably effective in the year under review and thus offer reasonable assurance that the financial reporting does not contain any material misstatements.

## DECLARATION PURSUANT TO ARTICLE 5:25C OF THE DUTCH FINANCIAL SUPERVISION ACT (WFT)

The Management Board declares that to the best of its knowledge (i) the financial statements give a true and fair view of the assets, liabilities, financial position and the income statement of Corio and the related companies included in the consolidated financial statements, (ii) the annual report gives a true and fair view of the situation at the balance sheet date and of the events at Corio and its related companies included in the consolidated financial statements during the financial year, as well as of the principal risks run by the issuer that are described in the annual report.

## DECREE ON CORPORATE GOVERNANCE

The statements as required by the Decree on Corporate Governance are published on the website www.corio-eu.com.

# TOP 10 TENANTS

## 1 INDITEX
ZARA, ZARA HOME, ZARA KIDS, OYSHO, BERSCHKA, STRADIVARIUS, PULL & BEAR

RENT
€ 16.6 MILLION
% OF TOTAL RENT
3.9
NUMBER OF CONTRACTS
58

## 2 METRO
MAKRO, METRO, MEDIAMARKET

RENT
€ 13.7 MILLION
% OF TOTAL RENT
3.2
NUMBER OF CONTRACTS
19

## 3 KARSTADT
KARSTADT

RENT
€ 8.8 MILLION
% OF TOTAL RENT
2.1
NUMBER OF CONTRACTS
4

## 4 HENNES & MAURITZ
H&M

RENT
€ 8.8 MILLION
% OF TOTAL RENT
2.0
NUMBER OF CONTRACTS
49

## 5 AHOLD
ALBERT HEIJN, ETOS, GALL & GALL

RENT
€ 6.0 MILLION
% OF TOTAL RENT
1.4
NUMBER OF CONTRACTS
7

## 6 BLOKKER
BLOKKER, MARSKRAMER, BART SMIT

RENT
€ 4.7 MILLION
% OF TOTAL RENT
1.1
NUMBER OF CONTRACTS
43

## 7 THE STING
LADY STING, THE STING

RENT
€ 4.5 MILLION
% OF TOTAL RENT
1.1
NUMBER OF CONTRACTS
7

## 8 COFRA GROUP
C&A

RENT
€ 3.5 MILLION
% OF TOTAL RENT
0.8
NUMBER OF CONTRACTS
12

## 9 CARREFOUR
CARREFOUR, CHAMPION

RENT
€ 3.3 MILLION
% OF TOTAL RENT
0.8
NUMBER OF CONTRACTS
6

## 10 MCDONALD'S
MCDONALD'S

RENT
€ 3.1 MILLION
% OF TOTAL RENT
0.7
NUMBER OF CONTRACTS
35

# EPRA BEST PRACTICES

The EPRA Reporting and Accounting Committee published the updated EPRA Best Practices Recommendations (BPR) in August 2011. The BPRs contain recommendations concerning the determination of key performance indicators for measuring the performance of the property portfolio. Corio recognises the importance of standardising the reporting of performance indicators from the perspective of comparability and improving the quality of information provided to investors and other users of the annual report.

The EPRA BPR Checklist is available on Corio's website: **www.corio-eu.com**.

## SUMMARY

| (€ million) | 2013 | 2012 |
|---|---|---|
| Direct result | 261.2 | 262.0 |
| EPRA NAV | 3,908.5 | 4,299.7 |
| NNNAV (EPRA definition) | 3,700.5 | 3,963.1 |
| EPRA Net Initial Yield retail (%) | 6.0 | 5.8 |
| EPRA 'topped up' NIY retail (%) | 6.1 | 5.9 |
| Vacancy rate (%) | 6.0 | 6.0 |
| EPRA cost ratio (including direct vacancy costs) (%) | 24.2 | 24.0 |
| EPRA cost ratio (excluding direct vacancy costs) (%) | 20.4 | 21.0 |

## RECONCILIATION EPRA NAV AND NNNAV

| | Total (€ million) | | Per share (€) | |
|---|---|---|---|---|
| | 2013 | 2012 | 2013 | 2012 |
| Equity balance sheet | 3,643.7 | 4,082.5 | 37.07 | 42.44 |
| Fair value of financial instruments | 27.6 | 1.6 | 0.28 | 0.02 |
| Deferred tax (nominal) | 293.8 | 272.2 | 2.99 | 2.83 |
| Goodwill as a result of deferred tax | -56.6 | -56.6 | -0.58 | -0.59 |
| **EPRA NAV** | **3,908.5** | **4,299.7** | **39.76** | **44.70** |
| Fair value of financial instruments | -27.6 | -1.6 | -0.28 | -0.02 |
| Change loans to market value | -150.6 | -297.6 | -1.53 | -3.09 |
| Deferred tax (EPRA) | -29.7 | -37.4 | -0.30 | -0.39 |
| **EPRA NNNAV** | **3,700.5** | **3,963.1** | **37.65** | **41.20** |
| Share price period end | | | 32.58 | 34.32 |
| Premium/Discount to NNNAV | | | -13.5% | -16.7% |

## EPRA EARNINGS OVERVIEW

| (€ million) | 2013 | 2012 |
|---|---|---|
| Earnings per IFRS income statement | -250.5 | 16.0 |
| Net revaluation on investment and development properties | 406.9 | 226.7 |
| Result on sale of investment properties | 37.8 | 20.0 |
| Impairment of goodwill | – | 1.8 |
| Changes in fair value of financial instruments and associated close-out costs | 29.1 | 7.5 |
| Deferred tax | 19.2 | -14.2 |
| Adjustment in respect of Equity Accounted Investees | 23.0 | 7.1 |
| Minority interest | -4.3 | -2.9 |
| **EPRA earnings** | **261.2** | **262.0** |
| **EPRA earning per share** | **2.68** | **2.77** |

# DIRECT AND INDIRECT RESULT

Corio recognises direct and indirect result as shown in the table below. Direct result reflects recurring income from core operational activities and other adjustments. Unrealised changes in valuation, gains or losses on disposal of properties, and certain other items do not provide an accurate picture of the company's underlying operational performance and are therefore categorised as direct and indirect result.

## GROUP RESULTS

| (€ million) | 2013 | 2012 |
|---|---|---|
| Gross rental income | 462.2 | 475.6 |
| Property operating expenses (including service charges) | -82.5 | -78.1 |
| **Net rental income** | **379.7** | **397.5** |
| Administrative expenses | -39.1 | -45.4 |
| **Operating income** | **340.6** | **352.1** |
| Share of result of equity accounted investees (direct) | 25.7 | 22.7 |
| **EBIT** | **366.3** | **374.8** |
| Net finance expenses (direct) | -97.7 | -103.5 |
| Current tax | -6.4 | -6.0 |
| Other direct result | -0.1 | -0.7 |
| **Direct result** | **262.1** | **264.6** |
| Non-controlling interest (direct) | 0.9 | 2.6 |
| **Direct result (excluding non-controlling interest)** | **261.2** | **262.0** |
| | | |
| Net revaluation on investment properties | -366.7 | -199.6 |
| Result on sale of investment properties | -37.8 | -20.0 |
| Share of result of equity investees (indirect) | -23.0 | -7.1 |
| Impairment of goodwill | – | -1.8 |
| Net finance expenses (indirect) | -29.1 | -7.5 |
| Deferred tax expense/current tax | -19.2 | 14.2 |
| Other income/expenses | -40.2 | -27.1 |
| **Indirect result** | **-516.0** | **-248.9** |
| Non-controlling interest (indirect) | -4.3 | -2.9 |
| **Indirect result (excluding non-controlling interest)** | **-511.7** | **-246.0** |
| | | |
| **Net result (including non-controlling interest)** | **-253.9** | **15.7** |
| | | |
| **Attributable to:** | | |
| Shareholders | -250.5 | 16.0 |
| Non-controlling interest | -3.4 | -0.3 |
| **Net result** | **-253.9** | **15.7** |
| | | |
| **Result per share (€) based on weighted number of shares** | | |
| Direct result | 2.68 | 2.77 |
| Indirect result | -5.25 | -2.60 |
| **Net result** | **-2.57** | **0.17** |
| | | |
| Weighted average number of shares (million) | 97.4 | 94.7 |

## RECONCILIATION EPRA NET INITIAL YIELD AND TOPPED-UP NET INITIAL YIELD DISCLOSURE

| (€ million) | | 2013 | 2012 |
|---|---|---|---|
| Investment property - wholly owned | | 6,658.3 | 6,714.6 |
| IFRS Adjustment for capitalised lease incentives | | 1.3 | – |
| Investment property -share of JVs/Funds (proportional property value) | | 555.9 | 585.6 |
| **Trading property (including share of JVs)** | | **7,215.5** | **7,300.1** |
| Less Developments | | -594.5 | -486.6 |
| **Completed Property Portfolio** | **B1** | **6,621.0** | **6,813.5** |
| Allowance for Estimated purchasers' costs | | 344.4 | 352.0 |
| **Gross up completed property portfolio valuation** | **B2** | **6,965.4** | **7,165.5** |
| | | | |
| Annualised cash passing rental income | | 480.2 | 479.4 |
| Property outgoings | | -60.7 | -64.1 |
| **Annualised net rents** | **A** | **419.5** | **415.4** |
| Add: notional expiration of rent free periods or other lease incentives | | 10.2 | 9.4 |
| **Topped up net annualised rent** | **C** | **429.7** | **424.8** |
| EPRA NIY | A/B2 | 6.0% | 5.8% |
| EPRA 'topped-up' NIY | C/B2 | 6.2% | 5.9% |
| | | | |
| **Adjustments from EPRA NIY to Corio NTY** | | | |
| EPRA topped-up annualised rent | C | 429.7 | 424.8 |
| Add: annualised market rent for vacancy | | 32.7 | 35.8 |
| Letting and marketing fees and provisions for doubtfull debtors | | -5.5 | -5.9 |
| **Net Theoretical Income Corio Valuations** | **D** | **456.9** | **454.7** |
| Net Theoretical Yield Corio valuations | D/B1 | 6.9% | 6.7% |

## WEIGHTED AVERAGE YIELDS INCLUDING EQUITY ACCOUNTED INVESTEES

| | 31-12-13 | | 31-12-13 | | 31-12-13 | | 31-12-12 | | 31-12-11 | |
|---|---|---|---|---|---|---|---|---|---|---|
| | EPRA Net Initial Yield* | EPRA 'topped-up' Yield** | EPRA Net Initial Yield* | EPRA 'topped-up' Yield** | EPRA Net Initial Yield* | EPRA 'topped-up' Yield** | EPRA Net Initial Yield* | EPRA 'topped-up' Yield** | EPRA Net Initial Yield* | EPRA 'topped-up' Yield ** |
| **Retail** | **Total** | **Total** | **FMP** | **FMP** | **TRC** | **TRC** | | | | |
| Netherlands | 6.2% | 6.3% | 5.7% | 5.7% | 8.7% | 8.9% | 5.7% | 5.7% | 5.6% | 5.8% |
| France | 5.1% | 5.2% | 4.7% | 4.7% | 6.6% | 7.0% | 5.0% | 5.2% | 5.3% | 5.5% |
| Italy | 6.2% | 6.2% | 6.2% | 6.2% | 6.6% | 6.6% | 6.1% | 6.1% | 5.6% | 5.6% |
| Spain/Portugal | 6.6% | 6.9% | 6.2% | 6.3% | 7.7% | 8.1% | 6.5% | 6.7% | 5.9% | 6.1% |
| Germany | 5.7% | 5.8% | 5.7% | 5.8% | | | 5.4% | 5.5% | 6.5% | 6.5% |
| Turkey | 7.0% | 7.7% | 7.0% | 7.8% | 6.6% | 7.5% | 7.0% | 7.6% | 7.8% | 8.4% |
| **Total Retail** | **6.0%** | **6.1%** | **5.8%** | **5.9%** | **7.5%** | **7.8%** | **5.8%** | **5.9%** | **5.8%** | **6.0%** |
| **Total Other** | **10.3%** | **10.8%** | | | | | | | | |
| **Total Corio** | **6.0%** | **6.2%** | | | | | **5.8%** | **5.9%** | **5.9%** | **6.0%** |

* EPRA Net Initial Yield (NIY)is calculated as the annualised rental income based on cash rents at balance sheet date less non-recoverable property operating expenses divided by the Gross Market Value of the property. Annualised rental income includes any CPI indexation and estimated turnover rents, car park income or other recurring operational income but not include any provisions for doubtful debtors and letting and marketing fees.

** The EPRA 'topped-up' Net Initial Yield (NIY) is calculated by making an adjustment to the EPRA NIY for unexpired lease incentives including the annualised cash rent that will apply at the expiry of the lease incentives.

In the calculation of the yields the property values of properties that are accounted for as equity accounted investees are taken into account.

## INVESTMENT PROPERTY LIKE-FOR-LIKE NET RENTAL INCOME

| (€ million) | | 2013 | | | | | 2012 | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Like-for-like NRI | Acquisitions | Disposals | Development property | Total | Like-for-like NRI | Acquisitions | Disposals | Development property | Total | Like-for-like % | Total Δ |
| **Netherlands** | FMP | 62.8 | 3.0 | | 16.2 | **82.0** | 64.1 | | | 16.1 | **80.2** | -2.0% | 2.2% |
| | TRC | 23.5 | | 1.0 | | **24.5** | 25.8 | | 11.8 | | **37.6** | -8.8% | -34.8% |
| | Other | 0.2 | | | 2.8 | **3.0** | 0.5 | | | 3.7 | **4.2** | | |
| | **Total** | **86.5** | **3.0** | **1.0** | **19.0** | **109.5** | **90.4** | **0.0** | **11.8** | **19.8** | **122.0** | **-4.3%** | **-10.2%** |
| **France** | FMP | 53.2 | | | 4.7 | **57.9** | 54.4 | | | 5.7 | **60.1** | -2.2% | -3.7% |
| | TRC | 20.5 | | 1.8 | | **22.3** | 22.6 | | 5.4 | | **28.0** | -9.2% | -20.4% |
| | Other | 2.6 | | | | **2.6** | 2.0 | | 5.9 | | **7.9** | | |
| | **Total** | **76.3** | **0.0** | **1.8** | **4.7** | **82.8** | **79.0** | **0.0** | **11.3** | **5.7** | **96.0** | **-3.4%** | **-13.8%** |
| **Italy** | FMP | 88.1 | | | | **88.1** | 86.9 | | | | **86.9** | 1.4% | 1.4% |
| | TRC | 7.7 | | | | **7.7** | 7.8 | | | | **7.8** | -1.3% | -1.3% |
| | **Total** | **95.8** | **0.0** | **0.0** | **0.0** | **95.8** | **94.7** | **0.0** | **0.0** | **0.0** | **94.7** | **1.2%** | **1.2%** |
| **Spain / Portugal** | FMP | 26.4 | | | 0.2 | **26.6** | 30.6 | | | | **30.6** | -13.7% | -13.1% |
| | TRC | 11.4 | | | | **11.4** | 15.7 | | | | **15.7** | -27.7% | -27.4% |
| | **Total** | **37.8** | **0.0** | **0.0** | **0.2** | **38.0** | **46.3** | **0.0** | **0.0** | **0.0** | **46.3** | **-18.5%** | **-17.9%** |
| **Germany** | FMP | 21.8 | 18.9 | | 11.3 | **52.0** | 20.8 | | | 13.3 | **34.1** | 4.9% | 52.5% |
| | Other | | | | | **0.0** | | | 0.1 | | **0.1** | | |
| | **Total** | **21.8** | **18.9** | **0.0** | **11.3** | **52.0** | **20.8** | **0.0** | **0.1** | **13.3** | **34.2** | **4.9%** | **52.0%** |
| **Turkey** | FMP | 35.5 | | | 0.9 | **36.4** | 37.5 | | | 0.6 | **38.1** | -5.5% | -4.5% |
| | TRC | 1.9 | | | | **1.9** | 3.0 | | | | **3.0** | -36.2% | -36.7% |
| | **Total** | **37.4** | **0.0** | **0.0** | **0.9** | **38.3** | **40.5** | **0.0** | **0.0** | **0.6** | **41.1** | **-7.8%** | **-6.8%** |
| **Total** | FMP | 287.8 | 21.9 | 0.0 | 33.3 | **343.0** | 294.3 | 0.0 | 0.0 | 35.7 | **330.0** | -2.2% | 3.9% |
| | TRC | 65.0 | 0.0 | 2.8 | 0.0 | **67.8** | 74.9 | 0.0 | 17.2 | 0.0 | **92.1** | -13.2% | -26.4% |
| | Other | 2.8 | 0.0 | 0.0 | 2.8 | **5.6** | 2.5 | 0.0 | 6.0 | 3.7 | **12.2** | | |
| **Total** | | **355.6** | **21.9** | **2.8** | **36.1** | **416.4** | **371.7** | **0.0** | **23.2** | **39.4** | **434.3** | **-4.3%** | **-4.1%** |
| | | | | | | | | | | | | | |
| **Reconciliation to income statement** | | | | | | | | | | | | | |
| **NRI equity accounted investees** | | | | | | **-36.7** | | | | | **-36.9** | | |
| **NRI income statement** | | | | | | **379.7** | | | | | **397.5** | | |

A number of assets has been transferred from FMP to TRC in 2013, the 2012 Net Rental Income numbers have been adjusted accordingly.
The table above includes Net Rental Income from Equity Accounted Investees for the Corio share. Other includes offices and industrial.

## EPRA COST RATIO

| (€ million) | 2013 | 2012 |
|---|---|---|
| Administrative expenses | 39.1 | 45.4 |
| Operating expenses | 59.2 | 58.9 |
| Net service charges | 23.4 | 19.1 |
| Share of Equity Accounted Investees expenses | 9.2 | 9.4 |
| Ground rent payable | -11.3 | -10.6 |
| **EPRA Costs (including direct vacancy costs) (A)** | **119.6** | **122.2** |
| Direct vacancy costs | -18.7 | -15.3 |
| **EPRA Costs (excluding direct vacancy costs) (B)** | **100.9** | **106.9** |
| | | |
| Gross Rental Income less ground rents | 450.8 | 465.0 |
| Gross Rental Income less ground rents EAI | 44.3 | 44.7 |
| **EPRA Gross Rental Income (C)** | **495.1** | **509.7** |
| | | |
| **EPRA Cost Ratio (including direct vacancy costs) (A/C)** | **24.2%** | **24.0%** |
| **EPRA Cost Ratio (excluding direct vacancy costs) (B/C)** | **20.4%** | **21.0%** |
| | | |
| Overhead and operating expenses capitalised (including EAI) | 12.3 | 10.3 |

## INVESTMENT PROPERTY INCLUDING EQUITY ACOUNTED INVESTEES - VALUATION DATA

| | | Fair Value investment property (€ m) | Valuation movement in the year (€ m) | EPRA NIY % | Reversion % |
|---|---|---|---|---|---|
| **Netherlands** | FMP | 1,420.6 | -30.3 | 5.7% | 1.8% |
| | TRC | 287.9 | -118.2 | 8.7% | -10.2% |
| | Total Retail | 1,708.5 | -148.5 | 6.2% | -1.2% |
| **France** | FMP | 1,143.5 | -1.2 | 4.7% | 2.6% |
| | TRC | 295.0 | -73.7 | 6.6% | -6.6% |
| | Total Retail | 1,438.5 | -74.9 | 5.1% | 0.1% |
| **Italy** | FMP | 1,402.7 | 40.9 | 6.2% | -3.9% |
| | TRC | 115.0 | -4.4 | 6.6% | -6.6% |
| | Total Retail | 1,517.7 | 36.5 | 6.2% | -4.3% |
| **Spain / Portugal** | FMP | 425.0 | -51.7 | 6.2% | -0.1% |
| | TRC | 187.8 | -48.2 | 7.7% | -9.8% |
| | Total Retail | 612.8 | -99.9 | 6.6% | -3.7% |
| **Germany** | FMP | 769.5 | -10.7 | 5.7% | -6.9% |
| **Turkey** | FMP | 481.8 | -17.2 | 7.0% | 2.4% |
| | TRC | 28.4 | -6.8 | 6.6% | -7.1% |
| | Total Retail | 510.2 | -24.0 | 7.0% | 2.0% |
| **Total operating** | **FMP** | **5,643.1** | **-70.2** | **5.8%** | **-0.5%** |
| | **TRC** | **914.1** | **-251.3** | **7.5%** | **-8.4%** |
| | **Total Retail** | **6,557.2** | **-321.5** | **6.0%** | **-2.0%** |
| | **Other** | **63.8** | **-24.6** | **10.3%** | **-8.6%** |
| | **Total** | **6,621.0** | **-346.1** | **6.0%** | **-2.1%** |
| **Total development** | **Total** | **594.5** | **-42.9** | | |
| **Total** | **Total** | **7,215.5** | **-389.0** | | |
| | | | | | |
| Subtract: Proportional Property Value of EAI | | 555.9 | | | |
| Add: Equity value of Equity Accounted Investees | | 348.9 | | | |
| **Investment property value per balance sheet** | | **7,008.5** | | | |
| IFRS adjustment | | 1.3 | | | |
| **Investment property value per balance sheet adjusted** | | **7,007.2** | | | |

# FINANCIAL STATEMENTS

# CONSOLIDATED INCOME STATEMENT

| For the year ended 31 December (€ million) | Note | 2013 | 2012 |
|---|---|---|---|
| **Gross rental income** | 2 | **462.2** | **475.6** |
| Service charges recovered from tenants | | 97.0 | 94.2 |
| Service charges | | -120.3 | -113.3 |
| **Net service charges** | | **-23.3** | **-19.1** |
| **Property operating expenses** | 3 | **-59.2** | **-59.0** |
| **Net rental income** | | **379.7** | **397.5** |
| Proceeds from sales of investment property | | 225.1 | 329.4 |
| Carrying amount of investment property sold | | -262.9 | -349.4 |
| **Results on sales of investment property** | 8,9 | **-37.8** | **-20.0** |
| Valuation gains | | 80.2 | 86.4 |
| Valuation losses | | -446.9 | -286.0 |
| **Net valuation gain/loss on investment property** | 8,9 | **-366.7** | **-199.6** |
| **Administrative expenses** | 4 | **-39.1** | **-45.4** |
| **Impairment of assets** | 13 | **–** | **-1.8** |
| **Other income and expenses** | 5 | **-40.3** | **-27.8** |
| **Results before finance expenses and tax** | | **-104.2** | **102.9** |
| Finance costs | | -136.7 | -123.0 |
| Finance income | | 9.9 | 12.0 |
| **Net finance expenses** | 6 | **-126.8** | **-111.0** |
| **Share of result of equity accounted investees (net of income tax)** | 10 | **2.7** | **15.6** |
| **Result before tax** | | **-228.3** | **7.5** |
| Current tax | | -4.0 | -6.6 |
| Deferred tax | | -21.6 | 14.8 |
| **Tax** | 7 | **-25.6** | **8.2** |
| **Net result** | | **-253.9** | **15.7** |
| Attributable to: | | | |
| Shareholders | | -250.5 | 16.0 |
| Non-controlling interest | | -3.4 | -0.3 |
| **Net result** | | **-253.9** | **15.7** |
| Weighted average number of shares | | 97,411,238 | 94,664,641 |
| **Result per share (€)** | | | |
| Basic earnings per share | 20 | -2.57 | 0.17 |
| Diluted earnings per share | 20 | -2.57 | 0.17 |

The notes on pages 83 to 116 are an integral part of these consolidated financial statements.

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

| For the year ended 31 December (€ million) | Note | 2013 | 2012 |
|---|---|---|---|
| | | | |
| **Net result attributable to shareholders** | | **-250.5** | **16.0** |
| Net result attributable to non-controlling interest | | -3.4 | -0.3 |
| **Net result** | | **-253.9** | **15.7** |
| | | | |
| **Other comprehensive income:** | | | |
| *Items that may be subsequently reclassified to profit or loss* | | | |
| Foreign currency translation differences for foreign operations | | -0.3 | 1.7 |
| Effective portion of the changes in fair value of the cash flow hedges | | 1.9 | -13.6 |
| **Other comprehensive income for the year, net of tax** * | | **1.6** | **-11.9** |
| | | | |
| **Total comprehensive income** | | **-252.3** | **3.8** |
| | | | |
| Attributable to: | | | |
| Shareholders | | -248.9 | 4.1 |
| Non-controlling interest | | -3.4 | -0.3 |
| **Total comprehensive income** | | **-252.3** | **3.8** |

* Effective tax rate for comprehensive income is nil.

The notes on pages 83 to 116 are an integral part of these consolidated financial statements.

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

| (€ million) | Note | 31 December 2013 | 31 December 2012 |
|---|---|---|---|
| | | | |
| **ASSETS** | | | |
| Investment property | 8 | 6,063.8 | 6,228.0 |
| Investment property under development | 9 | 594.5 | 486.6 |
| Investment in equity accounted investees | 10 | 348.9 | 368.3 |
| Other property related investments | 11 | 111.3 | 135.5 |
| Derivative financial instruments | 12 | 1.3 | 33.9 |
| Intangible assets | 13 | 63.1 | 60.6 |
| Property, plant and equipment | 14 | 23.1 | 23.7 |
| Deferred tax assets | 15 | 28.4 | 22.5 |
| Other non-current receivables | 16 | 18.6 | 47.2 |
| **Total non-current assets** | | **7,253.0** | **7,406.3** |
| | | | |
| Trade and other receivables | 17 | 174.6 | 139.5 |
| Other property related investments | 11 | 22.6 | 75.0 |
| Derivative financial instruments | 12 | 0.6 | - |
| Cash and cash equivalents | 18 | 8.8 | 10.2 |
| **Total current assets** | | **206.6** | **224.7** |
| | | | |
| **Total assets** | | **7,459.6** | **7,631.0** |
| | | | |
| **EQUITY** | | | |
| Share capital | | 983.0 | 961.8 |
| Share premium | | 1,404.6 | 1,425.8 |
| Reserves | | 1,506.6 | 1,678.9 |
| Net result for the year | | -250.5 | 16.0 |
| **Total shareholders' equity** | | **3,643.7** | **4,082.5** |
| Non-controlling interest | | 52.0 | 48.0 |
| **Total equity** | **19** | **3,695.7** | **4,130.5** |
| | | | |
| **LIABILITIES** | | | |
| Loans and borrowings | 21 | 2,678.1 | 2,761.9 |
| Employee benefits | | - | 1.1 |
| Provisions | 23 | 39.2 | 16.7 |
| Deferred tax liabilities | 15 | 322.2 | 294.7 |
| Derivative financial instruments | 12 | 24.5 | 35.4 |
| Other non-current payables | 24 | 45.1 | 31.9 |
| **Total non-current liabilities** | | **3,109.1** | **3,141.7** |
| | | | |
| Bank overdraft | 18 | 15.5 | 17.3 |
| Loans and borrowings | 21 | 401.0 | 175.3 |
| Trade and other payables | 25 | 233.4 | 166.1 |
| Derivative financial instruments | 12 | 4.9 | 0.1 |
| **Total current liabilities** | | **654.8** | **358.8** |
| | | | |
| **Total liabilities** | | **3,763.9** | **3,500.5** |
| | | | |
| **Total equity and liabilities** | | **7,459.6** | **7,631.0** |

The notes on pages 83 to 116 are an integral part of these consolidated financial statements.

