

The background of the entire page is an aerial photograph of a city. In the foreground, there are several modern, multi-story apartment buildings with green roofs and facades. The buildings are surrounded by lush green trees and a park area. In the background, a large, long, white building is visible, along with other residential and commercial buildings. The sky is clear and blue, and a body of water is visible in the bottom right corner.

**GREEN FINANCING
ALLOCATION OF
PROCEEDS AND
IMPACT REPORT 2020**

CITYCON GREEN FINANCING ALLOCATION OF PROCEEDS AND IMPACT REPORT 2020

Citycon launched a Green Financing Framework in 2019, which integrates the company's sustainability targets with its financing activities. The Green Financing Framework is based on Citycon's sustainability strategy and aims to support the sustainability targets of the company. The framework is aligned with the ICMA Green Bond Principles and Green Loan Principles. The Framework has been reviewed by the Centre for International Climate Research (CICERO) and has received an overall rating of Medium Green in Cicero's "Shades of Green" methodology.

As of December 31, 2020, Citycon Oyj had outstanding bonds amounting to 426.4 MEUR issued in accordance with its Green Financing Framework. The amount of green debt consists of a green hybrid bond issued in November 2019 and a green NOK bond issued in November 2020. The hybrid bond has an interest coupon of 4.5% per annum until the reset date 22 February 2025 ("First Reset Date") and thereafter, the interest rate will reset on each fifth (5th) anniversary. The hybrid bond does not have a specified maturity date but Citycon is entitled to redeem the Capital Securities on any of the 90 days up to and including the First Reset Date, and subsequently, on each annual interest payment date. The green bond is a 3-year senior unsecured floating rate NOK-denominated bond which pays a floating coupon of 3-month NIBOR plus 2.8% margin.

Citycon is also following the development of the EU Green Taxonomy and is reviewing the alignment of its Green Financing Framework with the European Commission's Technical Expert Group final report on EU Taxonomy and the technical annex to the report published in March 2020. When precise KPIs for the reporting by companies will be available once the delegated act under Article 8 of the Taxonomy Regulation is adopted, Citycon will carry out a thorough screening of alignment with the EU taxonomy of its activities.

Criteria for Green Financing

Under the Green Financing Framework, Citycon can issue Green Bonds, Green Commercial Papers, Green Loans, Green Hybrid Bonds or Green Private placements. Proceeds issued under the framework can be used to finance or re-finance eligible green assets in four categories: Green buildings, Energy efficiency, Renewable energy and Waste management. All Green Financing instruments are managed at a portfolio level and Citycon ensures that the total amount of Eligible Green Assets exceeds the amount of outstanding Green Financing instruments. The specific criteria for assets to be eligible for green financing are set out in the Green Financing Framework, available on the company's website: https://www.citycon.com/sites/default/files/citycon_green_financing_framework.pdf

Approved Eligible Assets Amount Green Financing

	kEUR
New Construction, investments made ¹⁾	219,648
Existing Buildings	2,731,859
- of which previously New Construction or Major Renovation	-
Energy efficiency, Energy retrofits	9,492
Energy efficiency, Activities enabling clean transport	112
Renewable Energy	1,302
Total approved Eligible Green Assets	2,962,414
Green Hybrid Bonds	350,000
Green Bonds	76,407
Outstanding green financing, nominal amount total	426,407
Remaining approved Eligible Green Assets	2,536,007

¹⁾ The investment amount included as Eligible Green Assets under the Green Financing Framework excludes certain investments in the overall Lippulaiva project that are not considered part of the EU Nearly Zero-Energy Building

Green Buildings, New Construction

Property	Location	Certification, LEED	Renewable energy source	Green Criteria
Lippulaiva	Finland	Gold ¹⁾	Geothermal, solar	EU Nearly Zero-Energy Building

¹⁾ Expected certification when project completed

Green Buildings, Existing Buildings

Property	Location	Certification, BREEAM In-use ¹⁾	Certification, LEED Construction or BREEAM Construction ¹⁾	Energy Performance, kWh/m ² ²⁾	CO ₂ Emissions, kg/m ²	Renewable energy produced, MWh	Renewable energy source
Iso Omena	Finland	Excellent	LEED Platinum	119.7	5.2	448	Solar energy
IsoKristiina ³⁾	Finland	Very Good	LEED Gold	74.3	5.5	148	Solar energy
Myrmani	Finland	Very Good		90.5	8.4	18	Solar energy
Trio	Finland	Very Good	LEED Certified	120.1	19.7		
Rocca al Mare	Estonia	Very Good	LEED Silver	108.3	90.8		
Buskerud	Norway	Very Good		50.4	0.3		
DownTown	Norway	Very Good		82.2	0.4	916	Solar energy
Herkules	Norway	Very Good		32.8	0.2		
Kilden	Norway	Excellent		55.7	0.4		
Kolbotn Torg	Norway	Excellent		97.1	0.9		
Kongssenteret	Norway	Very Good		63.8	0.7		
Kremmertorget	Norway	Very Good		51.8	0.4		
Liertoppen	Norway	Very Good		86.1	0.4		
Linderud	Norway	Very Good		76.2	1.3		
Oasen	Norway	Very Good		60.0	0.2		
Sjøsiden	Norway	Excellent		51.1	0.2		
Stopp Tune	Norway	Very Good		44.9	0.3		
Storbyen	Norway	Very Good		47.8	0.3		
Torvbyen	Norway	Very Good		53.6	0.5		
Liljeholmstorget Galleria	Sweden	Excellent	LEED Platinum	82.3	3.0		
Mölnåls Galleria	Sweden	N/A	BREEAM Very Good	57.2	1.8		
Tumba	Sweden	Very Good		90.8	3.4		