# CONSOLIDATED STATEMENT OF CASH FLOWS

| For the year ended 31 December (€ million) | Note | 2013 | 2012 |
|---|---|---|---|
| | | | |
| **Cash flows from operating activities** | | | |
| Result before tax | | -228.3 | 7.5 |
| **Adjustments for:** | | | |
| Share of result of equity accounted investments | 10 | -2.7 | -15.6 |
| Net finance costs | 6 | 126.8 | 111.0 |
| Depreciation/Amortisation/Impairment | | -0.6 | 8.4 |
| Acquisition-related costs | | 3.4 | 0.1 |
| Valuation gains and losses | | 366.7 | 199.6 |
| Gains and losses on disposals | | 37.9 | 20.0 |
| Change receivables | | 14.0 | 11.5 |
| Change payables | | 61.4 | -0.7 |
| Change in provisions and employee benefits | | 21.4 | 14.4 |
| **Cash generated from operations** | | **400.0** | **356.2** |
| Finance income received | | 2.9 | 12.1 |
| Finance expense paid | | -117.8 | -129.2 |
| Tax paid | | -4.0 | -6.6 |
| **Net cash from/(used in) operating activities** | | **281.1** | **232.6** |
| | | | |
| **Cash flows from investing activities** | | | |
| Proceeds from sale of investment property | | 225.0 | 329.4 |
| Acquisition-related costs | | -3.4 | -0.1 |
| Acquisition of investment property | | -404.1 | -22.8 |
| Investment in investment property | 8 | -72.8 | -56.4 |
| Investment in other property related investments | | 76.5 | -35.9 |
| Investment in investment property under development | 9 | -97.9 | -124.7 |
| Investment in equity accounted investees | | 3.9 | – |
| Investment in property, plant and equipment and other intangible assets | | -7.0 | -5.0 |
| Dividends received | 10 | 10.6 | 7.6 |
| **Net cash from investing activities** | | **-269.2** | **92.1** |
| | | | |
| **Cash flows from financing activities** | | | |
| Share premium non-controlling interest | | 0.8 | – |
| Proceeds from loans and borrowings | | 784.0 | 377.9 |
| Repayments of loans and borrowings | | -608.3 | -605.8 |
| Dividends paid | 19 | -189.9 | -127.5 |
| Cash settlement net investment hedges | | 1.9 | -0.7 |
| **Net cash from financing activities** | | **-11.5** | **-356.1** |
| | | | |
| **Net increase in cash and cash equivalents** | | **0.4** | **-31.4** |
| Net cash and cash equivalents at 1 January | | -7.1 | 24.3 |
| **Net cash and cash equivalents at 31 December*** | | **-6.7** | **-7.1** |

*Reconciliation of net cash and cash equivalents at 31 December.

| | | | |
|---|---|---|---|
| Cash and cash equivalents | 18 | 8.8 | 10.2 |
| Bank overdraft | 18 | -15.5 | -17.3 |
| **Net cash and cash equivalents** | | **-6.7** | **-7.1** |

The notes on pages 83 to 116 are an integral part of these consolidated financial statements.

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

| (€ million) | Note | Share capital | Share premium | General reserve | Revaluation reserve | Associates reserve | Hedge reserve | Translation reserve | Net result for the year | Total | Non-controlling interest | Total equity |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **FOR THE YEAR ENDED 31 DECEMBER 2012** | | | | | | | | | | | | |
| **Balance as at 31 December 2011** | | **922.9** | **1,464.8** | **197.1** | **1,375.3** | **38.8** | **5.8** | **-17.0** | **218.2** | **4,206.0** | **48.3** | **4,254.3** |
| Profit appropriation 2011 | | | | 143.0 | 76.0 | -0.8 | | | -218.2 | – | | – |
| **Balance as at 1 January 2012** | | **922.9** | **1,464.8** | **340.1** | **1,451.3** | **38.0** | **5.8** | **-17.0** | **–** | **4,206.0** | **48.3** | **4,254.3** |
| Net result | | | | | | | | | 16.0 | 16.0 | -0.3 | 15.7 |
| Other comprehensive income | | | | | | | -13.6 | 1.7 | | -11.9 | | -11.9 |
| **Total comprehensive income** | | **–** | **–** | **–** | **–** | **–** | **-13.6** | **1.7** | **16.0** | **4.1** | **-0.3** | **3.8** |
| Dividends to shareholders | | 38.9 | -39.0 | -127.4 | | | | | | -127.5 | | -127.5 |
| Non-controlling interest due to acquisitions | | | | | | | | | | – | | – |
| Additional share premium non-controlling interest | | | | | | | | | | – | | – |
| **Balance as at 31 December 2012** | **19** | **961.8** | **1,425.8** | **212.7** | **1,451.3** | **38.0** | **-7.8** | **-15.3** | **16.0** | **4,082.5** | **48.0** | **4,130.5** |
| **FOR THE YEAR ENDED 31 DECEMBER 2013** | | | | | | | | | | | | |
| **Balance as at 31 December 2012** | | **961.8** | **1,425.8** | **212.7** | **1,451.3** | **38.0** | **-7.8** | **-15.3** | **16.0** | **4,082.5** | **48.0** | **4,130.5** |
| Profit appropriation 2012 | | | | 109.1 | -104.2 | 11.1 | | | -16.0 | – | | – |
| **Balance as at 1 January 2013** | | **961.8** | **1,425.8** | **321.8** | **1,347.1** | **49.1** | **-7.8** | **-15.3** | **–** | **4,082.5** | **48.0** | **4,130.5** |
| Net result | | | | | | | | | -250.5 | -250.5 | -3.4 | -253.9 |
| Other comprehensive income | | | | | | | 1.9 | -0.3 | | 1.6 | | 1.6 |
| **Total comprehensive income** | | **–** | **–** | **–** | **–** | **–** | **1.9** | **-0.3** | **-250.5** | **-248.9** | **-3.4** | **-252.3** |
| Dividends to shareholders | | 21.2 | -21.2 | -189.9 | | | | | | -189.9 | | -189.9 |
| Non-controlling interest due to acquisitions | | | | | | | | | | – | 6.6 | 6.6 |
| Additional share premium non-controlling interest | | | | | | | | | | – | 0.8 | 0.8 |
| **Balance as at 31 December 2013** | **19** | **983.0** | **1,404.6** | **131.9** | **1,347.1** | **49.1** | **-5.9** | **-15.6** | **-250.5*** | **3,643.7** | **52.0** | **3,695.7** |

* The proposed profit appropriation is included in other information. € 164.5 million of the result for 2013 (2012: € 93.1 million) will be deducted from the non-distributable reserves.

The notes on pages 83 to 116 are an integral part of these consolidated financial statements.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## REPORTING ENTITY

Corio N.V. (the Company) and its subsidiaries (together, the group) is a closed-end property investment fund and is licensed under the Dutch Act on Financial Supervision (Wet op het Financieel Toezicht: 'WFT'). The Company is domiciled in Utrecht, the Netherlands. The financial statements have been prepared by the Management Board and were authorised for publication on 17 February 2014. The financial statements will be presented to the Annual General Meeting of Shareholders for approval on 17 April 2014.

For the company financial statements of Corio, use has been made of the exemption provided by Section 402, Book 2, of the Netherlands Civil Code. The financial statements have been prepared in compliance with the Financial Supervision Act 2007.

## TAX STATUS

Corio has the tax status of an investment company in accordance with section 28 of the Dutch 'Wet op de vennootschapsbelasting 1969'. This means that no corporation tax is due in the Netherlands, provided that certain conditions are met. The main conditions concern the requirement to distribute the taxable profit as dividend and the restrictions with respect to financing of investments with loans. The subsidiaries in France have a similar status. Subsidiaries in other countries have no specific tax status.

## BASIS OF PREPARATION

### STATEMENT OF COMPLIANCE

The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards ('IFRS') as adopted by the European Union.

## BASIS OF MEASUREMENT

The consolidated financial statements have been prepared on the basis of historical cost except for investment property, investment property under development, financial assets at fair value through income statement and derivatives, which are recognised at fair value. Unless otherwise stated, the figures are presented in millions of euros rounded to one decimal place. The financial statements have been prepared using the going concern basis of acounting.

## FUNCTIONAL AND PRESENTATION CURRENCY

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in euros, which is the Company's functional currency and the Group's presentation currency.

## USE OF ESTIMATES AND ASSUMPTIONS

The preparation of financial statements in accordance with IFRS requires management to make judgements, estimates and assumptions that affect the application of the accounting policies and the reported amounts of assets, liabilities, income and expenses. The estimates and related assumptions are based on historical experience and various other factors considered appropriate. Actual results may differ from these estimates. The estimates and underlying assumptions are constantly reviewed. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

## CHANGES IN ACCOUNTING POLICIES

The following new standards, amendments to standards and interpretations relevant to Corio are applied for the first time for the financial year beginning 1 January 2013. Unless otherwise mentioned, these changes had no impact on income statement and equity.

### (A) CHANGES IN ACCOUNTING POLICIES

Corio has not changed her accounting policies, except for the changes mentioned in section (B) 'NEW AND AMENDED STANDARDS ADOPTED BY THE GROUP'.

### (B) NEW AND AMENDED STANDARDS ADOPTED BY THE GROUP

The Group applies, for the first time, certain standards and amendments that require restatement of previous financial statements. These include IFRS 13 Fair Value Measurement and amendments to IAS 1 Presentation of Financial Statements. The nature and the effect of these changes are disclosed below.

Several other new standards and amendments apply for the first time in 2013. However, they do not impact the annual consolidated financial statements of the Group.

The nature and the impact of each new standard/amendment relevant to the Group, is described below:
Amendment to IAS 1, 'Financial statement presentation', regarding other comprehensive income. In June 2011, the IASB issued 'Presentation of items of other comprehensive income' (amendments to IAS 1). The amendments improved the consistency and clarity of the presentation of items of other comprehensive income (OCI). The amendments also highlighted the importance that the Board places on presenting income statement and OCI together and with equal prominence. The amendments issued in June 2011 retain the requirement to present income statement and OCI together, but focus on improving how items of OCI are presented. The main change resulting from the amendments was a requirement for entities to group items presented in OCI on the basis of whether they are potentially reclassifiable to income statement subsequently (reclassification adjustments). The amendments did not address, which items are presented in OCI. The amendment affected presentation only and had no impact on the Group's financial position or performance.

Amendment to IFRS 7, 'Financial instruments: Disclosures', on asset and liability offsetting. This amendment includes new disclosures to facilitate comparison between those entities that prepare IFRS financial statements to those that prepare financial statements in accordance with US GAAP. The amendment affected presentation only and had no impact on the Group's financial position or performance.

IFRS 13, 'Fair value measurement'. IFRS 13 aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The requirements, which are largely aligned between IFRSs and US GAAP, do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRSs.

### (C) NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS ISSUED BUT NOT EFFECTIVE FOR THE FINANCIAL YEAR BEGINNING 1 JANUARY 2013 AND EARLY ADOPTED

Corio has not early adopted new and amended standards.

### (D) NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS ISSUED BUT NOT EFFECTIVE FOR THE FINANCIAL YEAR BEGINNING 1 JANUARY 2013 AND NOT EARLY ADOPTED

IAS 27, 'Separate financial statements', IAS 27 (revised 2011) includes the provisions on separate financial statements that are left after the control provisions of IAS 27 have been included in the new IFRS 10. Based on our assessment we expect the effect of the new standard on the balance sheet and income statement to be limited. Corio intends to adopt IAS 27 no later than the accounting period beginning on 1 January 2014.

IAS 28, 'Associates and joint ventures', IAS 28 (revised 2011) includes the requirements for joint ventures, as well as associates, to be equity accounted following the issue of IFRS 11. Based on our assessment we expect the effect of the new standard on the balance sheet and income statement to be limited. Corio intends to adopt IAS 28 no later than the accounting period beginning on 1 January 2014.

Amendments to IAS 32, 'Financial instruments: Presentation', on asset and liability offsetting. These amendments are to the application guidance in IAS 32 'Financial instruments: Presentation', and clarify some of the requirements for offsetting financial assets and financial liabilities on the statement of financial position. Corio intends to adopt the amendments to IAS 32 no later than the accounting period beginning on 1 January 2014.

IFRS 9, 'Financial instruments', addresses the classification, measurement and recognition of financial assets and financial liabilities. IFRS 9 was issued in November 2009 and October 2010. It replaces the parts of IAS 39 that relate to the classification and measurement of financial instruments. IFRS 9 requires financial assets to be classified into two measurement categories: those measured as at fair value and those measured at amortised cost. The determination is made at initial recognition. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. For financial liabilities, the standard retains most of the IAS 39 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch. IFRS 9 continues to be amended and the implementation date is expected to be not before 1 January 2017.

IFRS 10, Consolidated financial statements' builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company. The standard provides additional guidance to assist in the determination of control where this is difficult to assess. Based on our assessment we expect the effect of the new standard on the balance sheet and income statement to be limited. Corio intends to adopt IFRS 10 no later than the accounting period beginning on or after 1 January 2014.

IFRS 11, 'Joint arrangements'. IFRS 11 is a more realistic reflection of joint arrangements by focusing on the rights and obligations of the parties to the arrangement rather than its legal form. There are two types of joint arrangements: joint operations and joint ventures. Joint operations arise where a joint operator has rights to the assets and obligations relating to the arrangement and therefore accounts for its share of assets, liabilities, revenue and expenses. Joint ventures arise where the joint venturer has rights to the net assets of the arrangement and therefore equity accounts for its interest. Proportional consolidation of joint ventures is no longer allowed. Based on our assessment we expect the effect of the new standard on the balance sheet and income statement to be limited. Corio intends to adopt IFRS 11 no later than the accounting period beginning on or after 1 January 2014.

IFRS 12, 'Disclosures of interests in other entities'. IFRS 12 includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles. The group is currently assessing IFRS 12's full impact and intends to adopt IFRS12 no later than the accounting period beginning on or after 1 January 2014.

There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the group.

## CHANGES IN PRESENTATION

Corio has not made changes in her presentation, except for the changes mentioned in section (B) 'NEW AND AMENDED STANDARDS ADOPTED BY THE GROUP'.

## SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements for 2013 relate to the Company and its subsidiaries (together referred to as the 'Group') and to the Group's investments in associates and interests in joint ventures.

## BASIS OF CONSOLIDATION

### SUBSIDIARIES

Subsidiaries are all entities (including special purpose entities) over which Corio has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the group controls another entity. Corio also assesses existence of control where it does not have more than 50% of the voting power but is able to govern the financial and operating policies by virtue of de-facto control. De-facto control may arise in circumstances where the size of the Corio's voting rights relative to the size and dispersion of holdings of other shareholders give Corio the power to govern the financial and operating policies, etc.

Subsidiaries are fully consolidated from the date on which control is transferred to Corio. They are deconsolidated from the date that control ceases.

A list of consolidated subsidiaries has been filed with the Chamber of Commerce in Utrecht.

### ASSOCIATES

Associates are all entities over which Corio has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the income statement of the investee after the date of acquisition. Corio's investment in associates includes goodwill identified on acquisition. Associates are presented under investments in Equity Accounted Investees.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to income statement where appropriate. Corio's share of post-acquisition income statement is recognised in the income statement and its share of postacquisition movements in other comprehensive income is recognised in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. When Corio's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

Corio determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount adjacent to 'share of profit/ (loss) of an associate' in the income statement.

Profits and losses resulting from upstream and downstream transactions between Corio and its associate are recognised in the group's financial statements only to the extent of unrelated investor's interests in the associates. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by Corio. Dilution gains and losses arising in investments in associates are recognised in the income statement.

### JOINT VENTURES

Joint ventures are those entities over whose activities the Company has joint control with other shareholders on the basis of a contractual agreement. Corio applies the equity method when accounting for joint ventures. Joint ventures are presented under investments in Equity Accounted Investees.

### TRANSACTIONS ELIMINATED ON CONSOLIDATION

Intragroup balances and any unrealised gains and losses arising from intragroup transactions are eliminated in preparing the consolidated financial statements.

## FOREIGN CURRENCY

### FOREIGN CURRENCY TRANSACTIONS AND BALANCES

Transactions in foreign currencies are translated into the functional currency at the spot exchange rate on the transaction date. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated into the functional currency at the exchange rate prevailing at that date. Exchange differences arising on translation are recognised in the income statement, except when deferred in other comprehensive income as qualifying cash flow hedges and qualifying net investment hedges.

### OPERATIONS OUTSIDE THE EURO AREA

The assets and liabilities of operations outside the euro area, including goodwill and fair value adjustments arising on consolidation, are translated into euros at the exchange rates prevailing at the reporting date. The income and expenses of such operations are translated into euros at average exchange rates. Exchange differences arising on translation of the net investment in operations outside the euro area and from the related hedges are recognised in other comprehensive income. They are released to income statement upon disposal.

### BUSINESS COMBINATIONS

Corio applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through income statement. Any contingent consideration to be transferred by the group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with IAS 39 either in income statement or as a change to other comprehensive income. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

Goodwill is initially measured as the excess of the aggregate of the consideration transferred and the fair value of non-controlling interest over the net identifiable assets acquired and liabilities assumed. For Corio the goodwill on business combinations relates to the difference between the undiscounted deferred tax liabilities recognised in accordance with IAS 12 on purchase price allocation adjustments and the fair value of such deferred tax liabilities. If this consideration is lower than the net assets of the subsidiary acquired, the difference is recognised in the income statement.

### INVESTMENT PROPERTY

Investment property covers investments in property held for the purpose of generating rental income, for capital appreciation or for a combination of both. Investment property is carried at fair value. When the Group undertakes redevelopment of an existing investment property for continued future use as investment property, the property continues to be treated as investment property. Only in cases of major reconstruction whereby at least 20% of the net rental income related to the redeveloped part of the centre is at risk, that part of the centre will be transferred to investment property under development. Gains and losses arising from changes in fair value are recognised in income statement. The portfolio is appraised every six months (30 June and 31 December) by independent external valuers who hold a recognised and relevant professional qualification and have experience relating to the location and category of the property being appraised. The fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Market values have been determined on the evidence of recent market transactions for similar properties in similar locations to the Group's investment property. Appraisals require the use of both the conventional method and the net present value method. The conventional method involves valuation based on capitalisation at net initial yields for similar transactions. The net present value method gives an amount derived from the projected cash flows for at least the next ten years and end after ten years an exit value based on a yield. At 31 March and 30 September the properties are valued by the Group itself. Estimated costs a purchaser will necessarily incur to acquire the property are deducted from the property value. Investment properties that are expected to be sold and that are in very advanced stage of negotiation are valued at the expected selling price.

A number of inputs to the valuation process are not directly observable in the market and significantly impact the valuation. Therefore valuations are considered to be Level 3 in the fair value hierarchy.

The fair value of investment property reflects, among other things, rental income from current leases and assumptions about rental income from future leases in the light of current market conditions. The fair value also reflects, on a similar basis, any cash outflows that could be expected in respect of the property.

Subsequent expenditure is capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred. When part of an investment property is replaced, the carrying amount of the replaced part is derecognised.

An investment property shall be derecognised on disposal or when the investment property is permantly withdrawn from use and no future economic benefits are expected from its disposal.

Property held under finance leases and leased out under operating leases is classified as investment property and carried at fair value. Property held under operating leases may be classified as investment property on a property-by-property basis if the property meets the definition of investment property and the Group recognises it at fair value.

Own use property is re-classified to, or from, investment property providing that there has been a change in use.

### INVESTMENT PROPERTY UNDER DEVELOPMENT

Investment property under development is initially recognised at cost price. Subsequently, when the fair value of the complete investment is reliably determinable the property under development is measured at fair value. The portfolio is appraised every six months (30 June and 31 December) by independent external valuers who hold a recognised and relevant professional qualification and have experience relating to the location and category of the property being appraised. The fair value is based on residual value method. In this method, the market value upon completion is being determined using either the discounted cash flow model or the capitalisation method and subsequently the estimated remaining costs of the development at valuation date are subtracted to arrive at the market value of the development project. A project is completed and transferred to investment property when it is ready for its intended use as an investment property, being the earlier of rental contract start date or technical completion date. At 31 March and 30 September the properties under development are valued by the Group itself.

All costs directly associated with the purchase and construction of a property and all subsequent capital expenditure, connected with the development, qualify as attributable costs are capitalised. General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets. Subsequent expenditure is capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Group and the cost of the item can be measured reliably. Capitalisation of borrowing costs starts with the commencement date of preparatory development activities giving rise to payments and interest charges. Capitalisation of borrowing costs continues until the assets are substantially ready for their intended use.

## OTHER INVESTMENTS, NON-CURRENT

### LOANS AND RECEIVABLES

Loans and receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less impairment losses, if applicable.

### DERIVATIVE FINANCIAL INSTRUMENTS

The sole purpose of the derivative financial instruments contracted by the Company is to cover exchange rate and interest rate risks arising from operating, financing and investing activities. The Group does not hold any derivatives for trading purposes. Derivatives that do not qualify for hedge accounting are, however, accounted for as trading instruments. Derivative financial instruments are carried at fair value. Transaction expenses related to derivative financial instruments are accounted for in the income statement.

Changes in the fair value of derivatives that do not qualify for hedge accounting are recognised in the income statement as they arise.

## HEDGE ACCOUNTING

Corio hedges the interest rate risk related to its loans and the currency risk related to its loans and related to its subsidiaries with a functional currency other than the euro. If possible, hedge accounting is applied to these transactions.

On initial designation of the hedge, Corio formally documents the relationship between the hedging instrument(s) and hedged item(s), including the risk management strategy and objectives and strategy in undertaking the hedge transaction, together with the methods that will be used to assess the effectiveness of the hedging relationship. Corio makes an assessment, both at inception of the hedge relationship as well as on an ongoing basis, whether the hedging instruments are expected to be "highly effective" in offsetting the changes in the fair value or cash flows of the respective hedged items during the period for which the hedge is designated, and whether the actual results of each hedge are within a range of 80-125 percent. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in income statement (net finance expenses).

## CASH FLOW HEDGE ACCOUNTING

When a derivative is designated as the hedging instrument in a hedge of the variability in cash flows attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction that could affect income statement, the effective portion of changes in the fair value of the derivative is recognised in other comprehensive income and presented in the hedge reserve in equity. The amount recognised in other comprehensive income is removed and included in income statement under the same line item in the statement of comprehensive income as the hedged item. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in income statement (net finance expenses).

If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated, exercised, or the designation is revoked, then hedge accounting is discontinued prospectively. The cumulative gain or loss previously recognised in other comprehensive income and presented in the hedge reserve in equity remains there until the forecast transaction affects income statement. If the forecast transaction is no longer expected to occur, then the balance in other comprehensive income is recognised immediately in income statement.

## FAIR VALUE HEDGE ACCOUNTING

Changes in the fair value of a derivative hedging instrument designated as a fair value hedge are recognised in income statement, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. Corio only applies fair value hedge accounting for hedging fixed interest risk on borrowings.

If the hedge no longer meets the criteria for hedge accounting, the adjustment to the carrying amount of a hedged item for which the effective interest method is used, is amortised to income statement over the period to maturity.

## HEDGE OF NET INVESTMENT IN FOREIGN OPERATION

Corio applies hedge accounting to foreign currency differences arising between the functional currency of foreign operations and the parent entity's functional currency (euro), regardless of whether the net investment is held directly or through an intermediate parent.

Foreign currency differences arising on the retranslation of a financial liability or foreign exchange forward/swap contract designated as a hedge of a net investment in a foreign operation are recognised in other comprehensive income to the extent that the hedge is effective, and are presented in other comprehensive income. To the extent that the hedge is ineffective, such differences are recognised in income statement. When the hedged part of a net investment is disposed of, the relevant amount in the translation reserve is transferred to income statement as part of the income statement in disposal.

## INTANGIBLE ASSETS

Intangible assets mainly relate to goodwill. Goodwill only arises upon a business combination. For the initial measurement, reference is made to the accounting policy for business combinations.

Goodwill is recognised in the consolidated statement of financial position as an intangible asset or, for associates, included in the carrying amount of the investments in equity accounted investees. Goodwill is carried at cost less any accumulated impairment losses. An impairment test is performed annually, or more frequently if deemed necessary. The impairment test is performed on the smallest group of assets, the cash-generating units, which are usually individual shopping centres. Goodwill impairment losses are not reversed. For goodwill, the method applied is fair value less costs to sell: the recoverable amount of the cash-generating unit comprises the fair value of the included property as determined by external valuers as well as the fair value of recognised deferred tax liabilities. The deferred tax liabilities are generally represented in the cash-generating unit at a recoverable value of zero. This reflects the fact that property transactions normally take the form of share deals, and the deduction of deferred tax liabilities on the purchase and sale of property companies is generally difficult in the Group's home markets. The recoverable amount is compared with the carrying amount of the included property and deferred tax liabilities.

Other intangible assets mainly relate to software (including project costs for developing the software in line with IAS 38), which have finite useful lives and are measured at cost less accumulated amortisation and accumulated impairment losses. Software is generally amortised over a period of three years. Amortisation is recognised within the administrative expenses.

## PROPERTY, PLANT AND EQUIPMENT

Items of property, plant and equipment are measured at historical cost less accumulated depreciation and accumulated impairment losses. Historical cost of an item of property, plant and equipment includes its purchase price and any direct attributable costs. When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment. The useful lives are reviewed each year.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Depreciation is charged to income statement on a straight-line basis over the estimated useful lives of items of property, plant and equipment, based on a component approach, taking into account their residual lives. Buildings are depreciated over a period of 25 years and the remaining assets are depreciated over a period between three to ten years. Depreciation is recognised within the administrative expenses.