¹⁾ Minimum requirement for green asset is BREEAM Very Good or LEED Gold according to Citycon's Green Financing Framework.

²⁾ Maximum limit for green asset is 135 kWh/m² according to Citycon's Green Financing Framework.

³⁾ For joint ventures Citycon only includes assets equal to, or less than, the total funding provided by Citycon in accordance with Citycon's Green Financing Framework.

Energy efficiency, Activities enabling clean transportation

Property	Location	Renewable energy source
Iso Omena	Finland	Charging stations for electric cars
IsoKristiina	Finland	Charging stations for electric cars
Columbus	Finland	Charging stations for electric cars

Energy efficiency, Energy retrofits

Property	Location	Renewable energy source
Kristiine	Estonia	Energy retrofits
Iso Omena	Finland	Energy retrofits
Oasen	Norway	Energy retrofits

Renewable energy

Property	Location	Renewable energy source
Down Town	Norway	Solar PV power plant with snow melting functionality

Citycon sustainability at a glance

At Citycon, we believe that operating sustainably is a key cornerstone in creating long-term value. We will continuously look for opportunities to improve our environmental performance by reducing greenhouse gas emissions, energy use and waste in all our operations. Citycon aims to become carbon neutral by 2030 and to environmentally certify all its shopping centres by the end of 2022. By the end of 2020, 77% of the company's total property portfolio, measured by fair value, was BREEAM In-Use Certified. All new development projects will be environmentally certified.

The following figures describe the Citycon's environmental performance as of December 31, 2020:

Energy Efficiency and Carbon footprint:

Energy intensity (KWh/sq.m):
-5% since 2019,
-15% since 2014.

Greenhouse gas intensity (Kg CO₂e/sq.m):
-38% since 2019,
-73% since 2014.

Greenhouse gas emissions (tCO₂e):
-36% since 2019,
-74% since 2014.

Share of renewable electricity used for own consumption:
100%

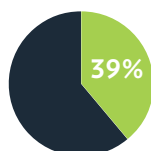
Accessibility by low-carbon transportation:

Connectivity to public transport:
100% of shopping centres

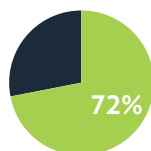
Charging points for electric cars:
403

Number of dedicated bicycle parking spaces:
4,374

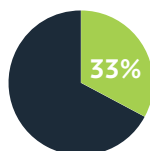
Share of visitors arriving by public transport, foot or bicycle:



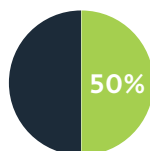
Estonia



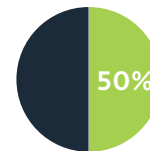
Finland



Norway

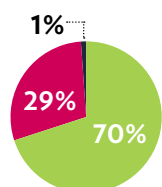


Sweden and Denmark



Total

Waste recycling:



- Recycling and re-use
- Incinerated waste for energy recapture
- Landfill

Water management:

Water intensity (l/visitor):
4.9

Like-for-like total water consumption:
-8% since 2019



LEED Gold certified with both solar panels and beehives on the roof

IsoKristiina:

Location: Lappeenranta, Finland

Area: 78,000 m².

Certification(s): BREEAM In-Use Very Good, LEED Gold

Renewable Energy production: 520 panel solar PV. Estimated annual production 155 MWh.

Public transport: Bus, City bicycle stop.

Additional environmental measures: Two rooftop beehives increase biodiversity in local flora. EV charging stations



Solar plant to be installed on the 4,000 m² green roof

Mölndal Galleria:

Location: Gothenburg, Sweden

Area: 70,000 m².

Certification(s): BREEAM SE Very Good.

Renewable Energy production: 500 kW rooftop solar plant to be installed during 2021. Estimated annual production 415 MWh.

Public Transport: Train, tram and bus stations in the immediate vicinity.

Additional environmental measures: Approximately 4,000 m² green roof.



Largest Geothermal heating and cooling energy plant in Europe is being built beneath the shopping centre

Lippulaiva project (completion 2022):

Location: Espoo, Finland

Area: 63,700 m² shopping centre, ~50,000 m² residential

Certifications: LEED Gold, NZEB.