Gains and losses on disposals are determined by comparing proceeds with carrying amount and are included in the income statement.

## DEFERRED TAX / INCOME TAX

Income tax expense comprises current and deferred tax. Current tax and deferred tax is recognised in income statement except to the items recognised directly in equity or in other comprehensive income in which case, the tax is also recognised in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. Current tax payable also includes any tax liability arising from the declaration of dividends.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable income statement;
- temporary differences related to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future;
- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

The carrying value of the Group's investment property is assumed to be realised by sale at the end of use.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

### TRADE AND OTHER RECEIVABLES
Trade and other receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less impairment losses.

### CASH AND CASH EQUIVALENTS
Cash and cash equivalents comprise cash balances and call deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

### IMPAIRMENT OF NON FINANCIAL ASSETS
The carrying amounts of the Group's non-financial assets, other than investment property and deferred tax assets, are reviewed at the reporting date to determine whether there is any indication of impairment. If any such indication exists, the recoverable amount of the asset is estimated.

An impairment loss is recognised whenever the carrying amount of an asset or the cash-generating unit exceeds the recoverable amount. Impairment losses are recognised in the income statement as impairment of assets.

The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use.
An impairment loss is reversed if there is an indication that the impairment loss no longer exists or if there has been a change in the estimates used to measure the recoverable amount at the date of recognition of the impairment loss.

A financial asset not carried at fair value through income statement is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably. For groups of similar assets, such as trade receivables, a collective loss allowance is determined based on historical data of payment statistics for similar financial assets.

Objective evidence that financial assets are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Group on terms that the Group would not consider otherwise or other indications that a debtor will enter bankruptcy.

### EQUITY
Share capital is classified as equity. External costs directly attributable to the issue of new shares are deducted from the proceeds. When share capital recognised as equity is repurchased, the amount of the consideration paid, including directly attributable costs, is recognised as a change in the general reserve in equity. Repurchased shares are classified as treasury shares and deducted from total equity. When treasury shares are reissued the proceeds are credited to the treasury share reserve and any surplus is credited to the share premium reserve. Dividends are recognised as a liability in the period in which they are declared.

The Company measures the non-controlling interest at the non-controlling interest's proportionate share of the acquiree's identifiable assets and liabilities.

### DIVIDEND DISTRIBUTION
Corio distributes its dividends at least once per year. The objective of Corio's dividend policy is at least to comply with the fiscal investment institution (FBI) requirements. Corio may propose to the General Meeting of Shareholders to pay this dividend, within the fiscal investment institution (FBI) requirements, in cash or in shares or a combination thereof.

### LOANS AND BORROWINGS
Loans and borrowings are initially recognised at fair value, less attributable transaction costs. After initial recognition in the statement of financial position, Loans and borrowings are measured at amortised cost unless they are part of a fair value hedge relationship. Any difference between cost and redemption value is recognised in income statement over the period to maturity using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down.

## EMPLOYEE BENEFITS

### DEFINED CONTRIBUTION PLANS

Obligations to pay contributions under defined contribution plans are charged to income statement as incurred.

## PHANTOM SHARE PLAN

Under the 'Performance Phantom Share Plan', conditional share units are granted annually. Three years after the grant date, the vested units are paid out in cash. The number of units that vest depends on the 'total shareholder return' generated by Corio N.V. during the three-year period, compared to the total shareholder returns generated by companies in a pre-defined peer group. The amount payable in respect of the vested units is the value of the units as at the vesting date.

Corio recognises the expenses for the services performed by the plan participants linearly spread over the vesting period, which is the period between the performance commencement date and the vesting date. At the end of the reporting period the liability is measured at the fair value of the expected cash outflow required to settle the phantom share units that have not yet vested or the units that have vested but have not yet been paid. The difference between the liability at the year-end and the liability at the comparative year-end is recognised as an income or expense (within the administrative expenses).

## PROVISIONS

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discounting is recognised as finance cost.

## TRADE AND OTHER PAYABLES

Trade and other payables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method.

## GROSS RENTAL INCOME

Gross rental income consists of theoretical rent (including contingent rental income) and rental loss. Rental income from investment property leased out under operating leases is recognised in income statement on a straight-line basis over the term of the lease. The cost of lease incentives, such as free rent and discounts, granted by the Group to its tenants are recognised as a reduction from total rental income and recognised in income statement on a straight-line basis.

## SERVICE CHARGES, PROPERTY OPERATING EXPENSES AND ADMINISTRATIVE EXPENSES

Where there are service contracts with third parties, service charges are recovered from tenants. Service charges in respect of vacant property are expensed. They mainly relate to gas, water, electricity, cleaning and security. Property operating expenses comprise those costs that are directly attributable to the operation of properties, net of costs charged to tenants. They mainly relate to tax, insurance, lease hold, maintenance and professional fees. They are expensed as incurred. Administrative expenses are expenses that are not directly attributable to the operation of properties (including salaries of staff not directly involved with properties, office overheads, advice, valuation and audit fees, listing costs and promotion costs).

## FINANCE INCOME/COSTS

Finance expenses relates to interest payable on borrowings (calculated using the effective interest rate method), less capitalised interest (see the accounting policy on investment property under development). Interest income is recognised in the income statement as it accrues. Gains and losses on foreign exchange and the net result on hedges (including ineffectiveness) are included in the finance expenses on a net basis. The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts throughout the expected life of the financial instrument, or a shorter period where appropriate, to the net carrying amount of the financial asset or financial liability.

## DIVIDEND INCOME

Dividend income is recognised as a reduction of the carrying amount of equity accounted investees (associates and joint ventures) on the date on which the dividend is declared.

## CASH FLOW STATEMENT

Cash flows from operating activities are reported using the indirect method, whereby net result before tax is adjusted for the effects of transactions of non-cash nature and for any deferrals or accruals of past or future operating cash receipts or payments. Dividends received from equity accounted investees are included in investing activities. Dividends paid is represented as financing activities.

## EARNINGS PER SHARE

The company presents basic and diluted earnings per share (EPS). The earnings per ordinary share are calculated by dividing the income statement attributable to the Group's shareholders by the weighted average number of issued ordinary shares during the reporting period. In calculating the diluted earnings per share, the income statement attributable to the Group's shareholders and the weighted average number of issued ordinary shares during the reporting period are adjusted for all potential dilutive effects on the ordinary shares.

## SEGMENT REPORTING

The Management Board is the group's chief operating decision-maker. Management has determined the operating segments based on the information reviewed by the Management Board for the purposes of allocating resources and assessing performance. The Management Board considers the business from both a geographic and portfolio perspective. Geographically, management considers the performance in the Netherlands, France, Italy, Spain/Portugal, Germany, Turkey and Head office and other. From a portfolio perspective, management separately considers Favorite Meeting Places (FMP) and Traditional Retail Centres (TRC). The segmental format is based on Corio's management structure and on the internal reporting lines at Corio. Net finance expenses and liabilities are not attributed to specific segments, as they are managed centrally.

## CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience as adjusted for current market conditions and other factors.

## CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

Management makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates, assumptions and management judgements that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are outlined below.

### (A) PRINCIPAL ASSUMPTIONS UNDERLYING MANAGEMENT'S ESTIMATION OF FAIR VALUE

The portfolio is appraised every six months (30 June and 31 December) by independent external valuers who hold a recognised and relevant professional qualification and have experience relating to the location and category of the property being appraised. At 31 March and 30 September the properties are valued by the Group itself. Market values have been determined on the evidence of recent market transactions for similar properties in similar locations to the Group's investment property. Appraisals require the use of both the conventional method and the net present value method. The conventional method involves valuation based on capitalisation at net initial yields for similar transactions. The net present value method gives an amount derived from the projected cash flows for at least the next ten years, using discounted cash flow projections based on estimates of future cash flows, supported by the terms of any existing lease and other contracts and by external evidence such as current market rents for similar properties in the same location and condition, and using discount rates that reflect current market assessments of the uncertainty in the amount and timing of the cash flows. The future rental rates were estimated depending on the actual location, type and quality of the properties, and taking into account market data and projections at the valuation date (Note 8 to the consolidated financial statements).
In addition, investment properties with a carrying value of € 594.5 million were not in use as of 31 December 2013 (31 December 2012 € 486.6 million), as they were in the process of construction. Some properties under construction or development require approval or permits from oversight bodies at various points in the development process, including approval or permits in respect of initial design, zoning, commissioning, compliance with environmental regulations and other matters. Based on the Group's historical experience with similar developments in similar locations, all relevant permits and approvals are expected to be obtained, but the completion date of the development may vary depending on, among other factors, the timeliness of obtaining approvals and any remedial action required by the Group (Note 9 to the consolidated financial statements).

### (B) ESTIMATED IMPAIRMENT OF GOODWILL

The group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy. The recoverable amounts of cash-generating units (CGU) have been determined based on value-in-use calculations. These calculations require the use of estimates.
There is no impairment charge for 2013. (2012: € 1.8 million in Portugal). (Note 13 to the consolidated financial statements).

### (C) FAIR VALUE OF DERIVATIVES AND OTHER FINANCIAL INSTRUMENTS

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. The group uses its judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of each reporting period (Note 26 to the consolidated financial statements).

### (D) BUSINESS COMBINATIONS

The Group determines whether acquisition of investment property or the acquisition of shares in an investment company is a business combination. The Group did not acquire any investment property that classifies as a business combination in 2013 and 2012.

### CRITICAL JUDGEMENTS IN APPLYING THE GROUP'S ACCOUNTING POLICIES

The Group did not make any critical accounting judgements in 2013 or 2012.

# 1 SEGMENTED INFORMATION

### BUSINESS SEGMENT INFORMATION 2013

The Management Board assesses the performance of the operating segments based on a measure of operating profit. The operating profit or loss of the Group's reportable segments reported to the Management Board are measured in a manner consistent with that in profit or loss. A reconciliation of operating profit to profit before tax is therefore not presented separately.

| (€ million) | Netherlands | France | Italy | Spain/ Portugal | Germany | Turkey | Head office and other | Total |
|---|---|---|---|---|---|---|---|---|
| **Favourite Meeting Places (FMP)** | | | | | | | | |
| Gross rental income | 106.7 | 62.5 | 81.5 | 35.5 | 60.8 | 31.5 | – | 378.5 |
| Net service charges | -3.0 | -4.2 | - | -3.2 | -3.7 | -2.2 | – | -16.3 |
| Property operating expenses | -18.7 | -3.3 | -7.4 | -5.7 | -5.0 | -5.4 | – | -45.5 |
| **Net rental income FMP** | **85.0** | **55.0** | **74.1** | **26.6** | **52.1** | **23.9** | **–** | **316.7** |
| **Traditional Retail Centres (TRC)** | | | | | | | | |
| Gross rental income | 31.4 | 30.5 | 2.5 | 16.5 | – | 2.8 | – | 83.7 |
| Net service charges | -0.5 | -4.3 | -0.1 | -1.7 | – | -0.6 | – | -7.2 |
| Property operating expenses | -6.3 | -3.4 | -0.2 | -3.5 | – | -0.4 | – | -13.8 |
| **Net rental income TRC** | **24.6** | **22.8** | **2.2** | **11.3** | **–** | **1.8** | **–** | **62.7** |
| Gross rental income | 138.1 | 93.0 | 84.0 | 52.0 | 60.8 | 34.3 | – | 462.2 |
| Net service charges | -3.5 | -8.5 | - | -4.9 | -3.7 | -2.7 | – | -23.3 |
| Property operating expenses | -25.0 | -6.6 | -7.6 | -9.2 | -5.0 | -5.8 | – | -59.2 |
| **Net rental income Total** | **109.6** | **77.9** | **76.4** | **37.9** | **52.1** | **25.8** | **–** | **379.7** |
| **Results on sales of investment property FMP** | **–** | **-** | **-** | **-** | **-** | **-** | **–** | **–** |
| **Results on sales of investment property TRC** | **-11.8** | **-25.9** | **-** | **-0.1** | **-** | **-** | **–** | **-37.8** |
| **Results on sales of investment property Total** | **-11.8** | **-25.9** | **-** | **-0.1** | **-** | **-** | **–** | **-37.8** |
| **Net valuation gain/loss on investment property FMP** | **-48.9** | **-13.2** | **43.8** | **-52.7** | **-33.5** | **-** | **–** | **-104.5** |
| **Net valuation gain/loss on investment property TRC** | **-125.3** | **-76.7** | **-2.6** | **-49.0** | | **-8.6** | | **-262.2** |
| Valuation gains | 15.7 | 12.1 | 43.9 | 0.1 | 3.0 | 5.4 | | 80.2 |
| Valuation losses | -189.9 | -102.0 | -2.7 | -101.8 | -36.5 | -14.0 | | -446.9 |
| **Net valuation gain/loss on investment property Total** | **-174.2** | **-89.9** | **41.2** | **-101.7** | **-33.5** | **-8.6** | | **-366.7** |
| Administrative expenses | -10.1 | -7.3 | -2.6 | -3.0 | -6.2 | -5.4 | -4.5 | -39.1 |
| Impairment of assets | – | – | – | – | – | – | – | – |
| Other income/expenses | -22.4 | -1.0 | -9.5 | -2.6 | -0.3 | -0.1 | -4.4 | -40.3 |
| **Results before finance expenses** | **-108.9** | **-46.3** | **105.3** | **-69.4** | **12.2** | **11.8** | **-8.9** | **-104.2** |
| Finance costs | – | – | – | – | – | – | -136.7 | -136.7 |
| Finance income | – | – | – | – | – | – | 9.9 | 9.9 |
| **Net finance expenses** | **–** | **–** | **–** | **–** | **–** | **–** | **-126.8** | **-126.8** |
| Share of results of equity accounted investees | | -0.2 | 9.2 | | | -5.9 | -0.4 | 2.7 |
| **Result before tax** | **-108.9** | **-46.5** | **114.5** | **-69.4** | **12.2** | **5.9** | **-136.1** | **-228.3** |
| Current tax | -0.1 | -0.5 | -1.4 | – | -1.4 | -0.3 | -0.3 | -4.0 |
| Deferred tax | | 0.6 | -19.4 | 17.9 | -4.2 | -16.5 | | -21.6 |
| **Tax** | **-0.1** | **0.1** | **-20.8** | **17.9** | **-5.6** | **-16.8** | **-0.3** | **-25.6** |
| **Net result** | **-109.0** | **-46.4** | **93.7** | **-51.5** | **6.6** | **-10.9** | **-136.4** | **-253.9** |
| **Non-controlling interest** | | **-0.4** | | **-0.1** | **-1.6** | **-1.3** | | **-3.4** |
| **Net result attributable to shareholders** | **-109.0** | **-46.0** | **93.7** | **-51.4** | **8.2** | **-9.6** | **-136.4** | **-250.5** |

The amounts provided to the Management Board in respect of total assets and total liabilities are measured in a manner consistent with that of the consolidated financial statements.

| (€ million) | Netherlands | France | Italy | Spain/ Portugal | Germany | Turkey | Head office and other. | Total |
|---|---|---|---|---|---|---|---|---|
| **Favourite Meeting Places (FMP)** | | | | | | | | |
| Investment property | 1,454.2 | 1,087.0 | 1,168.0 | 424.0 | 769.4 | 324.1 | - | 5,226.7 |
| Investment property under development | 116.6 | 138.4 | 4.9 | - | 303.7 | - | - | 563.6 |
| Investment in equity accounted investees | - | 66.1 | 43.6 | - | - | 167.8 | - | 277.5 |
| **Investments FMP** | **1,570.8** | **1,291.5** | **1,216.5** | **424.0** | **1,073.1** | **491.9** | **-** | **6,067.8** |
| **Traditional Retail Centres (TRC)** | | | | | | | | |
| Investment property | 287.6 | 305.5 | 28.6 | 187.0 | - | 28.4 | - | 837.1 |
| Investment property under development | - | 19.3 | - | - | - | - | 11.6 | 30.9 |
| Investment in equity accounted investees | - | 17.3 | 54.1 | | - | - | - | 71.4 |
| **Investments TRC** | **287.6** | **342.1** | **82.7** | **187.0** | **-** | **28.4** | **11.6** | **939.4** |
| Investment property | 1,741.8 | 1,392.3 | 1,196.6 | 611.1 | 769.5 | 352.5 | - | 6,063.8 |
| Investment property under development | 116.6 | 157.8 | 4.9 | - | 303.6 | - | 11.6 | 594.5 |
| Investment in equity accounted investees | - | 83.3 | 97.8 | - | - | 167.8 | - | 348.9 |
| Other assets | 29.8 | 50.4 | 112.7 | 58.1 | 35.7 | 57.4 | 108.2 | 452.3 |
| **Total assets** | **1,888.2** | **1,683.8** | **1,412.0** | **669.2** | **1,108.8** | **577.7** | **119.8** | **7,459.5** |

## BUSINESS SEGMENT INFORMATION 2012

The Management Board assesses the performance of the operating segments based on a measure of operating profit. The operating profit or loss of the Group's reportable segments reported to the Management Board are measured in a manner consistent with that in profit or loss. A reconciliation of operating profit to profit before tax is therefore not presented separately.

| (€ million) | Netherlands | France | Italy | Spain/ Portugal | Germany | Turkey | Head office and other | Total |
|---|---|---|---|---|---|---|---|---|
| **Favourite Meeting Places (FMP)** | | | | | | | | |
| Gross rental income | 109.2 | 66.1 | 80.2 | 40.4 | 43.0 | 33.5 | - | 372.4 |
| Net service charges | -3.1 | -2.5 | -2.0 | -2.2 | -2.6 | -1.6 | - | -14.0 |
| Property operating expenses | -16.8 | -4.5 | -6.0 | -6.3 | -6.2 | -5.6 | - | -45.4 |
| **Net rental income FMP** | **89.3** | **59.1** | **72.2** | **31.9** | **34.2** | **26.3** | **-** | **313.0** |
| **Traditional Retail Centres (TRC)** | | | | | | | | |
| Gross rental income | 38.0 | 40.4 | 2.4 | 18.6 | 0.1 | 3.7 | - | 103.2 |
| Net service charges | -0.8 | -2.9 | -0.1 | -1.1 | - | -0.2 | - | -5.1 |
| Property operating expenses | -4.5 | -5.3 | -0.2 | -3.0 | - | -0.6 | - | -13.6 |
| **Net rental income TRC** | **32.7** | **32.2** | **2.1** | **14.5** | **0.1** | **2.9** | **-** | **84.5** |
| Gross rental income | 147.2 | 106.5 | 82.6 | 59.0 | 43.1 | 37.2 | - | 475.6 |
| Net service charges | -3.9 | -5.4 | -2.1 | -3.3 | -2.6 | -1.8 | - | -19.1 |
| Property operating expenses | -21.3 | -9.8 | -6.2 | -9.3 | -6.2 | -6.2 | - | -59.0 |
| Net rental income Total | 122.0 | 91.3 | 74.3 | 46.4 | 34.3 | 29.2 | - | 397.5 |
| **Results on sales of investment property FMP** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** |
| **Results on sales of investment property TRC** | **-3.2** | **-16.8** | **-** | **-** | **-** | **-** | **-** | **-20.0** |
| **Results on sales of investment property Total** | **-3.2** | **-16.8** | **-** | **-** | **-** | **-** | **-** | **-20.0** |
| **Net valuation gain/loss on investment property FMP** | **22.5** | **-15.8** | **-39.7** | **-27.3** | **-58.2** | **-6.0** | **-** | **-124.5** |
| **Net valuation gain/loss on investment property TRC** | **-22.0** | **-1.3** | **-5.3** | **-31.9** | **-** | **-14.6** | **-** | **-75.1** |
| Valuation gains | 58.2 | 24.4 | 0.5 | - | - | 3.3 | - | 86.4 |
| Valuation losses | -57.7 | -41.5 | -45.4 | -59.2 | -58.2 | -23.9 | - | -286.0 |
| **Net valuation gain/loss on investment property Total** | **0.5** | **-17.1** | **-45.0** | **-59.2** | **-58.2** | **-20.6** | **-** | **-199.6** |
| Administrative expenses | -9.5 | -8.3 | -4.8 | -3.0 | -5.7 | -6.5 | -7.7 | -45.4 |
| Impairment of assets | - | - | - | - | - | - | -1.8 | -1.8 |
| Other income/expenses | -14.8 | 2.3 | -12.9 | -0.3 | - | -2.1 | - | -27.8 |
| **Results before finance expenses** | **95.1** | **51.4** | **11.6** | **-16.1** | **-29.6** | **-** | **-9.5** | **102.9** |
| Finance costs | - | - | - | - | - | - | -123.0 | -123.0 |
| Finance income | - | - | - | - | - | - | 12.0 | 12.0 |
| **Net finance expenses** | **-** | **-** | **-** | **-** | **-** | **-** | **-111.0** | **-111.0** |
| Share of results of equity accounted investees | - | 6.0 | -1.2 | - | - | 11.1 | -0.3 | 15.6 |
| **Result before tax** | **95.1** | **57.5** | **10.4** | **-16.1** | **-29.6** | **11.1** | **-120.8** | **7.5** |
| Current tax | -0.1 | -0.8 | -2.0 | -3.5 | 0.6 | -0.5 | -0.3 | -6.6 |
| Deferred tax | - | -0.4 | 1.7 | 13.4 | - | 0.1 | - | 14.8 |
| **Tax** | **-0.1** | **-1.2** | **-0.3** | **9.9** | **0.6** | **-0.4** | **-0.3** | **8.2** |
| **Net result** | **95.0** | **56.2** | **10.1** | **-6.2** | **-29.0** | **10.7** | **-121.1** | **15.7** |
| Non-controlling interest | - | 0.4 | - | 0.1 | -2.0 | 1.2 | - | -0.3 |
| **Net result attributable to shareholders** | **95.0** | **55.8** | **10.1** | **-6.3** | **-27.0** | **9.5** | **-121.1** | **16.0** |

The amounts provided to the Management Board in respect of total assets and total liabilities are measured in a manner consistent with that of the consolidated financial statements.

| (€ million) | Netherlands | France | Italy | Spain/ Portugal | Germany | Turkey | Head office and other | Total |
|---|---|---|---|---|---|---|---|---|
| **Favourite Meeting Places (FMP)** | | | | | | | | |
| Investment property | 1,566.5 | 1,051.5 | 1,120.8 | 501.1 | 537.7 | 323.1 | - | 5,100.7 |
| Investment property under development | 93.1 | 188.7 | 7.5 | - | 146.4 | - | - | 435.7 |
| Investment in equity accounted investees | - | 63.2 | 36.7 | - | - | 190.5 | - | 290.4 |
| **Investments FMP** | **1,659.6** | **1,303.4** | **1,165.0** | **501.1** | **684.1** | **513.6** | **-** | **5,826.8** |
| **Traditional Retail Centres (TRC)** | | | | | | | | |
| Investment property | 372.5 | 480.8 | 31.2 | 206.3 | - | 36.5 | - | 1,127.3 |
| Investment property under development | - | 26.0 | - | - | - | 13.3 | 11.6 | 50.9 |
| Investment in equity accounted investees | - | 20.3 | 57.6 | - | - | - | - | 77.9 |
| **Investments TRC** | **372.5** | **527.1** | **88.8** | **206.3** | **-** | **49.8** | **11.6** | **1,256.1** |
| Investment property | 1,939.0 | 1,532.3 | 1,152.0 | 707.4 | 537.7 | 359.6 | - | 6,228.0 |
| Investment property under development | 93.1 | 214.7 | 7.5 | - | 146.4 | 13.3 | 11.6 | 486.6 |
| Investment in equity accounted investees | - | 83.5 | 94.3 | - | - | 190.5 | - | 368.3 |
| Other assets | 27.9 | 16.1 | 138.2 | 61.0 | 37.8 | 77.8 | 189.3 | 548.1 |
| **Total assets** | **2,060.0** | **1,846.6** | **1,392.0** | **768.4** | **721.9** | **641.2** | **200.9** | **7,631.0** |

# 2 GROSS RENTAL INCOME

| (€ million) | 2013 | 2012 |
|---|---|---|
| Theoretical rent | 512.8 | 510.6 |
| Rental loss | -50.6 | -35.0 |
| | **462.2** | **475.6** |

The Group leases investment property to third parties on the basis of operating leases. Contingent rental income (turnover rent) amounts to 1.8% of the gross rental income in 2013 (2012: 1.4%). Rental loss consists primarily of vacancy and lease incentives.

The maturities of the lease contracts in existence on 31 December can be analysed as follows:

| (€ million) | 2013 | 2012 |
|---|---|---|
| First year | 68.0 | 71.7 |
| Second to fifth year | 195.0 | 190.3 |
| More than five years | 161.4 | 164.2 |

# 3 PROPERTY OPERATING EXPENSES

| (€ million) | 2013 | 2012 |
|---|---|---|
| Municipal taxes | 8.7 | 10.4 |
| Insurance | 1.2 | 1.0 |
| Maintenance | 2.6 | 3.1 |
| Property managers' fee | 12.7 | 10.8 |
| Professional fees | 2.3 | 3.2 |
| Promotion and marketing | 4.5 | 4.6 |
| Lease hold | 11.3 | 10.7 |
| Addition to provision for bad debts | 13.2 | 11.7 |
| Other operating expenses | 2.7 | 3.5 |
| | **59.2** | **59.0** |

# 4 ADMINISTRATIVE EXPENSES

| (€ million) | 2013 | 2012 |
|---|---|---|
| Salaries | 37.0 | 36.1 |
| Social security charges | 6.9 | 6.8 |
| Contributions to pension plan | 2.0 | 3.9 |
| Other staff costs | 10.6 | 11.8 |
| Office expenses | 16.7 | 16.9 |
| Advice, valuation and audit fees | 9.2 | 9.1 |
| Listing and promotional costs | 3.0 | 2.4 |
| Other administrative expenses | 3.1 | 1.1 |
| Charged to operating expenses | -24.0 | -19.0 |
| Charges to property portfolio | -12.3 | -10.3 |
| Charged to third parties | -13.1 | -13.4 |
| | **39.1** | **45.4** |

In 2013, the Group employed an average of 560 full-time equivalent staff (2012: 549 FTEs). On average, 375 of these were employed outside the Netherlands (2012: 358 FTEs).

Where administrative expenses relate directly to the operation of the property portfolio, they are charged to operating expenses. Where administrative expenses relate directly to the development of the property portfolio, they are capitalised.

The administrative expenses include the remuneration of the Management Board and the Supervisory Board (see note 22).

# 5 OTHER INCOME AND EXPENSES

| (€ million) | 2013 | 2012 |
|---|---|---|
| Other income | - | 3.5 |
| Other expenses | -40.3 | -31.3 |
| | **-40.3** | **-27.8** |

In 2013 other income and expenses consist primarily of an addition to the provision of € 21.8 million (2012: € 14.1 million) related to a turnkey project in the Netherlands, costs of cancelled projects amounting to € 10.9 million and acquisition/disposal costs of € 7.6 million.

In 2012 in Italy Corio has been challenged by the local tax authorities in relation to the recovery by Corio of VAT paid on the acquisition of the Marcianise shopping centre in Naples. The courts have ruled against Corio's position in two instances. The second ruling was issued at the end of March 2012. Corio will appeal the decision of the courts at the Italian Supreme Court in Rome since it is of the opinion that the rulings in both instances lack sufficient grounds and are based on a narrow and formal Interpretation of the law. Notwithstanding the aforementioned appeal, Corio recorded an expense in other expenses of € 12.9 million related to this court ruling.

# 6 NET FINANCE EXPENSES

| (€ million) | 2013 | 2012 |
|---|---|---|
| **Finance costs** | | |
| Interest expense | 120.2 | 125.5 |
| Net result on hedges | | |
| - Change in fair value of hedging instrument (fair value hedges) | 2.0 | -23.6 |
| - Change in fair value of hedged items (fair value hedges) | -2.0 | 23.6 |
| Change in fair value of derivative financial instruments | 2.9 | - |
| Net foreign exchange differences | 4.8 | -0.8 |
| Other finance expenses | 23.3 | 8.7 |
| Less: capitalised interest | -14.5 | -10.4 |
| | **136.7** | **123.0** |
| **Finance income** | | |
| Interest income | -9.9 | -12.0 |
| | **-9.9** | **-12.0** |
| | **126.8** | **111.0** |

The net finance expenses increased from € 111.0 million to € 126.8 million. Interest expense decreased € 5.3 million from € 125.5 to € 120.2 million mainly due to lower interest rates for borrowing money. The increase of other finance expenses from € 8.7 million to € 23.3 million is mainly attributable to early repayment fees incurred for the repayment of € 250 million debt in March 2013, which otherwise would be due in August 2014. Net foreign exchange differences primarily consist of the revaluation of a Turkish lira denominated VAT receivable.

# 7 TAX

| (€ million) | 2013 | 2012 |
|---|---|---|
| **Current tax** | | |
| Current year | 4.0 | 6.6 |
| | **4.0** | **6.6** |
| | | |
| **Deferred tax** | | |
| Origination of temporary differences investment | | |
| property and investment property under development | 19.2 | -14.7 |
| Recognition of tax losses | 2.4 | -0.1 |
| | **21.6** | **-14.8** |
| | **25.6** | **-8.2** |

In 2013 the Group's total tax expense increased to € 25.6 million. The increase mainly relates to temporary differences related to the valuation of investment property and investment property under development which are mainly due to the combined effect of negative revaluations and fiscal amortisation in Italy, Spain, Germany and Turkey, furthermore an increase in the tax charge was due to a lower fiscal value compared to year-end 2012 related to the investment property in Turkey, resulting in a higher deferred tax liability. In the Netherlands and France Corio has a tax exempt status.

In 2012 the temporary differences related to investment property and investment property under development are mainly due to the combined effect of negative revaluations and fiscal amortisation in Italy and Spain. Recognition of tax losses relates to the increase of loss positions in Turkey and the release in Spain, France, Italy, Turkey and Germany related to the absorption of losses and booking of allowances for prudency reasons. In the Netherlands and France Corio has a tax exempt status.

### EFFECTIVE TAX RATE AND TAX BURDEN

| (€ million) | | 2013 | | 2012 |
|---|---|---|---|---|
| Net profit before tax | | -228.3 | | 7.5 |
| | | | | |
| Tax at standard Dutch rate | 25.0% | -57.1 | 25.0% | 1.9 |
| Adjustment for tax rates in other countries | 4.4% | -10.1 | 67.9% | 5.1 |
| Exempt because of tax status | -27.6% | 63.1 | -497.2% | -37.4 |
| Tax exempt income (in non tax exempt countries) | -7.8% | 17.7 | 9.5% | 0.7 |
| Non-deductible expenses | 0.7% | -1.5 | 66.5% | 5.0 |
| Allowances on tax losses carried forward | -4.7% | 10.8 | 165.3% | 12.4 |
| Reversals of allowances on tax losses carried forward | – | – | -3.3% | -0.2 |
| Tax adjustments due to prior year tax calculations | 0% | - | -4.6% | -0.3 |
| Other than corporation tax | -1.2% | 2.7 | 60.3% | 4.5 |
| Change in tax rate during the year | 0% | - | 1.3% | 0.1 |
| **Tax** | **-11.2%** | **25.6** | **-109.1%** | **-8.2** |

The 2013 effective tax rate is significantly adjusted due to the tax exempt status of Corio in The Netherlands and in France. Tax exempt income in non tax exempt countries mainly related to currency results in Turkey that locally are not subject to taxes.

The 2012 effective tax rate differs from the effective tax rate over 2011, notably due to the relation between negative revaluation of the portfolio and the movement in the lines 'Exempt because of tax status' and 'Allowances on tax losses carried forward'. The increase is notably due to the losses incurred in Germany and Turkey that cannot be recognised.

## 8 INVESTMENT PROPERTY

| (€ million) | 2013 | 2012 |
|---|---|---|
| Balance as at 1 January | 6,228.0 | 6,624.6 |
| Acquisitions | 404.1 | 15.8 |
| Investments | 72.8 | 56.4 |
| Transfer from property under development | -74.4 | 105.8 |
| Carrying value of sales | -241.4 | -349.4 |
| Revaluations | -323.8 | -223.7 |
| Other | -1.3 | -1.5 |
| **Balance as at 31 December** | **6,063.8** | **6,228.0** |

The carrying amount of the investment property includes leasehold property. The total prepaid amount in respect of lease hold for 2013 is € 11.7 million (2012: € 12.0 million). The investment properties include € 20.2 million (2012: € 19.9 million) of operating leased property. The acquisitions in 2013 relates to Boulevard Berlin (€ 366 million) in Germany and Oosterheem (€ 38 million) in the Netherlands. The result on sales of investment property and investment property under development amounts € 37.8 million negative (2012: € 20.0 million negative). (In 2013 five shopping centres in The Netherlands and three shopping centres in France were sold at a value of € 241.4 million.) Investment property on the disposal list as at 31 December 2013 amounts to € 868.0 million (excluding EAI) (2012: € 1,178.2 million) of which € 30.9 million (2012: € 50.9 million) investment property under development. € 250.0 million of investment property on the disposal list has been sold in January 2014.

### FAIR VALUE OF INVESTMENT PROPERTY

Investment properties measured at fair value in the statement of financial position are categorised by level according to the significance of the inputs used in making the measurements. Based on the fact that the significant inputs are unobservable the fair value measurement of investment property is categorised in Level 3.

Corio's policy is to recognise transfers into and transfers out of fair value hierarchy levels as of the date of event or change in circumstances that caused the transfer from unobservable to observable inputs. There were no transfers in or out of Level 3 fair value measurements for investment properties during 2013.

Fair values for investment properties are determined using the discounted cash flow method and/or the direct capitalisation method, in which market parameters concerning rents and yields are based on comparable and current market transactions. In all cases reference transactions for both market rent and yield are included in the valuation report.
Investment properties are valued on a highest and best used basis. For all of Corio's investment properties the current use is considered to be the highest and best use.

The net Theoretical Yield (NTY) is calculated as an output yield by dividing the Net Theoretical Rental Income by the Net Market Value. The Net Theoretical Rental Income is the sum of the annualised contractual rent (excl. discounts and rent incentives) plus turnover based rent plus other income plus market rent for vacancy minus total non-recoverable operating expenses. Gross Leasable Area (GLA) is any part of property, expressed in physical $m^2$ and owned by Corio.

Significant unobservable inputs at 31 December 2013 In Level 3 valuations are as follows:

| Class | | Input | Weighted average | Input | Weighted average in € |
|---|---|---|---|---|---|
| Retail | | | | | |
| Netherlands | FMP | NTY | 6.4% | NTRI/GLA | 283 |
| | TRC | | 10.5% | | 166 |
| France | FMP | NTY | 5.5% | NTRI/GLA | 299 |
| | TRC | | 8.4% | | 195 |
| Italy | FMP | NTY | 6.5% | NTRI/GLA | 360 |
| | TRC | | 7.4% | | 297 |
| Spain/Portugal | FMP | NTY | 7.0% | NTRI/GLA | 284 |
| | TRC | | 10.1% | | 241 |
| Germany | FMP | NTY | 6.0% | NTRI/GLA | 243 |
| | TRC | | n/a | | n/a |
| Turkey | FMP | NTY | 8.3% | NTRI/GLA | 129 |
| | TRC | | 8.8% | | 99 |
| Other | | NTY | 14.9% | NTRI/GLA | 97 |

## VALUATION PROCESSES

Corio's valuation policy entails a quarterly appraisal of fair value for the operational and development portfolio. All external valuations are performed in compliance with the valuation standards in the 'Red Book' of the Royal Institute of Chartered Surveyors (RICS) and the International Valuation Standards of the International Valuation Standard Committee (IVSC). External valuations, based on the highest and best use, are performed twice a year at 30 June and 31 December for all operational investment properties that generate rental income. The external valuations are carried out by independent certified appraisers with recognised and relevant professional qualifications and experience within the local market and the category of properties to be valued. Corio provides the appraiser with adequate information to conduct a comprehensive valuation. Each of Corio's business units works with at least two independent appraisers. At least once every three years a rotation or change in appraisers takes place. To assure the independence of the appraisers, valuation fees are not directly related to the current market value of the properties.

## ESTIMATES

The appraisal of the portfolio implies a net theoretical yield of 6.9% (2012: 6.6%). If the yields used for the appraisals of investment properties on 31 December 2013 had been 100 basis points higher than is currently the case, the value of the investment would decrease with 12.7% (2012: 13.1%). In this situation, the shareholders' equity would be € 737.0 million lower (2012: € 743.3 million). The debt ratio in this case rises from 43.7% to 49.1 % (2012: 40.3% to 45.3%).

A sensitivity analysis with possible changes in yield and net theoretical rental income (NTRI) result in the following changes in portfolio value:

## SENSITIVITIES OF OPERATIONAL PORTFOLIO VALUE (EXCL EQUITY ACCOUNTED INVESTEES)

| Change in Portfolio Value (in%) | | Change in Yield | | | |
|---|---|---|---|---|---|
| 2013 | | -50 base points | 50 base points | 100 base points | 150 base points |
| | 6.9% | 6.4% | 7.4% | 7.9% | 8.4% |
| Change in NTRI | | 7.8% | -6.8% | -12.7% | -17.9% |
| +5% | +5% | 13.2% | -2.1% | -8.3% | -13.7% |
| -5% | -5% | 2.4% | -11.4% | -17.1% | -22% |
| -10% | -10% | -3.0% | -16.1% | -21.4% | -26.1% |
| -15% | -15% | -8.4% | -20.8% | -25.8% | -30.2% |

effect of change in yield only | effect of change in NTRI only | combined effect of change in yield and NTRI

The appraisal of the portfolio is based on the assumption that the euro area countries are able to meet future financial obligations, the overall stability of the euro and the sustainability of the Euro as single currency.

### SECURITY

As at 31 December 2013, loans for notional amounts of € 209.8 million (2012: € 437.7 million) have been secured by assets and mortgaging properties.

## 9 INVESTMENT PROPERTY UNDER DEVELOPMENT

| (€ million) | 2013 | 2012 |
|---|---|---|
| Balance as at 1 January | 486.6 | 440.0 |
| Acquisitions | - | 7.0 |
| Investments | 83.4 | 114.3 |
| Transfer to investment portfolio | 74.4 | -105.8 |
| Transfer to other investments | - | -3.4 |
| Capitalised interest | 14.5 | 10.4 |
| Carrying value of sales | -21.5 | - |
| Revaluations | -42.9 | 24.1 |
| **Balance as at 31 December** | **594.5** | **486.6** |

Investments made in 2013 amounted to EUR 97.9 million (including capitalised interest) (2012: EUR 124.7) consist of several projects in the Netherlands, Germany and France. The largest four objects are Nieuw Hoog Catharijne in the Netherlands, Saint Jacques and Grand Littoral in France and Centrum Galerie in Germany.

### FAIR VALUE OF INVESTMENT PROPERTY UNDER DEVELOPMENT

Investment properties under development measured at fair value in the statement of financial position are categorised by level according to the significance of the inputs used in making the measurements. Based on the fact that the significant inputs are unobservable the fair value measurement of investment property under development is categorised in Level 3.

Corio's policy is to recognise transfers into and transfers out of fair value hierarchy levels as of the date of event or change in circumstances that caused the transfer from unobservable to observable inputs. There were no transfers in or out of Level 3 fair value measurements for investment properties under development during 2013.

Fair values for investment properties under development are calculated using the discounted cash flow method and/or the direct capitalisation method, in which market parameters concerning rents and yields are based on comparable and current market transactions. In all cases reference transactions for both market rent and yield are included in the valuation report.
Investment properties under development are valued on a highest and best used basis. For all of Corio's investment properties under development the current use is considered to be the highest and best use.

### VALUATION PROCESSES

Corio's valuation policy entails a quarterly appraisal of fair value for the operational and development portfolio. All external valuations are performed in compliance with the valuation standards in the 'Red Book' of the Royal Institute of Chartered Surveyors (RICS) and the International Valuation Standards of the International Valuation Standard Committee (IVSC). External valuations, based on the highest and best use, are performed twice a year at 30 June and 31 December for all operational investment properties that generate rental income. The external valuations are carried out by independent certified appraisers with recognised and relevant professional qualifications and experience within the local market and the category of properties to be valued. Corio provides the appraiser with adequate information to conduct a comprehensive valuation. Each of Corio's business units works with at least two independent appraisers. At least once every three years a rotation or change in appraisers takes place. To assure the independence of the appraisers, valuation fees are not directly related to the current market value of the properties.

For the largest objects in investments under development significant unobservable inputs at 31 December 2013 in Level 3 valuations are as follows:
Market rent is the estimated amount for which a part in real property should be leased on the valuation date between a willing lessor and a willing lessee on appropriate lease terms in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion. The market rent is a gross rent before any deduction of operational expenses. The Exit yield is the Net Initial Yield (NIY) at the end of the projected cash flow. For Investment porperty under construction valuations it represents the yield applied at the end of the cash flow to the net income when the property has become fully operational to arrive at the gross value of the property. Gross Lettable Area (GLA) is any part of peroprty,experessed in physical $m^2$ and owned by Corio.

| Class | Market rents per GLA in € (range) | Exit yields (range) |
|---|---|---|
| Largest objects* | 227-520 | 4.95%-6.2% |

*The largest objects in this table represent 91.5% of total portfolio investments under development

Gross Leasable Area (GLA) is any part of property, expressed in physical $m^2$ and owned by Corio.

# 10 INVESTMENTS IN EQUITY ACCOUNTED INVESTEES

| (€ million) | 2013 | 2012 |
|---|---|---|
| **Investment in associates** | | |
| Balance as at 1 January | 190.5 | 188.3 |
| Dividends received | -9.2 | -7.3 |
| Share of results | -5.9 | 11.1 |
| Exchange differences | -7.6 | -1.6 |
| **Balance as at 31 December** | **167.8** | **190.5** |
| | | |
| **Interests in joint ventures** | | |
| Balance as at 1 January | 177.8 | 173.6 |
| Capital contributions | -3.9 | - |
| Dividends received | -1.4 | -0.3 |
| Share of results | 8.6 | 4.5 |
| **Balance as at 31 December** | **181.1** | **177.8** |
| | | |
| **Balance as at 31 December** | **348.9** | **368.3** |

The investments in equity accounted investees consist of the associate Akmerkez and the joint ventures.

Summarised financial information for the equity accounted investees as at year-end 2013 and 2012:

### INVESTMENT IN ASSOCIATE:

| (€ million) | | 2013 | | 2012 |
|---|---|---|---|---|
| | 100% | Corio share (46.92%) | 100% | Corio share (46.92%) |
| Assets | 358.6 | 168.3 | 407.1 | 191.0 |
| Liabilities | -1.3 | -0.5 | -1.1 | -0.5 |
| **Net assets** | **357.3** | **167.8** | **406.0** | **190.5** |
| | | | | |
| Gross rental income | 26.5 | 12.5 | 34.1 | 16.0 |
| Expenses (including financing income) | -2.3 | -1.1 | -10.6 | -5.0 |
| Revaluations | -36.8 | -17.3 | 0.2 | 0.1 |
| **Result** | **-12.6** | **-5.9** | **23.7** | **11.1** |

On 31 December 2013, the market capitalisation of Akmerkez (46.92%) is € 89.7 million (2012: € 165.8 million). The carrying amount of Akmerkez is € 167.8 million (2012: € 190.5 million). Based on the external valuation of the property and the fact that the liquidity of the shares of Akmerkez on the local stock exchange is low, the lower market capitalisation of Akmerkez does not trigger an impairment.

### INTEREST IN JOINT VENTURES:

| | 2013 | 2012 |
|---|---|---|
| International Shopping Centre Investment S.A. (Porta di Roma) | 50.00% | 50.00% |
| C.C.D.F. Spa (Città Fiera) | 49.00% | 49.00% |
| SNC Murier (Mayol) | 40.00% | 40.00% |
| SNC Haven (Mayol) | 40.00% | 40.00% |
| SCI Kupka C (Le Kupka) | 40.00% | 40.00% |
| SCI Pivoines (Brie-Comte-Robert) | 33.33% | 33.33% |
| SCI Crocus (Brie-Comte-Robert) | 33.33% | 33.33% |
| SCI Sureaux (Brie-Comte-Robert) | 33.33% | 33.33% |
| SCI Sorbiers (Brie-Comte-Robert) | 33.33% | 33.33% |
| SCI Les Silenes (Brie-Comte-Robert) | 33.33% | 33.33% |
| SCI Primeveres (Brie-Comte-Robert) | 33.33% | 33.33% |

### CORIO'S SHARE OF THESE JOINT VENTURES IS:

| (€ million) | 2013 | 2012 |
|---|---|---|
| Non-current assets | 406.1 | 407.1 |
| Current assets | 31.6 | 56.3 |
| | **437.7** | **463.4** |
| | | |
| Non-current liabilities | 251.7 | 271.1 |
| Current liabilities | 15.2 | 24.8 |
| | **266.9** | **295.9** |
| | | |
| Net rental income | 24.2 | 25.0 |
| Revaluation | -5.7 | -7.2 |
| Other expenses | -9.9 | -13.3 |
| **Net result for the year** | **8.6** | **4.5** |

Corio's share in 2013 in the equity of the joint ventures amounts to €170.8 million (assets € 437.7 million minus liabilities € 266.9 million). The goodwill of C.C.D.F. Spa of € 10.3 million is part of the equity value of the joint ventures resulting in a total investment of € 181.1 million.

## 11 OTHER PROPERTY RELATED INVESTMENTS

| (€ million) | 2013 | 2012 |
|---|---|---|
| Other property related investments, non-current | 111.3 | 135.5 |
| Other property related investments, current | 22.6 | 75.0 |

Other property related investments, both 2013 and 2012, comprise of loans and receivables. The loans and receivables under 'other investments, non-current' relates to financing provided to the seller for their remaining non-controlling interest in certain acquired German subsidiaries (interest 12 months Euribor plus 200 basis points, secured by a pledge on the shares) and 50% of the financing to the joint venture International Shopping Centre Investment S.A. (Porta di Roma) (interest 5.0%, not secured).
In addition in 2012 a loan provided for prefinancing an Italian investment (interest partly 4.3% fixed, partly 6 months Euribor plus 200 basis points and partly 3 months Euribor plus 200 basis points, all secured by bank guarantees) was recorded.
The loans and receivables under 'other investments, current' in 2013 relates to an advance payment on a turnkey project. The 2012 amount related to a loan provided for a turnkey project (interest 8.0%, secured by a second mortgage).

See note 26 for more information about the fair value on the loans receivables.

## 12 DERIVATIVE FINANCIAL INSTRUMENTS

| (€ million) | 2013 | 2012 |
|---|---|---|
| **Derivative financial instruments, assets** | | |
| Derivative financial instruments, non-current assets | 1.3 | 33.9 |
| Derivative financial instruments, current assets | 0.6 | - |
| | | |
| **Derivative financial instruments, liabilities** | | |
| Derivative financial instruments, non-current liabilities | 24.5 | 35.4 |
| Derivative financial instruments, current liabilities | 4.9 | 0.1 |

The derivative financial instruments represent the fair value of the derivatives, mainly swaps. In 2013 15 positions were settled, both derivative financial instruments liabilities and assets.

# 13 INTANGIBLE ASSETS

| (€ million) | 2013 | 2012 |
|---|---|---|
| **Goodwill** | | |
| **Gross amount as at 31 December previous year** | **68.0** | **78.4** |
| Fully impaired goodwill cash-generating units | -3.1 | -10.4 |
| **Gross amount as at 1 January** | **64.9** | **68.0** |
| Acquisitions through business combinations | - | - |
| **Gross amount as at 31 December** | **64.9** | **68.0** |
| | | |
| **Accumulated impairments as at 31 December previous year** | **-11.4** | **-20.0** |
| Fully impaired goodwill cash-generating units | 3.1 | 10.4 |
| **Accumulated impairments as at 1 January** | **-8.3** | **-9.6** |
| Impairment of goodwill | – | -1.8 |
| **Accumulated impairments as at 31 December** | **-8.3** | **-11.4** |
| | | |
| **Carrying amount goodwill** | **56.6** | **56.6** |
| | | |
| **Other Intangible assets** | | |
| **Cost as at 1 January** | **19.4** | **18.1** |
| Acquired/divested software | 3.8 | 0.9 |
| Transfer from property, plant and equipment | 0.1 | 0.4 |
| **Cost as at 31 December** | **23.3** | **19.4** |
| | | |
| **Accumulated amortisation as at 1 January** | **-15.4** | **-13.6** |
| Acquired/divested software | 0.2 | - |
| Transfer from depreciation property, plant and equipment | - | -0.2 |
| Amortisation charge for the year | -1.6 | -1.6 |
| **Accumulated amortisation 31 December** | **-16.8** | **-15.4** |
| | | |
| **Carrying amounts other intangible assets** | **6.5** | **4.0** |
| | | |
| **Balance as at 31 December** | **63.1** | **60.6** |

The goodwill on business combinations relates mainly to the difference between the undiscounted deferred tax liabilities recognised in accordance with IAS 12 on purchase price allocation adjustments and the fair value of such deferred tax liabilities (see note 15). The fully impaired goodwill (€ 3.1 million) relates to Espaço Guimaraes, Portugal.

The goodwill can be divided over the following cash-generating units:

| (€ million) | | 1 January 2013 | | Movements 2013 | | | 31 December 2013 | |
|---|---|---|---|---|---|---|---|---|
| Cash-generating unit | Gross amount | Accumulated impairments | Carrying amount | Additions | Impairments | Gross amount | Accumulated impairments | Carrying amount |
| Odisea (Maremagnum) Spain | 21.6 | -7.7 | 13.9 | - | - | 21.6 | -7.7 | 13.9 |
| Comes Srl (Marcianise) Italy | 20.1 | - | 20.1 | - | - | 20.1 | - | 20.1 |
| TIM Trakya Is Merkezi Yatirim ve Ticaret AS (Tekira) Turkey | 6.4 | -0.6 | 5.8 | - | - | 6.4 | -0.6 | 5.8 |
| Príncipe Pío Gestion SA (Príncipe Pío Gestion) Spain | 10.7 | - | 10.7 | - | - | 10.7 | - | 10.7 |
| Shopping centre Forum Duisburg, Germany | 5.8 | - | 5.8 | - | – | 5.8 | – | 5.8 |
| **Goodwill related to tax liabilities** | **64.6** | **-8.3** | **56.3** | **-** | **–** | **64.6** | **-8.3** | **56.3** |
| Other Goodwill | 0.3 | - | 0.3 | – | – | 0.3 | – | 0.3 |
| **Total Goodwill** | **64.9** | **-8.3** | **56.6** | **–** | **–** | **64.9** | **-8.3** | **56.6** |

Each item of goodwill was tested for impairment. The following table provides details of the impairment tests.

| Cash-generating unit (€ million) 2013 | Goodwill before impairment | Carrying value investment property | Deferred tax liabilities | Total carrying amounts | Fair value investment property | Fair value deferred tax liabilities | Total fair value | Impairment charge |
|---|---|---|---|---|---|---|---|---|
| Odisea (Maremagnum) Spain | 13.9 | 123.3 | -25.6 | 111.6 | 123.3 | - | 123.3 | - |
| Comes Srl (Marcianise) Italy | 20.1 | 318.7 | -52.8 | 286.0 | 318.7 | - | 318.7 | - |
| TIM Trakya Is Merkezi Yatirim ve Ticaret AS (Tekira) Turkey | 5.8 | 74.8 | -10.5 | 70.1 | 74.8 | - | 74.8 | - |
| Príncipe Pío Gestion SA (Príncipe Pío Gestion) Spain | 10.7 | 162.7 | -24.7 | 148.7 | 162.7 | - | 162.7 | - |
| Shopping centre Forum Duisburg, Germany | 5.8 | 241.9 | -11.1 | 236.6 | 241.9 | - | 241.9 | – |
| **Goodwill related to tax liabilities** | **56.3** | **921.4** | **-124.7** | **853.0** | **921.4** | **-** | **921.4** | **–** |

The carrying values/fair values of the cash-generating units (the investment properties) are based on net initial yields varying from 6.04% to 8.17% (2012: 5.9% to 11.0%). The carrying amounts of deferred tax liabilities are depending on the country tax rates applied to the difference between the fair value and the tax book values of these cash-generating units. If the yields used for the appraisals of investment properties on 31 December 2013 had been 100 basis points higher than is currently the case, this would have caused higher impairment amounts for the following cash-generating units:

- Shopping centre Forum Duisburg, Germany: impairment € 0.1 million

## 14 PROPERTY, PLANT AND EQUIPMENT

| (€ million) | 2013 | 2012 |
|---|---|---|
| **COST** | | |
| Balance as at 1 January | 36.8 | 33.4 |
| Investments/divestments | 1.3 | 3.3 |
| Transfer | – | 0.1 |
| **Balance as at 31 December** | **38.1** | **36.8** |
| | | |
| **DEPRECIATION AND IMPAIRMENT** | | |
| Balance as at 1 January | -13.1 | -9.9 |
| Investments/divestments | 1.7 | - |
| Depreciation charge for the year | -3.6 | -3.7 |
| Transfer | – | 0.5 |
| **Balance as at 31 December** | **-15.0** | **-13.1** |
| | | |
| **CARRYING AMOUNT** | | |
| As at 1 January | 23.7 | 23.5 |
| As at 31 December | 23.1 | 23.7 |

The property, plant and equipment consists mainly of buildings and furniture.