Carbon free energy production: Largest Geothermal heating and cooling energy plant in Europe is being built beneath the shopping centre. The geothermal facility will meet all heating and cooling needs of the shopping centre and part of the residential units. Approx. 2,500 m² of solar panels with expected annual output of 315 MWh.

Public transport: Metro station and bus terminal will be integrated into the shopping centre.

Additional environmental measures: 3,500 m² green roofs.

INDEPENDENT ACCOUNTANT'S ASSURANCE REPORT

To the Management of Citycon Oyj

Scope

We have been engaged by Citycon Oyj (here after Citycon) to perform a 'limited assurance engagement,' as defined by International Standards on Assurance Engagements (ISAE) 3000, here after referred to as the engagement, to report on information presented in Citycon Oyj's Green Financing Allocation of Proceeds and Impact Report (the "Subject Matter") for the period from 1.1.-31.12.2020.

Criteria applied by Citycon

In preparing the information in the Allocation of Proceeds and Impact Report, Citycon applied Citycon's Green Financing Framework and Citycon's own internal reporting principles (Criteria). Please note that such principles may not be suitable for another purpose.

Citycon's responsibilities

Citycon's management is responsible for selecting the Criteria, and for presenting the information in Green Financing Allocation of Proceeds and Impact Report in accordance with that Criteria, in all material respects. This responsibility includes establishing and maintaining internal controls, maintaining adequate records and making estimates that are relevant to the preparation of the subject matter, such that it is free from material misstatement, whether due to fraud or error.

EY's responsibilities

Our responsibility is to express a conclusion on the presentation of the Subject Matter based on the evidence we have obtained.

We conducted our engagement in accordance with the International Standard for Assurance Engagements Other Than Audits or Reviews of Historical Financial Information ('ISAE 3000'), and the terms of reference for this engagement as agreed with Citycon on 15.2.2021. Those standards require that we plan and perform our engagement to obtain limited assurance about whether, in all material respects, the Subject Matter is presented in accordance with the Criteria, and to issue a report. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risk of material misstatement, whether due to fraud or error.

We believe that the evidence obtained is sufficient and appropriate to provide a basis for our limited assurance conclusions.

Our Independence and Quality Control

We have maintained our independence and confirm that we have met the requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants and have the required competencies and experience to conduct this assurance engagement.

EY also applies International Standard on Quality Control 1, Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements, and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Description of procedures performed

Procedures performed in a limited assurance engagement vary in nature and timing from and are less in extent than for a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. Our procedures were designed to obtain a limited level of assurance on which to base our conclusion and do not provide all the evidence that would be required to provide a reasonable level of assurance.

Although we considered the effectiveness of management's internal controls when determining the nature and extent of our procedures, our assurance engagement was not designed to provide assurance on internal controls. Our procedures did not include testing controls or performing procedures relating to checking aggregation or calculation of data within IT systems.

A limited assurance engagement consists of making enquiries, primarily of persons responsible for preparing the environmental information in Green Financing Allocation of Proceeds and Impact Report and related information and applying analytical and other appropriate procedures.

Our procedures included:

- a) Interviews with Citycon's management to update our understanding the process of the Allocation of Proceeds
- b) Obtained the listing of eligible assets for the Allocation of Proceeds and confirmed the consistency within the The Green Financing Framework:
 - a. New constructions:
 - i. Qualify as: BREEAM Very Good" or "LEED Gold"
 - ii. Energy consumption at least 15% lower than that required by the respective National Building Requirements for new buildings
 - b. Construction projects:
 - i. Qualify as: "Nearly zero-energy buildings"
 - c. Existing buildings:
 - i. Qualify as: "BREEAM-in-Use Very Good" or "LEED Gold"
 - ii. Energy consumption per gross area that is below 135 kWh/m²/year
 - d. New and existing buildings:
 - i. Energy Performance Certificate (EPC) class A
 - e. The energy efficiency improvements conducted for existing buildings must result in an energy consumption per gross area that is below 125 kWh/m²/year or reducing the energy consumption by at least 20% compared to the current level
- c) Obtained evidence that the green NOK bond issued in November 2020 has been withdrawn in addition to previously withdrawn hybrid bond
- d) Inspected minutes of the steering committee meetings

We also performed such other procedures as we considered necessary in the circumstances.

Conclusion

Based on our procedures and the evidence obtained, we are not aware of any material modifications that should be made to the environmental information in Citycon Green Financing Allocation of Proceeds and Impact Report for the period from 1.1-31.12.2020, in order for it to be in accordance with the Criteria.

Restricted use

This report is intended solely for the information and use of Citycon Oyj and is not intended to be used by any other parties.

Ernst & Young Oy

25.2.2021
Helsinki

Mikko Ryttilahti
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Jani Alenius
Leader of Climate Change and
Sustainability Services