## 15 DEFERRED TAX

Deferred tax assets and liabilities are attributable to the following items:

| (€ million) | Assets | | Liabilities | | Total | |
|---|---|---|---|---|---|---|
| | 2013 | 2012 | 2013 | 2012 | 2013 | 2012 |
| Investment property and investment property under development | | | 322.2 | 294.7 | 322.2 | 294.7 |
| Tax losses | 28.4 | 22.5 | | | -28.4 | -22.5 |
| **Balance as at 31 December** | | | | | **293.8** | **272.2** |

### MOVEMENTS IN DEFERRED TAX

| (€ million) | 2013 | 2012 |
|---|---|---|
| Balance as at 1 January | 272.2 | 287.0 |
| Movement arising from revaluations | 27.5 | -14.7 |
| Deferred tax assets credited/charged to the income statement | -5.9 | -0.1 |
| **Balance as at 31 December** | **293.8** | **272.2** |

Movements arising from revaluations are recognised through income statement. All tax losses that are expected to be utilised within the local statutory period for loss compensation have been recognized.

Deferred taxes mainly relate to Corio's operations in Italy, Spain, Germany and Turkey. Deferred tax liabilities are primarily caused by taxation on valuation gains on losses in these countries. In Turkey the depreciation of the lira versus the euro caused a valuation gain in local currency, in turn leading to a deferred tax liability. In Italy a deferred tax liability was recognized and in Germany and Spain the opposite occurred.
In 2013 no tax assets were utilised, but deferred tax assets were created for Corio's operations in Italy, Spain and Germany. The deferred tax assets have a long term nature and are to be recognised when future taxable profits are probable. The expiry date of unused tax losses differs per country and is between 5 years up to an unlimited period of time.

In 2013 deferred tax assets have not been recognised for an amount of € 37.1 million (2012: € 29.1 million) of which € 18.6 million (2012: € 14.8 million) relates to tax losses. The deferred tax liabilities are in general long term, only the deferred tax liabilities related to the investment property on the disposal list (€9.5 million) is short to medium term.

## 16 OTHER NON-CURRENT RECEIVABLES

| (€ million) | 2013 | 2012 |
|---|---|---|
| Other non-current receivables | 18.6 | 47.2 |
| **Balance as at 31 December** | **18.6** | **47.2** |

This item mainly relates to reclaimable VAT and deposits. 2012 includes an advanced payment on a turnkey project.

## 17 TRADE AND OTHER RECEIVABLES

| (€ million) | 2013 | 2012 |
|---|---|---|
| Trade receivables | 47.2 | 54.5 |
| Tax and social security | 53.6 | 41.3 |
| Other receivables | 73.8 | 43.7 |
| **Balance as at 31 December** | **174.6** | **139.5** |

The tax item mainly concerns reclaimable VAT.
See note 26 for more information on the Group's financial risks.

## 18 CASH AND CASH EQUIVALENTS

| (€ million) | 2013 | 2012 |
|---|---|---|
| Bank balances | 8.2 | 8.5 |
| Call deposits | 0.4 | 1.5 |
| Cash | 0.2 | 0.2 |
| **Balance as at 31 December** | **8.8** | **10.2** |

The cash and cash equivalents are freely available to the company.

The balance sheet item "bank overdraft" is subject to offsetting. The gross amount of recognised financial liability is € 50.1 million (2012: € 55.3 million). The gross amount of recognised financial assets, set off in the balance sheet is € 34.6 million (2012: € 38.0 million), resulting in a net amount of financial liability of € 15.5 million (2012: € 17.3 million) presented in the balance sheet.

## 19 EQUITY

### SHARE CAPITAL

The authorised capital comprises 120 million shares each with a nominal value of € 10. As at 31 December 2013, 98,295,391 shares were issued (31 December 2012: 96,186,136). The number of shares issued increased due to stock dividend on 3 June 2013 (2,109,255). The shareholders are entitled to receive the dividends declared in the second quarter of the year and are entitled to cast one vote per share at meetings of the Company.

### SHARE PREMIUM

Share premium consists of capital paid on shares in excess of the nominal value. For tax reasons a total of € 1,024.4 million (2012: € 1,045.7 million) is recognised as share premium and can in certain circumstances be distributed tax-free.

| (€ million) | 2013 | 2012 |
|---|---|---|
| Balance as at 1 January | 1,425.8 | 1,464.8 |
| Dividend paid | -75.6 | -127.4 |
| Issue of shares due to stock dividend | 54.4 | 88.4 |
| **Balance as at 31 December** | **1,404.6** | **1,425.8** |

### REVALUATION RESERVE
The revaluation reserve concerns the revaluation of the property investments. The (unrealised) positive difference between the cumulative increase in the fair value of the property owned at the end of the year minus the deferred tax to which this gives rise has been included in the revaluation reserve. The revaluation reserve as at year-end has been determined at individual property level, taking into account deferred tax.

### ASSOCIATES RESERVE
This reserve comprises the retained earnings of associates.

### HEDGE RESERVE
The hedge reserve comprises the effective portion of the cumulative net change in the fair value of hedge instruments designated as cash flow hedges where the hedged transaction has not yet taken place.

### TRANSLATION RESERVE
The translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of operations outside the euro area, as well as from the translation of financial liabilities and foreign exchange forward/swap contracts designated as a hedge of a net investment in an operation outside the euro area.

### RESULT APPROPRIATION
The dividend proposal for 2013 is € 209.0 million (2012: € 265.5 million) which is € 2.13 per share (2012: € 2.76). This dividend proposal has not been recognised in the financial statements.
The dividend for 2013 may be taken in cash or in shares. Of the dividend for 2012 € 75.6 million was paid out in stock and € 189.9 million in cash.
The objective of Corio's dividend policy is to at least comply with the requirements imposed on fiscal investment institution (FBI) and, except in special circumstances, to maintain the level of dividend and preferably increase it by the average rate of inflation in the euro area.

An amount of € 1,396.2 million (2012: € 1,489.3 million) relates to non-distributable reserves. The non-distributable reserves are the revaluation reserve, the associates reserve and translation reserve.

## 20 EARNINGS PER SHARE

### NET RESULT PER ORDINARY SHARE
The calculation of earnings per share as at 31 December 2013 is based on the net result for the period which is attributable to the shareholders, amounting to € 250.5 million negative (2012: € 16.0 million), and the weighted average number of shares in issue during the year ended 31 December 2013, calculated as follows:

| | 2013 | 2012 |
|---|---:|---:|
| Net result attributable to shareholders (€ million) | -250.5 | 16.0 |
| Weighted average number of ordinary shares | 97,411,238 | 94,664,641 |
| Earnings per share (€) | -2.57 | 0.17 |

The earnings per share are not subject to any potential dilutive effects.

## 21 LOANS AND BORROWINGS

This note gives information on the contractual conditions of the Group's loans and borrowings. See note 26 for more information on the Group's interest rate and currency risks and note 8 for secured loans.

| (€ million) | 2013 | 2012 |
|---|---:|---:|
| Long-term | | |
| Secured loans | 193.9 | 458.6 |
| Other loans | 1,224.3 | 1,537.4 |
| Bonds | 1,259.9 | 765.9 |
| | **2,678.1** | **2,761.9** |
| Short-term | | |
| Secured loans | 14.3 | 9.7 |
| Other loans | 386.7 | 165.6 |
| | **401.0** | **175.3** |
| | **3,079.1** | **2,937.2** |

The increase of the Bonds is mainly the result of the issuance of a € 500 million public bond in February 2013. The proceeds were used to repay Other loans. Secured loans decreased € 260.1 million, of which € 162 million was repaid before the respective maturity dates in December 2015 (€ 135 million) and mid 2016 (€ 27million).

Short term Other loans includes € 278 million of commercial paper and drawdowns under revolving credit facilities. The latter amount to € 905 million.

# 22 REMUNERATION

### REMUNERATION OF THE MANAGEMENT BOARD IN 2013

| (€ thousands) | Salary | Severance payment/ compensation | Annual cash incentive | Pension charges | Social security Charges | Phantom share plan | Total |
|---|---|---|---|---|---|---|---|
| G.H.W. Groener | 452 | - | 69 | 122* | 62 | - | 705 |
| B.A. van der Klift | 312 | - | 48 | 62 | 46 | - | 468 |
| F.Y.M.M. Fontaine | 288 | - | 45 | 58 | 37 | - | 428 |
| | **1,052** | **-** | **162** | **242** | **145** | **-** | **1,601** |

* This amount includes other insurances such as disability insurance and a transitional arrangement related to previous changes in legislation.

The Phantom shares awarded in 2013 have a value of € 608,000 (based on a pay-out ratio of 100%).

The Dutch government decided to extend the so-called “crisis tax”. The crisis tax is an additional final levy charge of 16%, payable by the employer in 2014. The total amount of the crisis tax is € 162,000 of which € 122,000 relates to the Management Board. This amount is included in the social security charges in the table above.

The salary, pension charges and social security charges, excluding the crisis tax charge, have been paid in 2013. The remainder (annual cash incentive and crisis tax) will be paid in 2014.

### REMUNERATION OF THE MANAGEMENT BOARD IN 2012

| (€ thousands) | Salary | Severance payment/ compensation | Annual cash incentive | Pension charges | Social security Charges plan | Phantom share | Total |
|---|---|---|---|---|---|---|---|
| G.H.W. Groener | 438 | - | 88 | 113* | 71 | - | 710 |
| B.A. van der Klift | 309 | - | 60 | 62 | 55 | - | 486 |
| F.J. Zijlstra | 267 | 495 | - | 53 | 56 | - | 871 |
| F.Y.M.M. Fontaine | 272 | - | 41 | 47 | 103 | - | 463 |
| | **1,286** | **495** | **189** | **275** | **285** | **-** | **2,530** |

* This amount includes other insurances such as disability insurance and a transitional arrangement related to previous changes in legislation.

Mrs. Zijlstra resigned from the Management Board as per 1 December 2012. In line with the Corporate Governance Code Mrs. Zijlstra received a severance payment of 1 year annual salary of € 297,000 and a compensation covering her notice period (including pension charges) of € 150,000 and a short term cash incentive of € 48,000.

The Phantom shares awarded in 2012 have a value of € 638,000 (based on a pay-out ratio of 100%).

The Dutch government proposed several tax law changes for 2013, among which the so-called “crisis tax”. The crisis tax is an additional final levy charge of 16%, payable by the employer in 2013. The total amount of the crisis tax is € 217,000 of which € 157,000 relates to the Management Board. This amount is included in the social security charges in the table above.

### SHARES AND OPTIONS

As per 31 December 2013, the number of Corio shares and options owned by the members of the Management Board and the Supervisory Board are as follows:

| | |
|---|---|
| G.H.W. Groener | 1,167 shares |
| G.A. Beijer | 9,231 shares |

## PHANTOM SHARE PLAN

### OVERVIEW OF OUTSTANDING PHANTOM SHARES DURING THE YEAR:

| | Awarded units (#) | | | | | Liabilities (€ thousands) |
|---|---|---|---|---|---|---|
| | Outstanding 1 January | Granted | Vested | Forfeited | Outstanding 31 December | 31 December |
| **G.H.W. Groener** | | | | | | |
| 2010 | 4,709 | - | -4,709 | - | - | - |
| 2011 | 4,943 | - | - | - | 4,943 | - |
| 2012 | 7,445 | - | - | - | 7,445 | - |
| 2013 | - | 7,559 | - | - | 7,559 | - |
| | **17,097** | **7,559** | **-4,709** | **-** | **19,947** | **-** |
| | | | | | | |
| **B.A. van der Klift** | | | | | | |
| 2010 | 2,625 | - | -2,625 | - | - | - |
| 2011 | 3,808 | - | - | - | 3,808 | - |
| 2012 | 5,139 | - | - | - | 5,139 | - |
| 2013 | - | 5,217 | - | - | 5,217 | - |
| | **11,572** | **5,217** | **-2.625** | **-** | **14,164** | **-** |
| | | | | | | |
| **F.Y.M.M. Fontaine** | | | | | | |
| 2010 | 1,072 | - | -1,072 | - | - | - |
| 2011 | 1,069 | - | - | - | 1,069 | - |
| 2012 | 1,510 | - | - | - | 1,510 | - |
| 2013 | - | 4,933 | - | - | 4,933 | - |
| | **3,651** | **4,933** | **-1,072** | **-** | **7,512** | **-** |
| | | | | | | |
| | **32,317** | **17,709** | **-8,406** | **-** | **41,623** | **-** |

The liability of the outstanding phantom shares for the years 2011, 2012 and 2013, taking into account the vesting period and the expected relative total shareholders return, is included in the accruals within trade and other payables for € 0.0 million (31 December 2012: € 0.0 million for the years 2010, 2011 and 2012). During the year 2013, expenses, related to the phantom shares have been included in the administrative expenses for € 0.0 million. For 2011 and 2012 the expense was € 0.0 million and € 0.0 million respectively.

Based on the ranking in the performance reference group, there was no pay-out for the Phantom Shares awarded in 2010. This resulted in an amount of € 0.0 million. As per the end of 2013 no remaining liability exists for the company on the granted Phantom Shares in 2010.

The fair values of the outstanding Phantom Shares have been estimated using a valuation technique based on the development of the total shareholders return (share price development, if applicable corrected for rights issues, and dividend yield) of Corio and its peers.

The performance period for the phantom shares awarded in 2011 ended at 31 December 2013, and the total intrinsic value of these vested awards was € 0.0 million (31 December 2012: € 0.0 million for the phantom shares awarded in 2010).

## REMUNERATION OF THE SUPERVISORY BOARD

| (€ thousands) | Remuneration 2013 | Remuneration 2012 |
|---|---|---|
| D.C. Doijer | 60 | 58 |
| R.A.H. van der Meer | 50 | 50 |
| G.A. Beijer | 43 | 43 |
| R.C. van den Berg | 45 | 42 |
| J.G. Blokhuis | 11 | 30 |
| J.A. Carrafiell | 43 | 28 |
| B. Vos | - | 20 |
| W. Borgdorff | - | 14 |
| | **252** | **285** |

As per 1 April 2013, J.G. Blokhuis stepped down from the Supervisory Board to lead the disposal programme.

On 19 April 2012 J.G. Blokhuis and J.A. Carrafiell were appointed as members of the Supervisory Board. B. Vos and W. Borgdorff resigned from the Supervisory Board as per 19 April 2012.

The Management Board and the Supervisory Board have been identified as key management personnel.

# 23 PROVISIONS

| (€ million) | 2013 | 2012 |
|---|---|---|
| Balance as at 1 January | 16.7 | 2.2 |
| Provisions made during the year | 23.3 | 14.9 |
| Provisions utilised during the year | -0.1 | -0.2 |
| Provisions released during the year | -0.7 | -0.2 |
| **Balance as at 31 December** | **39.2** | **16.7** |
| | | |
| Long term | 39.2 | 16.7 |
| Short term | - | - |

The item includes a provision of € 35.9 million (2012: € 14.1 million) related to a turnkey project in the Netherlands. The other provisions relate mainly to legal disputes and personnel indemnities.

# 24 OTHER NON-CURRENT PAYABLES

| (€ million) | 2013 | 2012 |
|---|---|---|
| Other non-current payables | 45.2 | 31.9 |
| **Balance as at 31 December** | **45.2** | **31.9** |

This item relates to security deposits received from tenants, with a maturity longer than one year. The deposits are not interest bearing. Furthermore the long-term part of the amount payable to the Italian tax authorities with respect to Comes (see note 5) is included.

# 25 TRADE AND OTHER PAYABLES

| (€ million) | 2013 | 2012 |
|---|---|---|
| Taxes and social security | 18.0 | 24.8 |
| Rent invoiced in advance | 17.2 | 9.7 |
| Security deposits | 3.6 | 4.3 |
| Interest payable | 58.7 | 39.8 |
| Accruals | 46.6 | 32.5 |
| Other payables | 89.3 | 55.0 |
| **Balance as at 31 December** | **233.4** | **166.1** |

Other payables relate to accounts payable and invoices yet to be received for maintenance of and investments in the portfolio.

The liability of the outstanding phantom shares awarded for the years 2011, 2012 and 2013 is included in Accruals for € 0.0 million (31 December 2012: € 0.0 million for the years 2010, 2011 and 2012). For further information on the phantom share plan, please refer to note 22.

# 26 FINANCIAL INSTRUMENTS

### FINANCIAL RISKS

The Group is exposed to a number of financial risks, i.e. credit risk, liquidity risk and market risk (mainly currency risk and interest rate risk).

The overall risk management policy focuses on the unpredictable nature of the financial markets, with the emphasis on minimising any negative impacts on the financial performance of the Group. The Group makes use of derivative financial instruments and non-derivative financial instruments to hedge certain risk exposures. The derivative contracts are not used for trading purposes at all.

The regular way purchases and sales of financial assets are accounted for is based on settlement date.

The risk management activities are conducted according to a policy approved by the Management Board and Supervisory Board.

### CREDIT RISK

The credit risk is defined as the unforeseen losses on assets if counterparties should default.

The creditworthiness of tenants is closely monitored by checking their credit rating and keeping a close watch on the accounts receivable. Rents are in general payable in advance and part of the rent payable is secured by means of bank guarantees or guarantee deposits. There are no significant credit risk concentrations.

Corio has a counterparty risk policy for treasury related transactions in place. Corio has defined credit limits for counterparty risk exposures arising from cash, deposits and derivative financial instruments. Limits have been determined per credit rating scale for individual counterparties and cumulatively for all counterparties within a credit rating scale. Financial transactions are only entered into with financial institutions having a credit rating of at least A- (Standard & Poor's and Fitch) or A3 (Moody's). If there is a deviation in the rating for a counterparty provided by the rating agencies, the most conservative credit rating prevails. Furthermore, Corio has defined credit limits for counterparties which have provided revolving credit facilities, as a counterparty default would cause Corio's liquidity risk to increase. These limits apply to the inception date, when Corio enters into a new credit facility, and they have been determined per credit rating scale for individual counterparties with the minimum credit rating set at BBB+ (Standard & Poor's and Fitch) or Baa1 (Moody's). Exposures are monitored on a regular basis.

The carrying amounts of the financial assets represent the maximum credit risk. The combined carrying amount on the reporting date was made up as follows:

| (€ million) | Note | 2013 | 2012 |
|---|---|---|---|
| Loans and receivables (excluding taxes) | 11,17 | 254.8 | 308.7 |
| Derivative financial instruments (assets) | 12 | 1.9 | 33.9 |
| Cash and cash equivalents | 18 | 8.8 | 10.2 |
| | | **265.5** | **352.8** |

The loans and receivables line includes an amount of € 24.4 million relating to financing provided to the seller for their remaining non-controlling interest in certain acquired German subsidiaries, a loan provided for prefinancing an Italian investment. and a loan to the joint venture International Shopping Centre Investment S.A. (Porta di Roma) which is not secured as this is regarded financing of our own shopping centre. The joint venture partner provided an equal loan.

The ageing analysis of the trade receivables is as follows:

| (€ million) | | 2013 | | 2012 |
|---|---|---|---|---|
| | Gross | Provision | Gross | Provision |
| Not due | 18.0 | - | 13.8 | - |
| Overdue by 0-60 days | 7.8 | 3.1 | 9.8 | 1.5 |
| Overdue by between 61 days and one year | 26.3 | 12.3 | 31.9 | 10.6 |
| Overdue by more than one year | 28.1 | 17.4 | 23.4 | 12.3 |
| | **80.2** | **32.8** | **78.9** | **24.4** |

Movements in the provision for bad debts during the year were as follows:

| (€ million) | 2013 | 2012 |
|---|---|---|
| Balance as at 1 January | 24.4 | 21.9 |
| Added | 26.5 | 14.3 |
| Use of provision | -4.6 | -9.1 |
| Release | -13.5 | -2.7 |
| **Balance as at 31 December** | **32.8** | **24.4** |

The bad debt provision is used to record impairment losses unless the Group is satisfied that no recovery of the amount owing is possible. At that point the amounts are considered irrecoverable and are written off against the financial asset directly. With respect to the accounts receivable, the Group holds guarantee deposits from its tenants totalling € 34.6 million (2012: € 36.2 million) in addition to bank guarantees.

**LIQUIDITY RISK**

Managing the liquidity risk involves ensuring the availability of adequate credit facilities. The greater part of the Group's finance is provided by US private placements, bonds, a long-term revolving credit facility and by mortgages and other loans. Corio has been assigned credit ratings by Standard & Poor's (BBB+) and Moody's (Baa2).

Fluctuations in the liquidity requirement are accommodated by means of several revolving credit facilities of in total € 905 million. The maturity of € 775 million was extended to the third quarter of 2018, and the remaining € 130 million revolving credit facilities are available until the second half of 2016. As at year-end 2013, borrowing under the facility stood at € 278 million (2012: € 139 million). The interest and repayment obligations for 2014 are guaranteed by means of the available facilities.

Existing investment commitments are partly financed with disposals. The group aims to have sufficient financing available to cover net committed cash flow at least 18 months ahead. As at year-end 2013, the average maturity of the finance arrangements was 4.8 years (2012: 4.7 years).

Corio must at all times meet its obligations under the loans it has taken out, including the interest cover ratio. The interest cover ratio is calculated by dividing the net rental income plus dividends received by the net interest payable. This must not be less than 2.2. The 2013 interest cover ratio was 3.5 (2012: 3.4). Corio must also meet leverage requirements: the total amount of liabilities adjusted for accounts payable in the ordinary course of business and for deferred tax liabilities may not exceed 55% of the total assets less goodwill. At year-end 2013, the leverage was 43.7% (2012: 40.3%). During the period, the Group did not breach any of its loan covenants, nor did it default on any other of its obligations under its loan agreements.

Corio's targeted ratio's are monitored periodically. The consolidated cash flow plan, which is updated on the basis of investment and disposal proposals and any fluctuations in income and expenditure, is the most important basis for this analysis. It is Corio's policy to have a minimum headroom enough to cover 100% of the committed net cash flows for the coming 18 months. At year-end 2013 Corio had a financial headroom (sum of unused committed credit facilities, cash and cash equivelants less negative bank balances managed at group level, less drawing on uncommitted facilities, less commercial paper issued) of € 611 million (2012: € 750 million) in undrawn revolving credit facilities that were freely available.

Apart from these obligations and commitments, Corio's investment institution tax status imposes financing limits.

The following are the effective, contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements at year-end.

| 2013 (€ million) | Carrying amount | 2014 | 2015 | 2016 | 2017 | 2018 | >2018 |
|---|---|---|---|---|---|---|---|
| Loans and borrowings | -3,079.1 | -239.7 | -175.6 | -468.9 | -615.9 | -601.2 | -1315.0 |
| Financial derivatives | -29.4 | | | | | | |
| - Cash inflows | | 148.4 | 36.5 | 36.4 | 391.2 | 14.1 | 157.0 |
| - Cash outflows | | -142.9 | -25.7 | -28.6 | -424.0 | -17.1 | -177.1 |
| Other current liabilities | -89.4 | - | - | - | - | - | - |
| **Total** | **-3,197.9** | **-234.2** | **-164.8** | **-461.1** | **-648.7** | **-604.2** | **1,335.1** |

| 2012 (€ million) | Carrying amount | 2013 | 2014 | 2015 | 2016 | 2017 | >2017 |
|---|---|---|---|---|---|---|---|
| Loans and borrowings | -2,937.2 | -186.1 | -478.2 | -295.1 | -475.4 | -613.2 | -1,387.2 |
| Financial derivatives | -35.5 | | | | | | |
| - Cash inflows | | 63.4 | 406.1 | 43.8 | 43.5 | 404.6 | 173.4 |
| - Cash outflows | | -49.8 | -413.2 | -33.6 | -33.9 | -423.0 | -172.7 |
| Other current liabilities | -55.0 | -55.0 | - | - | - | - | - |
| **Total** | **-3,027.7** | **-227.5** | **-485.3** | **-284.9** | **-465.8** | **-631.6** | **-1,386.5** |

In 2012, Corio N.V. launched an Euro Medium-Term Note (EMTN) and an Euro Commercial Paper (ECP) programme. The ECP programme gives Corio efficient and flexible access to working capital, in addition to the customary sources of capital. In the final quarter of 2012 € 235 million was raised under the EMTN programme and an additional € 500 million was raised in February 2013. The total outstanding amount under the ECP programme per 31 December 2013 was € 123 million (31 December 2012: € 140 million). The maximum total financing available under these programmes is € 3 billion.

## CURRENCY RISK

With the exception of Turkey and Bulgaria, Corio operates in euro countries only. For foreign operations in Turkey, functional currencies are used that are based on the economic risk attached to the rental cash flows. These currencies are either the euro or the USD.

Besides the currency risk related to foreign operations with a functional currency other than the euro, the main currency risk relates to US private placements in USD and GBP. It is Corio's policy to fully hedge the currency risk related to loans and to hedge the majority of the currency risk related to foreign operations. The US private placement is hedged with cross-currency swaps, with the exception of a loan of USD 190 million which is used to hedge part of the currency risk related to foreign operations with functional currency USD. The remaining currency risk of the foreign operations is hedged with currency swaps.

The following table analyses the Group's currency exposure as at 31 December arising from financial instruments:

| (€ million) | | | 2013 | | | 2012 |
|---|---|---|---|---|---|---|
| | USD | GBP | TRY | USD | GBP | TRY |
| Loans and borrowings | -710.6 | -59.9 | - | -970.1 | -68.6 | - |
| Cash and cash equivalents | 0.3 | - | 0.1 | 0.4 | - | 0.1 |
| Loans and receivables | - | - | - | - | - | - |
| **Balance sheet exposure, gross** | **-710.3** | **-59.9** | **0.1** | **-969.7** | **-68.6** | **0.1** |
| Cross-currency swaps | 572.8 | 59.9 | - | 826.1 | 68.6 | - |
| Currency swaps | -58.7 | - | - | -61.4 | - | - |
| **Net position** | **-196.2** | **-** | **0.1** | **-205.0** | **-** | **0.1** |

### SENSITIVITY ANALYSIS

Corio's currency risk derives from its investments in Akmerkez and Adacenter. The value of these investments is USD 270 million (2012: USD 296.3 million). These investments are hedged by a USD 190 million (2012: USD 190 million) loan and by currency swap contracts for an amount of USD 81 million (2012: USD 81 million). A 10% depreciation of the USD against the EUR would result in a loss in 2014 on the investment of € 17.7 million (2012: € 20.4 million) and a gain on the related hedging instruments thereon of € 17.5 million (2012: € 18.7 million) in other comprehensive income. A 10% appreciation of the USD against the EUR would result in a gain in 2014 on the investment of € 21.6 million (2012: € 22.5 million) and a loss on the related hedging instruments thereon of € 21.4 million (2012: € 20.5 million) in other comprehensive income. The balance of these amounts will affect equity.

### INTEREST RATE RISK

Although the automatic inflation adjustment in rental contracts provides a certain degree of protection, this is insufficient to cover an increase in interest rates in the same period. Corio's policy is to manage fixed interest rates in the longer term for around two-thirds of the loan portfolio. The interest rate risk is managed by contracting both fixed and floating loans and interest rate swaps. The actual fixed portion of the loan portfolio is stated in the table below, which includes the effects of interest rate swaps.

| 2013 (€ million) | Fixed rate | Floating rate | Total |
|---|---|---|---|
| Short-term loans | - | -10.0 | -10.0 |
| Long-term loans | 1,928.8 | 1,052.5 | 2,981.3 |
| **Total** | **1,928.8** | **1,042.5** | **2,971.3** |
| % of total | 65% | 35% | 100% |

| 2012 (€ million) | Fixed rate | Floating rate | Total |
|---|---|---|---|
| Short-term loans | - | 32.4 | 32.4 |
| Long-term loans | 2,025.1 | 860.1 | 2,885.2 |
| **Total** | **2,025.1** | **892.5** | **2,917.6** |
| % of total | 69% | 31% | 100% |

The notional amount of the loans and borrowings is stated at the hedged foreign exchange rates. The cash position available at corporate level (2013: a debit position of € 15.7 million; 2012: a debit position of € 15.8 million) is or added to the loan portfolio.

According to Corio's interest rate risk policy, fixed debt with a maturity of less than one year is considered as floating debt. Furthermore, a portion of floating debt is labelled as short term financing of Corio's yearly dividend payments in the second quarter. This results in a fixed part of the loan portfolio as at 31 December 2013 of 65% (31 December 2012: 69%).

### SENSITIVITY ANALYSIS

An immediate increase of 100 basis points in the variable interest rate as at 31 December 2013 would increase the theoretical interest expense for 2014 by € 13.0 million (31 December 2012: € 12.2 million), assuming that the composition of the financing is unchanged. If the interest rate would rise by 100 basis points gradually during the year, the interest expense for 2014 would increase by € 5.1 million (31 December 2012: € 5.9 million). These calculations take into account interest rate swap transactions. The sensitivity to changes in the variable interest rate in 2014 is reduced by using short-term interest rate swaps and by fixing part of the variable interest rate at year-end 2013.

The effect of an immediate increase of 100 basis points in the short term interest rates at the start of 2013 would have resulted in higher finance costs of € 9.5 million.

An immediate increase of 100 basis points in the interest rates as at 31 December 2013 would have an impact on the fair value of derivative financial instruments used in cash flow hedge relationships. As a result, the amount in the hedge reserve would have increased by € 7.4 million (31 December 2012: increase € 4.2 million).

A decrease of 100 basis points in the interest rates have an equal but opposite effect for all scenarios mentioned above.

### CAPITAL STRUCTURE MANAGEMENT

The Group's objectives when managing its capital structure (equity) are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. When doing so, the Group takes into account:

- the requirements imposed as a result of the financing covenants as mentioned at Liquidity risk;
- a capital structure required to remain an investment grade rated company;
- the requirements imposed on a fiscal investment institution (FBI).

The Group was able to achieve the above objectives during the year 2013.

## HEDGE ACCOUNTING

Corio hedges the interest rate risk related to its loans and the currency risk related to its loans and related to its subsidiaries with a functional currency other than the euro.

Corio uses the following types of hedges:
- Cash flow hedges used to hedge the risk on future foreign currency cash flows and floating interest rate cash flows;
- Net investment hedges used to hedge the investment value of our foreign operations.

Corio no longer has fair value hedges, the last fair value hedge was cancelled and the related hedged item has been repaid.
Reference is made to the tables below for further details about Corio's hedges:

| 2013 (€ million) | Risks being hedged | Notional amount | Fair value assets | Fair value liabilities |
|---|---|---|---|---|
| **Cash flow hedge accounting** | | | | |
| Cross currency interest rate swaps | Currency | 632.9 | - | -27.9 |
| Interest rate swaps | Interest | - | - | - |
| **Fair value hedge accounting** | | | | |
| Cross currency interest rate swaps | Currency, interest | - | - | - |
| Interest rate swaps | Interest | - | - | - |
| **Hedge of net investment in foreign operation** | | | | |
| Loans and borrowings in currency | Currency | 137.7 | - | - |
| Foreign exchange forwards/swaps | Currency | 58.7 | 0.6 | - |
| **No hedge accounting** | | | | |
| Foreign exchange forwards/swaps | Currency | 60.0 | - | -1.5 |
| Interest rate swaps | Interest | 400.0 | 1.3 | - |

| 2012 (€ million) | Risks being hedged | Notional amount | Fair value assets | Fair value liabilities |
|---|---|---|---|---|
| **Cash flow hedge accounting** | | | | |
| Cross currency interest rate swaps | Currency | 887.4 | 2.2 | -31.5 |
| Interest rate swaps | Interest | 125.0 | - | -2.8 |
| **Fair value hedge accounting** | | | | |
| Cross currency interest rate swaps | Currency, interest | 7.4 | - | -1.1 |
| Interest rate swaps | Interest | 500.0 | 31.7 | - |
| **Hedge of net investment in foreign operation** | | | | |
| Loans and borrowings in currency | Currency | 144.0 | - | - |
| Foreign exchange forwards/swaps | Currency | 61.4 | - | -0.1 |
| **No hedge accounting** | | | | |
| Foreign exchange forwards/swaps | Currency | - | - | - |
| Interest rate swaps | Interest | - | - | - |

The following table shows the period in which the cash flows on the derivatives, to which cash flow hedge accounting applies, are expected to occur:

| 2013 (€ million) | Sum of cash flows | 2014 | 2015 | 2016 | 2017 | 2018 | >2018 |
|---|---|---|---|---|---|---|---|
| Interest cash inflows | | | | | | | |
| - Foreign currency interest | | 33.9 | 30.9 | 30.7 | 19.5 | 8.4 | 4.2 |
| - Floating interest | | | | | | | |
| Interest cash outflows | | -28.8 | -25.7 | -28.7 | -22.5 | -17.1 | -17.4 |
| **Net cash flows impact on income statement** | **-12.6** | **5.1** | **5.2** | **2.0** | **-3.0** | **-8.7** | **-13.2** |
| Foreign currency notional cash inflows | | 108.7 | - | - | 366.1 | - | 145.7 |
| Notional cash outflows | | -114.1 | - | - | -401.5 | - | -159.7 |
| **Net foreign currency impact on hedged loans** | **-54.8** | **-5.4** | **-** | **-** | **-35.4** | **-** | **-14.0** |
| **Net cash flows of hedging instruments** | **-67.4** | **-0.3** | **5.2** | **2.0** | **-38.4** | **-8.7** | **-27.2** |

| 2012 (€ million) | Sum of cash flows | 2013 | 2014 | 2015 | 2016 | 2017 | >2017 |
|---|---|---|---|---|---|---|---|
| Interest cash inflows | | | | | | | |
| - Foreign currency interest | | 49.9 | 46.5 | 30.6 | 30.4 | 19.6 | 13.2 |
| - Floating interest | | 0.5 | 0.4 | 0.6 | 0.4 | - | - |
| Interest cash outflows | | -45.4 | -42.8 | -28.8 | -28.0 | -17.6 | -11.9 |
| **Net cash flows impact on income statement** | **17.6** | **5.0** | **4.1** | **2.4** | **2.8** | **2.0** | **1.3** |
| Foreign currency notional cash inflows | | - | 338.9 | - | - | 378.6 | 153.8 |
| Notional cash outflows | | - | -358.0 | - | - | -401.5 | -159.7 |
| **Net foreign currency impact on hedged loans** | **-47.8** | **-** | **-19.1** | **-** | **-** | **-22.8** | **-5.9** |
| **Net cash flows of hedging instruments** | **-30.2** | **5.0** | **-15.0** | **2.4** | **2.8** | **-20.8** | **-4.6** |

## FAIR VALUE OF FINANCIAL INSTRUMENTS

The financial statements have been prepared on a historical cost basis, except for property investments and some of the financial instruments, which are carried at fair value. The carrying amounts of the financial instruments and their fair values were as follows:

| (€ million) | Note | | 2013 | | 2012 |
|---|---|---|---|---|---|
| | | Carrying amount | Fair value | Carrying amount | Fair value |
| Loans and receivables (excluding taxes) | 11,17 | 254.7 | 254.7 | 308.7 | 308.7 |
| Derivative financial instruments (assets) | 12 | 1.9 | 1.9 | 33.9 | 33.9 |
| Cash and cash equivalents | 18 | 8.8 | 8.8 | 10.2 | 10.2 |
| Loans and borrowings (including bank overdraft) | 21 | -3,094.6 | -3,245.2 | -2,954.5 | -3,234.8 |
| Derivative financial instruments (liabilities) | 12 | -29.4 | -29.4 | -35.5 | -35.5 |
| Other payables excluding taxes | 24, 25 | -248.4 | -248.4 | -173.2 | -173.2 |

The fair value of the non-current items are measured on the basis of the swap yield curve at year-end plus credit spreads applicable to the Group and credit spreads applicable to the counterparties. Since the other items of the statement of financial position are short-term, their fair value approximates the carrying amount. The line item loans and borrowings include fair value adjustments amounting to € 24.6 million (2012: € 30.0 million), which will be amortised in the coming years.

## FAIR VALUE HIERARCHIES

The fair values of financial instruments are measured at three levels:

- Level 1: For Corio's public debt the fair value is based on quoted prices in active markets for identical assets or liabilities.
- Level 2: For Corio's private debt the fair value is the present value of the stream of cash flows it is expected to pay. The fair value of the debt is obtained by discounting the expected cash flows to the present using an appropriate discount rate. The discount rate is determined by reference to similar instruments issued by Corio in the public market. Various related yield-measures are calculated for the given price. Financial instruments, whose fair value is based on a valuation technique whose inputs include only observable market data, either directly (i.e., as prices) or indirectly (i.e., derived from prices). The derivatives, with assets totaling € 1.9 million (2012: € 33.9 million) and liabilities of € 29.4 million (2012: € 35.5 million) are categorised at level 2.
- Level 3 Financial instruments, whose fair value is determined in whole or in part using a valuation technique based on assumptions that are not based on available observable market data, are not applicable to Corio.

Level 2 hedging derivatives comprise forward foreign exchange contracts and interest rate swaps. These forward foreign exchange contracts have been fair valued using forward exchange rates that are quoted in an active market. Interest rate swaps are fair valued using forward interest rates extracted from observable yield curves and observable credit default rates. Corio uses a Value At Risk (VAR) model for quantifying the credit risk on the derivatives. The valuation technique used to determine the credit value adjustment (CVA) is based on the Variance/Co-Variance approach, whereby the price action is assumed to be normally distributed, and the variance is determined based on historical time series. Other inputs include Corio's own credit default probabilities and those of the counterparties.

Corio's policy is to recognise transfers into and transfers out of fair value hierarchy levels as of the date of event or change in circumstances that caused the transfer. In 2013 there were no transfers between level 1, level 2 and level 3, nor were any transfers into or out of level 3.

# 27 CONTINGENT LIABILITIES

As at 31 December 2013, Corio's total committed pipeline amounts to € 780.1 million (2012: € 887.3 million), of which an amount of € 125.3 million (2012: € 123.4 million) is already invested, resulting in a future committed pipeline of € 654.8 million (2012: € 763.8 million). These committed pipeline investments are made up as follows:

### COMMITTED PIPELINE INVESTMENTS

| (€ million) | 2013 | 2012 |
|---|---|---|
| First year | 339.0 | 416.5 |
| Second to fourth year | 315.9 | 347.4 |
| Fifth year and more | - | - |

Projects in the deferrable pipeline on 31 December 2013 represented a total investment of € 442.9 million (2012: € 920.6 million), including € 139.1 million (2012: € 159.6 million) already invested.

Minimum lease commitments totaling € 430.5 million (2012: € 459.8 million), mainly related to ground leases, are made up as follows:

### LEASE COMMITMENTS

| (€ million) | 2013 | 2012 |
|---|---|---|
| First year | 13.8 | 13.5 |
| Second to fourth year | 37.6 | 41.7 |
| Fifth year and more | 379.1 | 404.6 |

Guarantees totaling € 63.8 million (2012: € 72.5 million) have been granted for other possible acquisitions and guarentees for an amount of € 16.6 million (2012: € 16.6 million) for other purposes.

In February 2012 Corio received a letter from the Bursa municipality requesting to return part of the title of the land on which our Anatolium project is located. This request follows after a lawsuit regarding the expropriation of the former landowners against the municipality. This lawsuit is not yet finalized. The loss of title could materially impact the value of the property, however we are legally contesting the Municipality's request in which we have strong position. We therefore consider it very unlikely that we will lose part of the title of the land. In addition, Corio has an indemnification of the vendor for any damage that we may suffer in this regard.

For 2006 the Italian tax authorities have issued an assessment for a total amount of € 58.6 million (including penalties and interest) of VAT which according to the tax authorities was incorrectly claimed back by Corio because the underlying transaction is allegedly considered as void by the Tax Authorities. We are legally contesting this assessment in which we have a strong position. We therefore consider it very unlikely that this will lead to material disbursements for the company.

The Italian tax authorities have taken the position that two Italian subsidiaries of Corio were not entitled to apply the exception to the general thin cap rules which states that interest paid on mortgage loans is fully deductible if certain conditions are met. Corio has legal and fiscal opinions which state we have good grounds to defend our position. We therefore consider it unlikely that this will lead to amounts tax payable.

The Spanish tax authorities have made their assessment that the sale and purchase transaction, carried out in 2009 through which Corio acquired the shares of one of our Spanish entities, was subject to transfer tax and proposed a settlement of € 6.3 million of tax payable (including late-payment interest). We are legally contesting this assessment in which we have strong defense arguments. We therefore consider it unlikely that this will lead to amounts tax payable.

# 28 RELATED PARTIES

Qualifying as related parties of the Group are its subsidiaries, joint ventures, associates, members and close family members of the Supervisory Board and Management Board and Stichting Pensioenfonds ABP (through direct and indirect holdings). Transactions with related parties take place at arm's length.

Members and close family members of the Supervisory Board and Management Board do not have any material interest in Corio's voting shares and do not have options on the shares. In 2011 one of the Management Board members (B.A. van der Klift) purchased Eurobonds with a nominal value of € 30,000 which were placed by the company at an 4.625% interest rate in October 2010. Mr. Carrafiell (member of the Supervisory Board) is a partner at GreenOak Real Estate. GreenOak Real Estate acts as a consultant with regard to one of Corio's projects. In this regard Mr. Carrafiell did not take part in the deliberations and decision-making regarding these topics in the Supervisory Board, nor did the Company share any information for decision-making with him, in accordance with article 11 of the Supervisory Board rules. Corio paid an amount of € 0.12 million to GreenOak Real Estate. Access to Quality, of which Mr. Van den Berg (member of the Supervisory Board) is one of the owners, has advised Corio on some projects. The related amount Corio paid is € 0.05 million. The Group has not granted any loans to the members of the Supervisory Board and Management Board. The remuneration of the members of the Supervisory Board and Management Board in 2013 was respectively € 0.3 million and € 1.6 million (2012: respectively € 0.3 million and € 2.5 million). For more information on the remuneration and Corio shares owned by the members of the Management Board and the Supervisory Board we refer to note 22. Pursuant to the Dutch Authority on Financial Supervision, the members of the Supervisory Board and Management Board of Corio report that they held no personal interest in the Company's investments in 2013.

To the best of Corio's knowledge, ABP is the only shareholder which can be considered a related party within the meaning of the Decree on the Supervision of the Conduct of Financial Undertakings (under the WFT) in that it holds more than 20% of the voting rights conferred by Corio shares. Per 31 December 2013, ABP holds approximately 30.58% of the Corio shares. ABP acts as pension fund provider for a number of employees. In 2010 this agreement was extended by five years. The pension contributions are determined according to the ABP retirement plans. In 2013 these contributions amounted to €1.0 million (2012: € 1.0 million). In 2009 Corio contracted a floating-rate inflation linked loan of € 200 million for seven years from a subsidiary of ABP. The balance of this loan as per 31 December 2013 amounts to € 216.6 million and the interest expense for the year then ended amounts to € 12.8 million. As per 31 December 2013 Corio has a loan receivable of € 86 million towards its joint venture International Shopping Centre Investment S.A. (Porta di Roma). An amount of € 4.4 million is received as interest income on this loan.

### EVENTS AFTER THE REPORTING PERIOD

Corio has sold 12 retail properties in the Netherlands and in France for a total amount of € 250.0 million in the first two months of 2014, which equals the fair value per 31 December 2013. The disposals concern small to medium sized shopping centres, mainly outside the metropolitan area.

In the first half year of 2014 Corio will align the organization in the Netherlands and France following the disposals. Not only staff reduction but also the organizational structure will be adjusted to support a more agile, performance driven, culture. Both in France and the Netherlands layers will be reduced in the organisation and enhance profit responsibility at shopping centre level.

# COMPANY STATEMENT OF FINANCIAL POSITION

## BEFORE PROFIT APPROPRIATION

| (€ million) | Note | 31 December 2013 | 31 December 2012 |
|---|---|---|---|
| Intangible assets | 1 | 4.7 | 3.3 |
| Investments | 2 | 29.2 | 29.5 |
| Property, plant and equipment | 3 | 0.8 | 1.2 |
| Financial fixed assets | 4 | 7,070.9 | 6,883.1 |
| **Total non-current assets** | | **7,105.6** | **6,917.1** |
| | | | |
| Current assets | 5 | 501.7 | 526.5 |
| | | | |
| **Total assets** | | **7,607.3** | **7,443.6** |
| | | | |
| Shareholders' equity | | | |
| Issued capital | | 983.0 | 961.8 |
| Share premium | | 1,404.6 | 1,425.8 |
| Legal and statutory reserves | | 1,380.6 | 1,474.0 |
| Other reserves | | 126.0 | 204.9 |
| Net result for the year | | -250.5 | 16.0 |
| **Total shareholders' equity** | 6 | **3,643.7** | **4,082.5** |
| | | | |
| Non-current liabilities | 7 | 2,587.6 | 2,348.5 |
| | | | |
| Bank overdraft | | 47.2 | 44.1 |
| Current liabilities | 8 | 1,328.8 | 968.5 |
| | | | |
| **Total equity and liabilities** | | **7,607.3** | **7,443.6** |

The notes on pages 118 to 122 are an integral part of these company financial statements.

# COMPANY INCOME STATEMENT

| (€ million) | Note | 2013 | 2012 |
|---|---|---|---|
| Company result | | -120.4 | -83.6 |
| Result of subsidiaries after tax | | -130.1 | 99.6 |
| **Net result of the year** | | **-250.5** | **16.0** |

The notes on pages 118 to 122 are an integral part of these company financial statements.

# NOTES TO THE COMPANY FINANCIAL STATEMENTS

The company financial statements form part of the financial statements of Corio N.V. ('Corio' or 'the Company') for 2013. The company financial statements presented are in accordance with Part 9, Book 2, of the Netherlands Civil Code.
For the company financial statements of Corio, use has been made of the exemption provided by Section 402, Book 2, of the Netherlands Civil Code. The financial statements have been prepared in compliance with the Financial Supervision Act 2007 (incorporated changes made subsequent to 2007).

### BASIS FOR THE RECOGNITION AND MEASUREMENT OF ASSETS AND LIABILITIES AND THE DETERMINATION OF THE RESULT

In establishing the basis for the recognition and measurement of assets and liabilities and the determination of the result for its company financial statements, Corio makes use of the option provided by Section 362, subsection 8, Book 2, of the Netherlands Civil Code whereby the basis for the recognition and measurement of assets and liabilities and the determination of the result (accounting policies) used for Corio's company financial statements are the same as that for the consolidated financial statements. Subsidiaries in which Corio has a controlling interest are presented applying the equity method.The consolidated figures are prepared according to the standards laid down by the International Accounting Standards Board and adopted by the European Union (EU-IFRS). See pages 83 to 91 for a description of these accounting policies.
The share of the results of subsidiaries, associates and joint ventures consists of Corio's share of the results of these entities. Results on transactions in which assets and liabilities have been transferred between Corio and other entities in the Group and between these entities themselves have not been included where they can be deemed to be unrealised.

## 1 INTANGIBLE ASSETS

Intangible assets comprises software.

| (€ million) | 2013 | 2012 |
|---|---|---|
| **Cost** | | |
| Balance as at 1 January | 16.5 | 16.0 |
| Investments | 2.7 | 0.5 |
| Impairment of assets | - | - |
| **Balance as at 31 December** | **19.2** | **16.5** |
| | | |
| **Amortisation and impairment** | | |
| Balance as at 1 January | -13.2 | -12.0 |
| Amortisation charge for the year | -1.3 | -1.2 |
| **Balance as at 31 December** | **-14.5** | **-13.2** |
| | | |
| **Carrying amount** | | |
| As at 1 January | 3.3 | 4.0 |
| As at 31 December | 4.7 | 3.3 |

## 2 INVESTMENTS

| (€ million) | 2013 | 2012 |
|---|---|---|
| As at 1 January | 29.5 | 29.3 |
| Revaluation/investments | -0.3 | 0.2 |
| As at 31 December | 29.2 | 29.5 |

# 3 PROPERTY PLANT AND EQUIPMENT

Property, plant and equipment comprises IT hardware.

| (€ million) | 2013 | 2012 |
|---|---|---|
| **Cost** | | |
| Balance as at 1 January | 3.7 | 3.0 |
| Investments/divestments | 0.3 | 0.7 |
| **Balance as at 31 December** | **4.0** | **3.7** |
| | | |
| **Depreciation and impairment** | | |
| Balance as at 1 January | -2.5 | -1.7 |
| Depreciation charge for the year | -0.7 | -0.8 |
| **Balance as at 31 December** | **-3.2** | **-2.5** |
| | | |
| **Carrying amount** | | |
| As at 1 January | 1.2 | 1.3 |
| As at 31 December | 0.8 | 1.2 |

# 4 FINANCIAL FIXED ASSETS

| (€ million) | 2013 | 2012 |
|---|---|---|
| Investments in subsidiaries | 6,661.0 | 6,624.4 |
| Investments in equity accounted investees | 211.4 | 227.1 |
| Loans to group companies | 198.5 | - |
| Derivative financial instruments | - | 31.6 |
| **As at 31 December** | **7,070.9** | **6,883.1** |

### INVESTMENTS IN SUBSIDIARIES

| (€ million) | 2013 | 2012 |
|---|---|---|
| As at 1 January | 6,624.4 | 6,353.1 |
| Capital contributions | 173.2 | 183.3 |
| Changes accounted for directly in equity | -5.4 | -11.6 |
| Results of subsidiaries | -131.2 | 99.6 |
| **As at 31 December** | **6,661.0** | **6,624.4** |

### INVESTMENTS IN EQUITY ACCOUNTED INVESTEES

| (€ million) | 2013 | 2012 |
|---|---|---|
| **Investment in associates** | | |
| Balance as at 1 January | 190.4 | 188.3 |
| Dividends received | -9.2 | -7.4 |
| Share of results | -5.9 | 11.1 |
| Exchange differences | -7.6 | -1.6 |
| **Balance as at 31 December** | **167.7** | **190.4** |
| | | |
| **Interests in joint ventures** | | |
| Balance as at 1 January | 36.7 | 38.3 |
| Share of results | 7.0 | -1.6 |
| **Balance as at 31 December** | **43.7** | **36.7** |
| | | |
| **Balance as at 31 December** | **211.4** | **227.1** |

The investments in equity accounted investees consist of the associate Akmerkez and the interest in the joint venture International Shopping Centre Investment S.A. (Porta di Roma).

The following entities are the legal owners of shares of Akmerkez GYO A.S.: Bocan B.V. (7.7%), Corio Nederland Kantoren B.V. (7.9%), Corio N.V. (8.5%), Corio Real Estate España S.A. (<0.1%), Hoog Catharijne B.V. (7.5%), Patio Onroerend Goed B.V. (7.3%), Shopville GranReno SpA (<0.1%), SNC Les Ailes (<0.1%), VIB North America B.V. (8.0%). Corio N.V. has beneficial ownership.

# 5 CURRENT ASSETS

| (€ million) | 2013 | 2012 |
|---|---|---|
| Trade and other receivables | 6.2 | 3.1 |
| Receivables from entities in the Group | 495.5 | 523.4 |
| **As at 31 December** | **501.7** | **526.5** |

# 6 SHAREHOLDERS' EQUITY

| (€ million) | Share capital | Share premium | General reserve | Revaluation reserve | Associates reserve | Hedge reserve | Translation reserve | Net result for the year | Total equity |
|---|---|---|---|---|---|---|---|---|---|
| Balance as at 31 December 2011 | 922.9 | 1,464.8 | 197.1 | 1,375.3 | 38.8 | 5.8 | -17.0 | 218.2 | 4,206.0 |
| Profit appropriation 2011 | | | 143.0 | 76.0 | -0.8 | | | -218.2 | - |
| Balance as at 1 January 2012 | 922.9 | 1,464.8 | 340.1 | 1,451.3 | 38.0 | 5.8 | -17.0 | - | 4,206.0 |
| **Net result** | | | | | | | | **16.0** | **16.0** |
| Other comprehensive income | | | | | | -13.6 | 1.7 | | -11.9 |
| **Total comprehensive income** | **-** | **-** | **-** | **-** | **-** | **-13.6** | **1.7** | **16.0** | **4.1** |
| Dividends to shareholders | 38.9 | -39.0 | -127.4 | | | | | | -127.5 |
| **Balance as at 31 December 2012** | **961.8** | **1,425.8** | **212.7** | **1,451.3** | **38.0** | **-7.8** | **-15.3** | **16.0** | **4,082.5** |

| (€ million) | Share capital | Share premium | General reserve | Revaluation reserve | Associates reserve | Hedge reserve | Translation reserve | Net result for the year | Total equity |
|---|---|---|---|---|---|---|---|---|---|
| Balance as at 31 December 2012 | 961.8 | 1,425.8 | 212.7 | 1,451.3 | 38.0 | -7.8 | -15.3 | 16.0 | 4,082.5 |
| Profit appropriation 2012 | | | 109.1 | -104.2 | 11.1 | | | -16.0 | - |
| Balance as at 1 January 2013 | 961.8 | 1,425.8 | 321.8 | 1,347.1 | 49.1 | -7.8 | -15.3 | - | 4,082.5 |
| **Net result** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-250.5** | **-250.5** |
| Other comprehensive income | - | - | - | - | - | 1.9 | -0.3 | - | 1.6 |
| **Total comprehensive income** | **-** | **-** | **-** | **-** | **-** | **1.9** | **-0.3** | **-250.5** | **-248.9** |
| Dividends to shareholders | 21.2 | -21.2 | -189.9 | | | | | | -189.9 |
| **Balance as at 31 December 2013** | **983.0** | **1,404.6** | **131.9** | **1,347.1** | **49.1** | **-5.9** | **-15.6** | **-250.5** | **3,643.7** |

* The proposed profit appropriation is included in other information. € 164.5 million of the result for 2013 (2012: € 93.1 million) will be deducted from the non-distributable reserves.

Legal and statutory reserves, which are non-distributable reserves, comprise the revaluation reserve, associates reserve and translation reserve. Other reserves comprise general reserve and hedge reserve.

For more information, reference is made to note 19 to the consolidated financial statements.

# 7 NON-CURRENT LIABILITIES

| (€ million) | 2013 | 2012 |
|---|---|---|
| Bonds | 1,259.9 | 765.9 |
| Loans to entities in the Group | 869.8 | 876.0 |
| Other loans | 457.9 | 686.7 |
| Derivative financial instruments | - | 19.9 |
| **As at 31 December** | **2,587.6** | **2,348.5** |

The increase of the Bonds is mainly the result of the issuance of a € 500 million public bond in February 2013. The proceeds were partly used to repay Other loans.

# 8 CURRENT LIABILITIES

| (€ million) | 2013 | 2012 |
|---|---|---|
| Loans and borrowings | 278.0 | 139.2 |
| Derivative financial instruments | - | 0.1 |
| Amounts owed to entities in the Group | 1,001.1 | 793.2 |
| Accruals | 49.7 | 36.0 |
| **As at 31 December** | **1,328.8** | **968.5** |

# 9 REMUNERATION

For information on the remuneration, please refer to note 22 of the consolidated financial statements.

# 10 LIST OF GROUP COMPANIES AND ASSOCIATES

**MOST IMPORTANT SHAREHOLDINGS:**

| Name | Registered office | Share in capital | Consolidate |
|---|---|---|---|
| NETHERLANDS Corio Nederland B.V. (previously CNR) | Utrecht | 100% | yes |
| NETHERLANDS CCA German Retail I B.V. | Utrecht | 100% | yes |
| NETHERLANDS CCA German Retail II B.V. | Utrecht | 100% | yes |
| FRANCE Corio SA | Parijs | 100% | yes |
| SPAIN Corio Real Estate España SL | Madrid | 100% | yes |
| ITALY Corio Italia S.r.l. | Milan | 100% | yes |
| ITALY CCDF S.p.a. | Udine | 49% | no |
| TURKEY Corio Yatirim Holding AS | Istanbul | 100% | yes |
| TURKEY Akmerkez Gayrımenkul Yatırım Ortaklığı Anonim Şirketi | Istanbul | 47% | no |
| TURKEY Tan Gayrimenkul Yatirim Insaat Turizm Pazarlama ve Ticaret S.A. | Denizli | 51% | yes |
| BULGARIA Corio Lulin EOOD | Sofia | 100% | yes |
| LUXEMBOURG Reluxco International S.A. | Luxembourg | 100% | yes |

# 11 INFORMATION PURSUANT TO THE FINANCIAL SUPERVISION ACT (WFT)

Pursuant to the Financial Supervision Act (WFT), the members of the Supervisory Board and Management Board of Corio report that they held no personal interest in the Company's investments in 2013. To the best of Corio's knowledge, ABP (through direct and indirect holdings) is the only shareholder which can be considered a related party within the meaning of the Decree on the Supervision of the Conduct of Financial Undertakings (under the WFT) in that it holds more than 20% of the voting rights conferred by Corio shares.

**COST RATIO**

The WFT requires investment institutions to report cost ratios such as the Ongoing Charges Figures (OCF). This requirement was introduced to ensure the availability of clear and comparable information on cost levels. With effect from 2006 and in compliance with the Further Rules for Supervision of the Market Conduct of Investment Institutions, issued by the Dutch regulator the Netherlands Authority for the Financial Markets (AFM), the OCF is defined as total costs (property operating expenses, general expenses and taxes), excluding interest charges, as a percentage of the weighted average net asset value for the four quarters in the book year. In 2013, Corio's cost ratio worked out at 2.64% compared to 2.66% in 2012.

# 12 RELATED PARTIES

Qualifying as related parties of the Group are its subsidiaries, joint ventures, associates, members and close family members of the Supervisory Board and Management Board and Stichting Pensioenfonds ABP (through direct and indirect holdings). Transactions with related parties take place at arm's length.

Members and close family members of the Supervisory Board and Management Board do not have any material interest in Corio's voting shares and do not have options on the shares. In 2011 one of the Management Board members (B.A. van der Klift) purchased Eurobonds with a nominal value of € 30,000 which were placed by the company at an 4.625% interest rate in October 2010. Mr. Carrafiell (member of the Supervisory Board) is a partner at GreenOak Real Estate. GreenOak Real Estate acts as a consultant with regard to one of Corio's projects. In this regard Mr. Carrafiell did not take part in the deliberations and decision-making regarding these topics in the Supervisory Board, nor did the Company share any information for decision-making with him, in accordance with article 11 of the Supervisory Board rules. Corio paid an amount of € 0.12 million to GreenOak Real Estate. Access to Quality, of which Mr. Van den Berg (member of the Supervisory Board) is one of the owners, has advised Corio on some projects. The related amount Corio paid is € 0.05 million. The Group has not granted any loans to the members of the Supervisory Board and Management Board. The remuneration of the members of the Supervisory Board and Management Board in 2013 was respectively € 0.3 million and € 1.6 million (2012: respectively € 0,3 million and € 2.5 million). For more information on the remuneration and Corio shares owned by the members of the Management Board and the Supervisory Board we refer to note 22. Pursuant to the Dutch Authority on Financial Supervision, the members of the Supervisory Board and Management Board of Corio report that they held no personal interest in the Company's investments in 2013.

To the best of Corio's knowledge, ABP is the only shareholder which can be considered a related party within the meaning of the Decree on the Supervision of the Conduct of Financial Undertakings (under the WFT) in that it holds more than 20% of the voting rights conferred by Corio shares. Per 31 December 2013, ABP holds approximately 30.58% of the Corio shares. ABP acts as pension fund provider for a number of employees. In 2010 this agreement was extended by five years. The pension contributions are determined according to the ABP retirement plans. In 2013 these contributions amounted to €1.0 million (2012: € 1.0 million). In 2009 Corio contracted a floating-rate inflation linked loan of € 200 million for seven years from a subsidiary of ABP. The balance of this loan as per 31 December 2013 amounts to € 216.6 million and the interest expense for the year then ended amounts to € 12.8 million. As per 31 December 2013 Corio has a loan receivable of € 86 million towards its joint venture International Shopping Centre Investment S.A. (Porta di Roma). An amount of € 4.4 million is received as interest income on this loan.

# 13 CONTINGENT LIABILITIES

Corio has provided a guarantee pursuant to Section 403 of Part 9, Book 2, of the Netherlands Civil Code in respect of several of its subsidiaries in the Netherlands. The majority of the Dutch Corio entities are part of the Corio VAT-group and therefore legally bear joint and several liability. Corio N.V. forms a tax group for corporate income tax along with a number of Dutch subsidiaries and, under the standard conditions, each of the subsidiaries is liable for the tax payable by all the subsidiaries that are part of the tax group.

# 14 AUDIT FEES

The table below shows the fees charged by the PricewaterhouseCoopers Accountants N.V. network in respect of activities for Corio N.V. and its subsidiaries.

| (€ thousands) | 2013 | 2012 |
|---|---|---|
| Audit of the financial statements | 739 | 591 |
| Other audit engagements | 335 | 560 |
| Other non-audit services | 13 | 75 |
| **Total** | **1,087** | **1,226** |

An amount of € 418,000 (2012: € 567,000) relates to work performed in the Netherlands, of which € 270,000 (2012: € 190,000) relates to the audit of the financial statements and € 135,000 (2012: € 331,000) relates to the other audit engagements and € 13,000 (2012: € 46,000) to other non-audit services.

*Utrecht, 17 February 2014*

*The Supervisory Board*

*The Management Board*

# OTHER INFORMATION

## PROVISIONS OF THE ARTICLES OF ASSOCIATION CONCERNING RESULT APPROPRIATION

The result appropriation is subject to the provision of Article 34, paragraph 2, of Corio's articles of association, which states that the result shown by the income statement as adopted by the General Meeting of Shareholders is at the disposal of the General Meeting.

In order to comply with the requirements imposed on fiscal investment institution (FBI), Corio must, as a minimum, distribute its entire taxable profit in cash. If it appears after notification that the dividend to be paid in shares is such that the amount paid in cash is lower than the taxable profit for the year, then a pro-rata discount will be applied to the payment in shares so that the distribution requirement in cash is complied with. The pro-rata discount will be paid in cash.

## PROPOSAL FOR RESULT APPROPRIATION

For 2013, a dividend of € 209.0 million, which is € 2.13 (in cash or in shares) per share is proposed. Of the result for 2013 amounting to € 250.5 million negative, € 164.5 million of the result for 2013 will be deducted from (2012: € 93.1 million) the non-distributable reserves. The remainder of the result will be appropriated to the general reserve.

## EVENTS AFTER THE REPORTING PERIOD

Corio has sold 12 retail properties in the Netherlands and in France for a total amount of € 250.0 million in the first two months of 2014, which equals the fair value per 31 December 2013. The disposals concern small to medium sized shopping centres, mainly outside the metropolitan area.

In the first half year of 2014 Corio will align the organization in the Netherlands and France following the disposals. Not only staff reduction but also the organizational structure will be adjusted to support a more agile, performance driven, culture. Both in France and the Netherlands layers will be reduced in the organisation and enhance profit responsibility at shopping centre level.

# INDEPENDENT AUDITOR'S REPORT

To the General Meeting of Corio N.V.

## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

### IN OUR OPINION

- the consolidated financial statements as set out on pages 78 to 116 give a true and fair view of the financial position of Corio N.V., (the 'Company') and its subsidiaries (the 'Group') as at 31 December 2013, and of their result and cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRS) and with Part 9 of Book 2 of the Dutch Civil Code; and
- the Company financial statements as set out on pages 117 to 122 give a true and fair view of the financial position of Corio N.V. as at 31 December 2013, and of its result for the year then ended in accordance with Part 9 of Book 2 of the Dutch Civil Code.

## WHAT WE HAVE AUDITED

We have audited the accompanying financial statements 2013 as set out on pages 78 to 122 of Corio N.V., Utrecht. These financial statements consist of the consolidated financial statements and the Company financial statements. The consolidated financial statements comprise the consolidated statement of financial position as at 31 December 2013, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended and notes, comprising a summary of significant accounting policies and other explanatory information. The Company financial statements comprise the Company statement of financial position as at 31 December 2013, the Company income statement for the year then ended and notes, comprising a summary of significant accounting policies and other explanatory information.

## THE BASIS FOR OUR OPINION

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the section *Our Responsibilities for the Audit of Financial Statements* of our report.

We are independent of the Group in accordance with the relevant Dutch ethical requirements as included in the 'Verordening op de gedrags- en beroepsregels accountants' (VGBA) and the 'Verordening inzake de onafhankelijkheid van accountants assuranceopdrachten' (ViO) and have fulfilled our other responsibilities under those ethical requirements.

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

## THE KEY AUDIT MATTERS FROM OUR AUDIT

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements 2013. Key audit matters are selected from the matters communicated with the Supervisory Board, but are not intended to represent all matters that were discussed with them. Our audit procedures relating to these matters were designed in the context of our audit of the financial statements as a whole. Our opinion on the financial statements is not modified with respect to any of the key audit matters described below, and we do not express an opinion on these individual matters.

### VALUATION OF INVESTMENT PROPERTY (UNDER DEVELOPMENT)

The valuation of the 'Investment Property (under development)' ('Property') is important to our audit as it is the Group's most significant asset and is highly dependent on estimates. The Management Board uses external appraisers to support its determination of the individual fair value of the Properties. Properties that are expected to be sold and that are in a very advanced stage of negotiations are valued at the expected selling price. Amongst others, we have considered the objectivity, independence and expertise of the external appraisers, assessed the correctness of the property related data as used by the external appraisers and used our PwC valuation specialists to assist us in analysing the external valuations. All individual Properties are valued externally. Furthermore, we have also challenged the Management Board on the difference between the selling price of the portion of the TRC Assets that were sold during 2013 and January 2014. We also assessed the impact of the January 2014 transaction on the valuation of the remaining Property portfolio of the Group. We have discussed with all external appraisers the (movements in) fair value of the Property. Refer to Note 8 and 9 for more information on the valuation of the Property

### (DEFERRED) INCOME TAX

The Group operates in various countries with local tax regulations. The (Deferred) income tax related valuation is significant to our audit as the assessment process is complex and judgemental and is based on assumptions that are affected by expected future market or economic conditions. The Group has recorded deferred tax assets in the financial statements resulting from losses carried forward and deferred tax liabilities from temporary differences between the fair value of the Investment Property (under development) and the tax base of the Investment Property (under development). The Management Board has updated the (deferred) income tax position in cooperation with its external tax advisors. Our audit procedures included, among others, evaluating assumptions and methodologies used by the Group to determine the recoverable amount on deferred tax assets per country and the calculation of the temporary differences based on local tax regulations for the deferred tax liability. We also used PwC tax specialists to assist us in evaluating the assumptions and methodologies used by the Group. For more information on (deferred) income tax reference is made to note 7 and 15.

### MONITORING OF CLAIMS AND LITIGATION

The Group is faced with claims and litigation – primarily tax related, in Turkey, Italy and Spain. Claims (including those litigation-related) are either provided for as a liability or reflected as contingent liabilities in the notes to the financial statements, depending on the actual legal positions and the expectations of the Management Board. The Group updated the legal positions with the use of external legal experts in the applicable countries. As a part of our audit, we considered the claims and litigation important given the related subjectivity. Therefore, amongst others, we have read the external legal opinions and used PwC tax specialists to assist us in evaluating the status of the claims and litigation as well as obtained lawyers' letters as we considered necessary for our audit. For more information on claims and litigations reference is made to note 27.

### OUR FINDINGS WITH RESPECT TO GOING CONCERN

As included in the Basis of Measurement paragraph in the notes to the consolidated financial statements, the financial statements have been prepared using the going concern basis of accounting. The use of this basis of accounting is appropriate unless the Management Board either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

As part of our audit of the financial statements, we concur with the Management Board's use of the going concern basis of accounting in the preparation of the financial statements.

The Management Board has not identified a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern, and accordingly none is disclosed in the financial statements. Based on our audit of the financial statements, in which we have considered the headroom analysis for the next 18 months, we also have not identified such a material uncertainty.

However, neither the Management Board nor the auditor can guarantee the Company's ability to continue as a going concern.

### RESPONSIBILITIES OF THE MANAGEMENT BOARD AND THE SUPERVISORY BOARD FOR THE FINANCIAL STATEMENTS

The Management Board is responsible for the preparation and fair presentation of these financial statements in accordance with EU-IFRS and with Part 9 of Book 2 of the Dutch Civil Code, and for the preparation of the Management Board report in accordance with Part 9 of Book 2 of the Dutch Civil Code. Furthermore, the Management Board is responsible for such internal control as the Management Board determines is necessary to enable the preparation of financial statements that are free of material misstatement, whether due to fraud or error. The Supervisory Board is responsible for overseeing the Group's financial reporting process.

### OUR RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

The objectives of our audit are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Dutch Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Dutch Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the planning and performance of the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management Board.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the Company and business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

We are also required to provide the Supervisory Board with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with the Supervisory Board all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

### REPORT ON THE MANAGEMENT BOARD REPORT AND OTHER INFORMATION

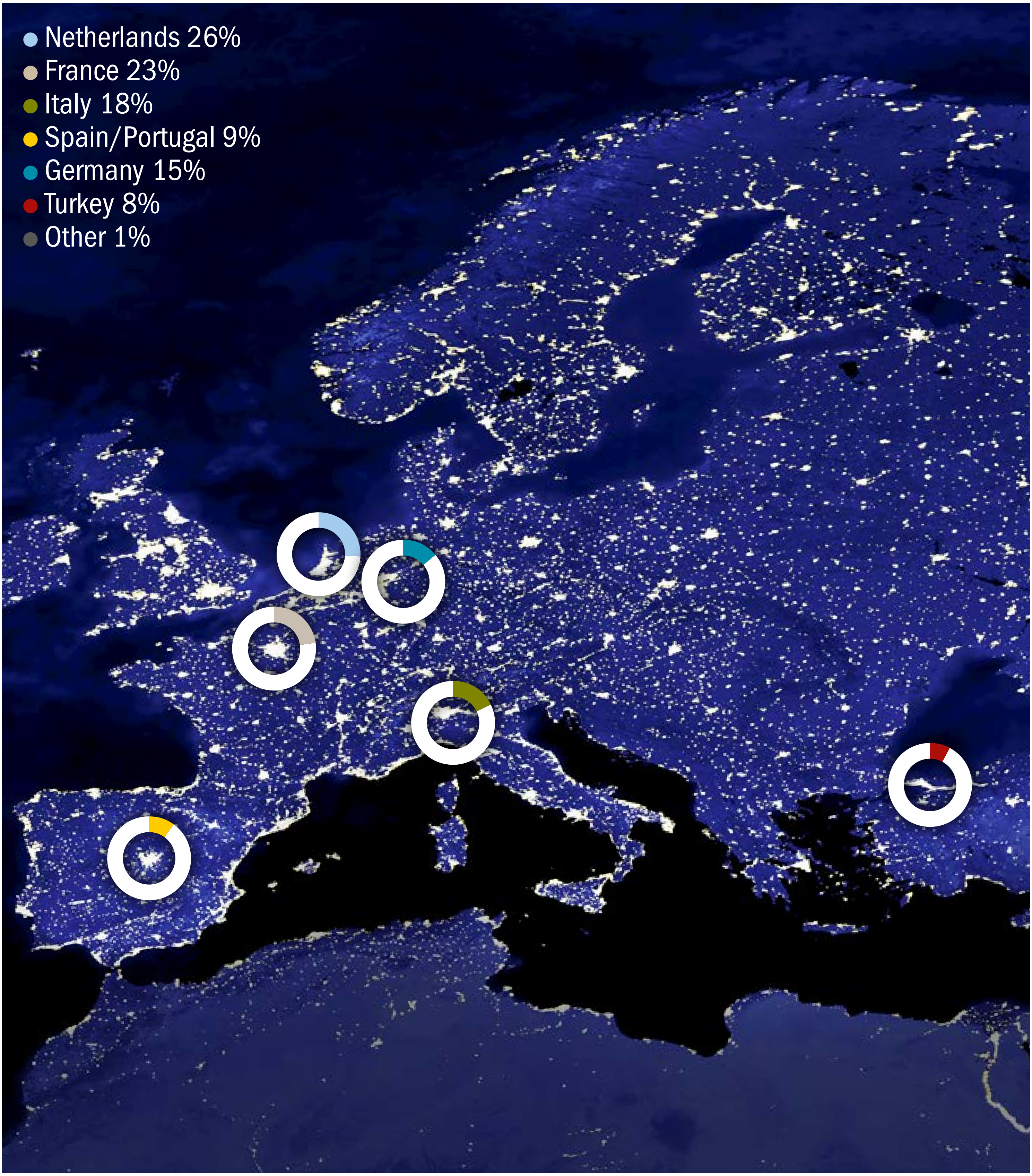
Pursuant to the legal requirement under Part 9 of Book 2 of the Dutch Civil Code regarding our responsibility to report on the Management Board report and the other information:

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

*Amsterdam, 17 February 2014*

*Original has been signed by*
*Drs. P.J. van Mierlo RA*

# PORTFOLIO


Netherlands 26%
France 23%
Italy 18%
Spain/Portugal 9%
Germany 15%
Turkey 8%
Other 1%

# PORTFOLIO

## NETHERLANDS

| City | Project name / Lease hold / % Corio-Interest | Address | Year of Acquisition | Year of Construction/ Refurbishment | GLA Corio Part | GLA Total | Annualised Rent (€m) | Parking Income (€m) | Occupancy Rate |
|---|---|---|---|---|---|---|---|---|---|
| **RETAIL** | | | | | | | | | |
| Almere | Almere Centrum | Stadhuisplein/Stationsstraat c.a./ Grote Markt ca. | 1986 | 2012 | 30,700 | 30,700 | 7.99 | | 96%* |
| SOLD Alphen aan den Rijn | De Aarhof | De Aarhof 1 -99 | 1974 | 1992 | 9,400 | 11,200 | 3.28 | | 93% |
| Amersfoort | Emiclaer | Emiclaerhof/De Beurs/Het Masker | 1993 | 1993 | 19,700 | 19,700 | 4.64 | | 99% |
| SOLD Amsterdam | Reigersbos lease hold | Reigersbos 3 -196 | 1984 | 2004 | 12,600 | 12,600 | 2.86 | | 98% |
| Amsterdam | ArenA Arcade lease hold | ArenA Boulevard 51 -77 | 2000 | 2000 | 4,100 | 14,400 | 0.60 | | 100% |
| Amsterdam | Villa ArenA lease hold | ArenA Boulevard 2 -242 | 2001 | 2001 | 50,500 | 75,100 | 5.58 | | 81% |
| Arnhem | Presikhaaf | Hanzestraat 1-225 c.a. | 1967 | 1987 | 35,800 | 35,800 | 5.25 | | 90% |
| Dordrecht | Sterrenburg | P.A. de Kokplein 93-173 | 1983 | 1993 | 13,100 | 13,100 | 2.82 | | 98% |
| SOLD Dordrecht | Slangenburg | Slangenburg 5 -9 | 1980 | 2010 | 1,500 | 1,500 | 0.26 | | 89% |
| SOLD Goirle | De Hovel | De Hovel 19 c.a. | 1973 | 2007 | 5,400 | 5,400 | 1.11 | | 86% |
| Heerhugo-waard | Middenwaard | Middenwaard 1-129/Parelhof 80-108 | 1974 | 2011 | 34,900 | 44,900 | 10.23 | 0.88 | 97% |
| SOLD Heerlen | Corio Center | Corio Center 3 -46 | 1998 | 1998 | 18,400 | 18,400 | 4.10 | | 97% |
| SOLD Leiderdorp | Meubelplein Leiderdorp | Elisabethhof 1,4,8,9 | 1986 | 2002 | 13,500 | 35,100 | 1.11 | | 100% |
| Nieuwegein | Cityplaza | Plein/Passage/Markt/Boogstede/ Raadstede | 1983 | 2012 | 44,800 | 53,700 | 12.80 | | 94% |
| Rijswijk | In de Bogaard | In de Bogaard J 5-J 67 | 1963 | 2002 | 19,800 | 57,300 | 5.40 | | 95% |
| Rotterdam | Alexandrium Shopping Center lease hold | Poolsterstraat 3-177 c.a. | 1984 | 2002 | 45,100 | 108,000 | 15.88 | 2.29 | 99% |
| SOLD Spijkenisse | Kopspijker lease hold Stadsplein/ Kolkplein | Nieuwstraat 105-211/Stadsplein/ Kolkplein | 1988 | 2011 | 17,700 | 17,700 | 3.81 | | 82% |
| SOLD Tegelen | Kerkstraat | Kerkstraat 1 -81 | 1992 | 1992 | 2,800 | 2,800 | 0.52 | | 85% |
| Tilburg | Tilburg Centrum | P.Vreedeplein/Emmapassage 1-29/ Heuvelstraat 36-38 | 1991 | 2008 | 33,700 | 33,900 | 7.31 | | 99% |
| Utrecht | Springweg Parkeergarage lease hold | Parkeergarage Strosteeg | 1974 | 2000 | - | - | 0.13 | 2.32 | |
| Utrecht | Hoog Catharijne lease hold | Stationsstraverse c.a. | 1975 | 2012 | 59,500 | 89,500 | 19.36 | 6.16 | 96% |
| SOLD Veldhoven | City Passage | Meent 1-83/Meiveld 174 | 1995 | 1995 | 7,500 | 7,500 | 2.42 | | 91% |
| SOLD Zeist | Belcour | Emmaplein 1-29, 210-252 c.a. | 1996 | 1996 | 6,900 | 51,000 | 1.75 | | 90% |
| Zoetermeer | Oosterheem | Oosterheemplein / Westerschelde/ Florence Nightingalelaan | 2013 | 2013 | 11,900 | 11,900 | 3.01 | | 100%* |
| Zwolle | Stadshagen | Wade 1 | 2004 | 2004 | 11,500 | 11,500 | 2.64 | | 100% |
| **OFFICES** | | | | | | | | | |
| Almere | Stationade | Stationsplein 5, 35-41 | 1986 | 1986 | 4,800 | 4,800 | 0.64 | | 53% |
| Rotterdam | Alexandrium Shopping Center lease hold | Poolsterstraat 145 | 1984 | 2006 | 1,400 | 1,400 | 0.18 | | 0%** |
| Utrecht | Hoog Catharijne lease hold | Hoog Catharijne | 1973 | 1996 | 40,000 | 40,000 | 7.93 | | 72% |
| **Total Netherlands retail** | | | | | **510,800** | **762,700** | **124.9** | **11.6** | **95%** |
| **Total Netherlands offices** | | | | | **46,200** | **46,200** | **8.7** | | **69%** |
| **TOTAL NETHERLANDS** | | | | | **557,000** | **808,900** | **133.6** | **11.6** | **94%** |

* Financial occupancy (partly) covered by rental guarantee
** Strategic vacancy: in the process of transformation to retail space

SOLD Sold and to be transferred to buyers in 2014

# FRANCE

| City | Project name<br>Lease hold<br>% Corio-Interest | Address | Year of Acquisition | Year of Construction/ Refurbishment | GLA Corio Part | GLA Total | Annualised Rent (€m) | Parking Income (€m) | Occupancy Rate |
|---|---|---|---|---|---|---|---|---|---|
| **RETAIL** | | | | | | | | | |
| Caen | C.C. Mondeville 2 | RN 13 Caen | 1994 | 1995 | 15,900 | 93,300 | 8.35 | | 100% |
| Caen | C.C. Côte de Nacre | 1-5 Avenue du Maréchal Juin | 1999 | 1970 | 30,200 | 32,500 | 3.96 | | 98% |
| SOLD Cherbourg | C.C. Cotentin | RN 13- 50470 La Glacerie | 2001 | 1989 | 6,000 | 21,700 | 2.84 | | 98% |
| Cholet | Marques Avenue Cholet | La Séguinière-Zone de la Mernardière Rue du Bocage | 2006 | 2005 | 8,300 | 8,300 | 2.12 | | 89% |
| SOLD Coignières (Paris) | Les Portes de Chevreuse | Route National 10 | 2009 | 2009 | 24,700 | 36,200 | 2.65 | | 92% |
| Courbevoie (Paris) | C.C. Charras | Rue Baudin | 2006 | 1973 | 6,300 | 13,900 | 1.56 | | 72% |
| Grenoble | C.C. Grand Place | 55,63 Grand Place | 1998 | 2001 | 53,800 | 94,100 | 16.91 | | 95% |
| SOLD Ivry-sur-Seine (Paris) | C.C. Quais d' Ivry | 30 Boulevard Paul Vaillant Couturier | 2001 | 2008 | 32,600 | 60,000 | 4.79 | | 91% |
| SOLD Laval | C.C. La Mayenne | 46 Avenue de Latre de Tassigny ZAC La Grivonniere | 2001 | 1999 | 7,200 | 17,200 | 2.68 | | 98% |
| Marseille | C.C. Grand Littoral | 11 av St Antoine ZAC Saint-Andre | 2008 | 2013 | 47,900 | 110,500 | 19.22 | | 87% |
| SOLD Montreuil | C.C. La Grande Porte | 235 Rue Etienne Marcel | 2001 | 1991 | 6,200 | 18,400 | 3.26 | | 91% |
| Nice | C.C. Nice TNL | 15 bd du general Delfino | 1996 | 2002 | 19,500 | 29,600 | 6.43 | | 98% |
| Orgeval (Paris) | Capteor | 2050 Route des Quarante Sous 78630 | 2008 | 2008 | 8,600 | 8,600 | 0.79 | | 84% |
| SOLD Rouen | Galerie de L'Espace du Palais | Rue Saint-Lo | 1993 | 1998 | 9,400 | 11,600 | 1.75 | | 79% |
| SOLD Sainte Geneviève des Bois (Paris) | La Croix Blanche | Rue des Petits Champs | 2001 | 1986 | 3,000 | 6,600 | 0.19 | | 100% |
| Saint-Etienne | C.C. Centre Deux | 1 -7 Rue des Docteurs Charcot | 1979 | 2011 | 28,200 | 39,000 | 6.66 | | 91% |
| Toulon | C.C. Mayol<br>40% Corio-interest | Rue du Murier | 1994 | 1990 | 18,800 | 42,500 | 8.01 | | 96% |
| Toulouse | Moulin de Nailloux<br>75% Corio-interest | Moulin de Nailloux – Le Moulin – Chemin du Gril – 31560 NAILLOUX | 2009 | 2009 | 22,000 | 22,000 | 7.20 | | 73% |
| **OFFICES** | | | | | | | | | |
| Echirolles Grenoble | Le Stratège | 15,17,19 av S. Allende 38130 | 1999 | 1999 | 1,400 | 1,400 | 0.15 | | 20% |
| Puteaux (Paris) | Le Kupka<br>Leasehold, 40% Corio-interest | 14 Rue Hoche La Défense 7 | 1990 | 1992 | 13,000 | 13,000 | 4.94 | | 100% |
| **INDUSTRIALS** | | | | | | | | | |
| Brétigny (Paris) | Paris sud Brétigny | Zac de la Maison Neuve Rue du Poitou 91220 | 2002 | 2002 | 19,400 | 19,400 | 0.74 | | 49% |
| Clamart (Paris) | Newton TNT | 3 Avenue Newton | 2006 | 2006 | 10,600 | 10,600 | 0.41 | | 100% |
| **Total France retail** | | | | | **348,600** | **666,000** | **99.4** | | **91%** |
| **Total France offices** | | | | | **14,400** | **14,400** | **5.1** | | **98%** |
| **Total France industrials** | | | | | **30,000** | **30,000** | **1.1** | | **69%** |
| **TOTAL FRANCE** | | | | | **393,000** | **710,400** | **105.6** | | **91%** |
| **EQUITY ACCOUNTED INVESTEES** | | | | | | | | | |
| C.C. Mayol 40% Corio-interest, GLA of the Corio part 7,500 | | | | | | | | | |
| Le Kupka 40% Corio-interest, GLA of the Corio part 5,200 | | | | | | | | | |

SOLD Sold and to be transferred to buyers in 2014

| City | Project name<br>Lease hold<br>% Corio-Interest | Address | Year of Acquisition | Year of Construction/ Refurbishment | GLA Corio Part | GLA Total | Annualised Rent (€m) | Parking Income (€m) | Occupancy Rate |
|---|---|---|---|---|---|---|---|---|---|
| **ITALY** | | | | | | | | | |
| **RETAIL** | | | | | | | | | |
| Bufalotta (Rome) | Porta di Roma<br>50% Corio-interest | Via A. Lionello 201 - Roma | 2010 | 2013 | 72,900 | 130,000 | 33.72 | | 96% |
| Busnago (Milan) | Globo I - II - III | Via Italia, 197 | 2004 | 2006 | 30,500 | 88,800 | 11.45 | | 100% |
| Casalecchio di Reno (Bologna) | Shopville Gran Reno | Via M. Monroe, 2 Casalecchio di Reno | 2001 | 1993 | 13,900 | 38,800 | 7.00 | | 99% |
| Cagliari (Sardinia) | Le Vele & Millennium | Via delle Serre snc - Quartucciu (CA) | 2010 | 2013 | 31,900 | 44,400 | 8.92 | | 98% |
| Caserta (Naples) | Campania | A1 - Uscita Caserta Sud S.S. 87 Loc. Aurno | 2006 | 2013 | 68,800 | 108,000 | 21.33 | | 99% |
| Grugliasco (Turin) | Shopville Le Gru | Via Crea, 10 Grugliasco | 2001 | 2013 | 46,500 | 78,500 | 22.94 | | 99% |
| Martignacco (Udine) | Città Fiera<br>49% Corio-interest | Via A. Bardelli, 4 Martignacco | 2007 | 1992 | 48,400 | 94,500 | 13.91 | | 91% |
| Modena | GrandEmilia | Via Emilia Ovest, 1480 | 2001 | 1996 | 19,800 | 55,000 | 9.46 | | 99% |
| Senigallia | Il Maestrale | S.S. 16 Adriatica Nord, 89 | 2003 | 2011 | 7,400 | 19,800 | 2.48 | | 95% |
| **TOTAL ITALY** | | | | | **340,100** | **657,800** | **131.2** | | **98%** |
| **EQUITY ACCOUNTED INVESTEES** | | | | | | | | | |
| Porta di Roma 50% Corio-interest, GLA of the Corio part 36,700 | | | | | | | | | |
| Città Fiera 49% Corio-interest, GLA of the Corio part 23,700 | | | | | | | | | |
| **GERMANY** | | | | | | | | | |
| **RETAIL** | | | | | | | | | |
| Berlin | Boulevard Berlin<br>95% Corio-interest | Schlossstrasse 10 | 2013 | 2009 | 87,100 | 87,100 | 18.46 | | 100%* |
| Duisburg | Königsgalerie<br>95% Corio-interest | Kuhstraße 33 | 2011 | 2011 | 18,300 | 18,300 | 3.30 | | 100%* |
| Duisburg | Forum Duisburg<br>95% Corio-interest | Königstraße 48 | 2010 | 2008 | 57,800 | 57,800 | 17.37 | | 97% |
| Hildesheim | Arneken Galerie<br>95% Corio-interest | Arnekenstraße 18 | 2011 | 2012 | 27,700 | 27,700 | 5.81 | | 100%* |
| **TOTAL GERMANY** | | | | | **190,900** | **190,900** | **44.9** | | **99%** |
| * Financial occupancy (partly) covered by rental guarantee | | | | | | | | | |
| **SPAIN/PORTUGAL** | | | | | | | | | |
| **RETAIL** | | | | | | | | | |
| Barcelona | Maremagnum lease hold | Moll de Spanya 2ª Pta. Edif. Maremagnum | 2006 | 2012 | 21,500 | 22,000 | 7.35 | 1.14 | 91% |
| Cáceres | Ruta de la Plata | C/Londres 1 | 2000 | 1993 | 8,400 | 19,200 | 3.18 | | 97% |
| El Plantio (Madrid) | Sexta Avenida | Avenida de la Victoria, 2 | 2000 | 2007 | 15,300 | 15,300 | 3.91 | 0.07 | 78% |
| Guimarães | Espaço Guimarães | Rua 25 de Abril nº 210 | 2010 | 2009 | 31,600 | 48,700 | 7.63 | | 76% |
| Irun | Txingudi | Barrio de Ventas 80 | 1999 | 1997 | 9,900 | 34,700 | 2.84 | | 90% |
| Jaén | La Loma | Ctra. Bailén | 2000 | 1991 | 9,700 | 27,900 | 2.41 | | 97% |
| Madrid | Gran Via de Hortaleza | Gran Via Hortaleza s/n | 2001 | 2001 | 6,100 | 20,100 | 3.67 | | 93% |
| Madrid | Príncipe Pío lease hold<br>95% Corio-interest | Pº de la Florida s/n | 2009 | 2004 | 28,700 | 28,700 | 13.45 | 0.97 | 91% |
| Palencia | Las Huertas | Avenida de Madrid 37 | 2000 | 1989 | 6,300 | 19,200 | 1.35 | | 86% |
| Parla (Madrid) | El Ferial | C/Pinto s/n | 2000 | 1995 | 8,200 | 24,200 | 2.68 | | 74% |
| Torrelodones (Madrid) | Espacio Torrelodones | Avenida Fontanilla s/n | 2010 | 2006 | 21,600 | 30,000 | 4.10 | | 78% |
| Valencia | Gran Turia | Pza. de Europa s/n | 2001 | 2000 | 18,200 | 58,300 | 4.42 | | 57% |
| **TOTAL SPAIN/PORTUGAL** | | | | | **185,500** | **348,300** | **57.0** | **2.2** | **84%** |

# TURKEY

| City | Project name<br>Lease hold<br>% Corio-Interest | Address | Year of Acquisition | Year of Construction/ Refurbishment | GLA Corio Part | GLA Total | Annualised Rent (€m) | Parking Income (€m) | Occupancy Rate |
|---|---|---|---|---|---|---|---|---|---|
| **RETAIL** | | | | | | | | | |
| Adapazari | Adacenter | Yeni sakarya Cad. No:324-54200 Erenler/Adapazari | 2007 | 2007 | 24,900 | 24,900 | 2.77 | | 89% |
| Ankara | 365 lease hold | Birlik Mah. 428.cad. No:41 Yildiz-Cankaya/Ankara | 2008 | 2008 | 23,000 | 26,700 | 5.88 | | 99% |
| Bursa | Anatolium | Alasar Mah.Yeni Yalova Cad. No:487 Osmangazi/Bursa | 2010 | 2010 | 83,400 | 83,400 | 11.87 | | 94% |
| Denizli | Teras Park<br>51% Corio-interest | 55 Sok.No.1 20125 Yenisehir/Denizli | 2009 | 2009 | 44,600 | 44,600 | 4.61 | | 91% |
| Istanbul | Akmerkez<br>47% Corio-interest | Akmerkez AVM Nispetiye Cad. 34337 Etiler/Istanbul | 2005 | 2010 | 15,600 | 33,200 | 15.65 | 0.93 | 96% |
| Tarsus | Tarsu | Fevzi Çakmak Mahallesi, Adana Bulvarı 33400 Tarsus, Mersin | 2012 | 2012 | 27,500 | 27,500 | 4.36 | | 82% |
| Tekirdağ | Tekira | Erdogdu Mah.Hukumet Cad. No 304 Tekirdag | 2009 | 2008 | 30,900 | 30,900 | 5.47 | | 98% |
| **TOTAL TURKEY** | | | | | **249,900** | **271,200** | **50.6** | **0.9** | **94%** |
| **EQUITY ACCOUNTED INVESTEES** | | | | | | | | | |
| Akmerkez 47% Corio-interest, GLA of the Joint Venture 33,200 | | | | | | | | | |

# TOTAL PORTFOLIO

| | GLA Corio Part | GLA Total | Annualised Rent (€m) | Parking Income (€m) | Occupancy Rate |
|---|---|---|---|---|---|
| **Total retail (including equity accounted investees)** | **1,825,800** | **2,896,900** | **508.0** | **14.8** | **94%** |
| **Total offices** | **60,600** | **60,600** | **13.8** | | **78%** |
| **Total industrial** | **30,000** | **30,000** | **1.1** | | **69%** |
| **Total (including equity accounted investees)** | **1,916,400** | **2,987,500** | **523.0** | **14.8** | **94%** |

| Investment property (€m) | Retail | Offices/industrials | Total including property value of Equity Accounted Investees* | Total including equity value of Equity Accounted Investees and IFRS adjustment** | Development portfolio | Balance sheet total investment property | % of Balance sheet |
|---|---|---|---|---|---|---|---|
| Netherlands | 1,708.5 | 34.9 | 1,743.4 | 1,741.8 | 116.6 | 1,858.4 | 26.6% |
| France | 1,438.5 | 28.9 | 1,467.4 | 1,475.6 | 157.8 | 1,633.4 | 23.3% |
| Italy | 1,517.7 | | 1,517.7 | 1,294.4 | 4.9 | 1,299.3 | 18.5% |
| Germany | 769.5 | | 769.5 | 769.5 | 303.6 | 1,073.1 | 15.3% |
| Spain/Portugal | 612.8 | | 612.8 | 611.1 | | 611.1 | 8.7% |
| Turkey | 510.2 | | 510.2 | 520.3 | | 520.3 | 7.4% |
| Other | | | | | 11.6 | 11.6 | 0.2% |
| Corio Total | 6,557.2 | 63.8 | 6,621.0 | 6,412.7 | 594.5 | 7,007.2 | 100.0% |

* The values of Equity Accounted Investees are accounted for as Corio ownership part.

** IFRS adjustment on capitalised lease incentives.

# PIPELINE

| | Project | Additional m² developed | Already Invested incl. capitalised Interest (x € m) | Capitalised Interest (x € m) | Total Investment (x € m) | Expected opening date | Pre let m² | Pre let € | YoC |
|---|---|---|---|---|---|---|---|---|---|
| **NETHERLANDS** | | | | | | | | | |
| Nieuwegein | City Plaza | 8,500 | 1.2 | 0.3 | 46.7 | Q4 2014 | 53% | 100% | 7.0% |
| Rotterdam | Markthal | 11,200 | 2.2 | 0.1 | 50.9 | Q4 2014 | 21% | 100% | 6.6% |
| Utrecht | Hoog Catharijne, Phase 2 | 20,600 | 57.1 | 7.5 | 287.4 | Q2 2019 | 0% | 0% | 7.7% |
| Utrecht | Leidsche Rijn Centrum | 27,200 | 3.5 | 0.4 | 140.0 | Q1 2018 | 0% | 0% | 5.5%* |
| **Total Netherlands committed** | | | **64.0** | **8.3** | **525.0** | | | | |
| **Total Netherlands deferrable** | | | **26.0** | **5.8** | **166.6** | | | | |
| **TOTAL PIPELINE NETHERLANDS** | | | **90.0** | **14.1** | **691.6** | | | | |
| **FRANCE** | | | | | | | | | |
| Metz | St. Jacques | 16,400 | 1.4 | 0.3 | 8.4 | Q3 2014 | 75% | 73% | 12.0% |
| **Total France committed** | | | **1.4** | **0.3** | **8.4** | | | | |
| **Total France deferrable** | | | **21.7** | **2.3** | **59.2** | | | | |
| **TOTAL PIPELINE FRANCE** | | | **23.1** | **2.6** | **67.6** | | | | |
| **ITALY** | | | | | | | | | |
| Venice/Marghera | Nave de Vero | 38,800 | 27.3 | 0.5 | 188.8 | Q2 2014 | 85% | 80% | 6.7% |
| **Total Italy committed** | | | **27.3** | **0.5** | **188.8** | | | | |
| **Total Italy deferrable** | | | | | | | | | |
| **TOTAL PIPELINE ITALY** | | | **27.3** | **0.5** | **188.8** | | | | |
| **GERMANY** | | | | | | | | | |
| Dresden | Centrum Galerie | 1,000 | 32.6 | 3.1 | 57.9 | Q4 2014 | 81% | 70% | 7.5% |
| **Total Germany committed** | | | **32.6** | **3.1** | **57.9** | | | | |
| **Total Germany deferrable** | | | **91.4** | **7.2** | **217.1** | | | | |
| **TOTAL PIPELINE GERMANY** | | | **124.0** | **10.3** | **275.0** | | | | |
| | | | | | | | | | |
| **Total committed** | | | **125.3** | **12.2** | **780.1** | | | | **7.0%** |
| **Total deferrable** | | | **139.1** | **15.3** | **442.9** | | | | **8.8%** |
| **TOTAL PIPELINE** | | | **264.4** | **27.5** | **1,223.0** | | | | **7.6%** |

* Provisions have been made to mitigate the effect of the low yield.

**PIPELINE SPREAD**
BY VALUE (%)


**PIPELINE SPREAD COMMITTED/DEFERRABLE**
BY VALUE (%)


**PIPELINE SPREAD OWN DEVELOPMENT/TURN KEY**
BY VALUE (%)

# DEFINITIONS

## EPRA BPR

Corio will follow European Public Real Estate Association's (EPRA) Best Practices Recommendations as far as possible. You can find the EPRA BPR checklist summary table on Corio's website (www.corio-eu.com) with a short explanation and a reference where the relevant disclosures can be found in Corio's annual report 2013.

## DEFINITIONS

**EPRA Net Asset Value** is the balance sheet NAV excluding the mark-to-market on effective cash flow hedges and related debt adjustments, deferred taxation on revaluations and goodwill.

**EPRA Net Initial Yield** is calculated as the annualised rental income based on the cash rents passing at balance sheet date, less non-recoverable property operating expenses, divided by the gross market value of the property. Annualised rental income includes any CPI indexation and estimated turnover rents, car park income or other recurring operational income but not include any provisions for doubtful debtors and letting and marketing fees. The EPRA "topped-up" Net Initial Yield (NIY) is calculated by making an adjustment to the EPRA NIY for unexpired lease incentives including the annualised cash rent that will apply at the expiry of the lease incentives.

**EPRA Vacancy Rate** is a percentage expressing the Estimated Rental Value (ERV) of vacant space divided by ERV of the total asset/portfolio at a certain date. The opposite is Occupancy rate.

**EPRA cost ratio** (including direct vacancy costs) includes all administrative and operating expenses in the IFRS statements including the share of joint ventures' overheads and operating expenses (net of any service fees). The EPRA Cost Ratio (excluding direct vacancy costs) is calculated as explained before, but with an adjustment to exclude vacancy costs. Both EPRA Cost Ratios should be calculated as a percentage of Gross Rental Income less ground rent costs (including share of joint venture Gross Rental Income less ground rent costs).

**Annualised Rent** is the annualised contractual rent applying at balance sheet date with ERV being added in case of vacant space.

**Average financial occupancy rate** is calculated as gross potential rent minus strategic and real vacancy expressed as a percentage of gross potential rent in a given period.

**Development property** is property under development on the reporting date and to be included in the investment property portfolio upon completion.

**Direct result** reflects the recurring income arising from core operational activities. Unrealised changes in valuation, gains or losses on disposal of properties and certain other company specific items do not provide an accurate picture of the company's underlying operational performance. The exact calculation can be found in the annual report.

**Estimated rental value (ERV)** is the rental value estimated by external valuers at which space would be let in the market conditions prevailing at the date of valuation.

**Equity Accounted Investees (EAI)** are entities that qualify as Joint Venture or Associate and are accounted for on an equity basis.

**Favourite Meeting Place** FMPs are places where people browse, buy, eat, drink and return to regularly, not because they need to, but because they want to. They are typically located downtown, at transport hubs or in the heart of a larger community and are able, next to convenience, to offer also a wide variety in services and events.

**Gross Leasable Area Corio part** is any part of a property, expressed in physical $m^2$ and owned by Corio, available for exclusive use and occupancy by a tenant.

**GLA Total** is GLA of the Total Shopping Centre including parts owned by third parties. In case of down town centres GLA Total does not include the whole city centre.

**Gross theoretical rent income** is total gross rent (including received turnover rent) that Corio would have received in case of full occupancy in the reporting period.

**Indirect result** is calculated as total result minus direct result.

**Interest coverage ratio (ICR)** is calculated as total net rental income and dividends received from minority interests, divided by interest paid or otherwise due less interest income, in the past 12 months.

**Lease incentive** concerns any consideration or expense borne by the property company, in order to secure a lease.

**Leverage** is calculated as total liabilities less deferred tax and creditors, divided by the balance sheet total less goodwill.

**Like-for-like net rental income** compares the growth of the net rental income of a portfolio that has been consistently in operation during comparable periods. It excludes rental income from properties under development in those periods. The 2013 like-for-like income growth thus compares the rental income of the stabilised portfolio with exactly the same portfolio in 2012. In case of renovation, expansion or refurbishment of an operational property, the additional NRI is excluded, unless it does not exceed € 0.5 million of NRI on a case by case basis. NRI from controlling stakes are fully included, NRI from joint ventures are included on the basis of Corio's pro rata share.

**Market value** is the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently, and without compulsion.

**Net rental income (NRI)** is gross rental income for the period less ground rents payable, bad debt provision and other non-recoverable property operating expenses such as insurance, real estate taxes, marketing and other vacant property costs.

**Net Theoretical Yield (NTY)** is calculated as an output yield by dividing the Net Theoretical Rental Income by the Net Market Value. The Net Theoretical Rental Income is the sum of the annualised contractual rent plus turnover based rent plus other income plus market rent for vacancy minus total non-recoverable operating expenses.

**EPRA NNNAV** is the EPRA NAV adjusted to reflect the fair value of debt and derivatives and to include the real deferred taxation on revaluations.

**Occupancy cost ratio** is calculated as total costs of occupying space (rent, turnover rent, and service charges as invoiced by Corio) as borne by the tenant, divided by turnover (ex VAT) achieved by the tenant over a specific period.

**Parking Income** source of income that originated from parking tickets only.

**Property operating expenses** are the expenses relating to operating property for a certain period of time for the account of the landlord (including service charges not recoverable because of vacancy or caps on service charges).

**Service costs** are costs related to services provided by third parties and are usually recoverable from tenants.

**Sales-based rent** any element of rent received or receivable that varies according to a tenant's level of sales.

**Traditional Retail Centres** are the Corio centres that do or will not qualify as FMP.

## PIPELINE

**A project is committed if:**
- The project has been approved by the Management Board and, if required, the Supervisory Board;
- All authorities and relevant stakeholders in the project are committed;
- The Management Board has a high degree of certainty that the project will become operational within an agreed period;
- Corio can no longer withdraw from the project without a penalty and the project cannot be deferred.

**A project is deferrable if:**
- The project has been approved by the Management Board and, if required, the Supervisory Board, or the Management Board has given a mandate to negotiate;
- The parties involved have signed an exclusive declaration of intent;
- Corio can no longer withdraw from the project without a penalty, but the project can be deferred at Corio's sole and absolute discretion.

A redevelopment, refurbishment, extension or revitalisation of existing properties in the portfolio is considered a profitable investment because Corio believes it will generate a positive net present value on that particular investment.

The amounts already invested in all pipeline projects do not match the amounts under 'investment property under development' in the balance sheet for the following reasons:
- Investments in turnkey projects are included in other items on the balance sheet and are therefore not included in investment property under development.
- The amounts already invested in pipeline projects are included at fair market value in Corio's consolidated balance sheet.
- Holdings of land are included at fair market value under 'investment property under development'. Most of these land holdings relate to potential retail projects or extensions of existing centres. Corio owns several plots of land. These projects are not included in the pipeline as these are not yet under development.

# ADDRESSES & OTHER INFO

## QUESTIONS

Should you have any questions, please contact the Investor Relations Department:
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This financial information contains forward-looking information with respect to the financial position, plans and objectives, activities and market conditions in which the company operates. By their nature, forward-looking statements and forecasts imply risks and uncertainties, as they relate to known and unknown events and circumstances which may or may not happen in the future. The forward-looking statements and forecasts in this report are based on management's current insights and assumptions. The actual results and developments may deviate from those expected, under the influence of factors such as: general economic circumstances, results on the financial markets, changes in interest rate levels and exchange rates, changes in the law and regulatory framework and in the policy of governments and/or regulatory authorities.

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