



# Green Financing Allocation of Proceeds and Impact Report 2022

# Citycon Green Financing Allocation of proceeds and Impact report 2022

In 2022, Citycon continued following its Green Financing Framework launched in 2019. The framework is based on Citycon's sustainability strategy and aims to support the sustainability targets of the company. It integrates the company's sustainability targets with its financing activities, and it 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 at December 31, 2022, EUR 2.3 billion of Citycon's approximately EUR 4.3 billion property portfolio was eligible for green (re)financing. Citycon had outstanding debt amounting to EUR 1.1 billion issued in accordance with its Green Financing Framework, leaving EUR 1.2 billion of eligible assets available for green (re)financing. The amount of green debt consists of two green hybrid bonds issued in November 2019 and June 2021, totalling EUR 700 million, along with a green floating rate 800 million NOK bond issued in November 2020 and a fixed rate EUR 350 million green Eurobond issued in March 2021.

Citycon is following the development of the Taxonomy and has identified its eligible activities. The company will assess Taxonomy-alignment during the year 2023. Citycon's sustainability and finance teams have classified

the company's activities by mapping Citycon group's consolidated IFRS income statement accounts based on whether they are covered by a NACE code included in the Taxonomy. Based on this classification 97% of Citycon's total turnover, 99% of capital expenditure and 69% of operational expenditure is derived from Taxonomy-eligible activities. Citycon is currently not obliged to report information according to the taxonomy regulation, and for that reason Citycon does not report on the taxonomy alignment of the company's operations for the year 2022.

## 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](#).

## Approved eligible assets amount green financing

	kEUR
New construction, investments made	0
Existing buildings	2,318,874
Energy efficiency, Energy retrofits	12,451
Energy efficiency, Activities enabling clean transport	97
Renewable energy	77
<b>Total approved eligible green assets</b>	<b>2,331,499</b>
Green hybrid bonds	700,000
Green bonds	426,090
<b>Outstanding green financing, nominal amount total</b>	<b>1,126,090</b>
<b>Remaining approved eligible green assets</b>	<b>1,205,408</b>



## Green Buildings, Existing Buildings

Property	Location	Certification, BREEAM In-Use <sup>1</sup>	Certification, LEED construction or BREEAM construction <sup>1</sup>	Energy performance, kWh/m <sup>2</sup> <sup>2</sup>	CO <sub>2</sub> Emissions, kg/m <sup>2</sup>	Renewable energy produced, MWh	Renewable energy source
Iso Omena	Finland	Excellent	LEED Platinum	118.7	0.2	417.9	Solar energy
IsoKristiina <sup>3</sup>	Finland	Very Good	LEED Gold	81.3	0.1	109.2	Solar energy
Myyrmanni	Finland	Very Good		107.2	8.1	88.1	Solar energy
Lippulaiva	Finland	N/A	LEED Gold	89.8	0.1	5,511.7	Geo and solar energy
IsoKarhu	Finland	Very Good		132.4	10.9	0.0	
Rocca al Mare	Estonia	Very Good	LEED Silver	117.7	11.8	0.0	
Stopp Tune	Norway	Very Good		54.5	0.1	0.0	
Storbyen	Norway	Excellent		56.5	0.2	0.0	
Liljeholmstorget Galleria	Sweden	Very Good	LEED Platinum	99.2	2.8	0.0	
Mölnäls Galleria	Sweden	N/A	BREEAM Very Good	59.4	1.5	0.0	
Kista Galleria	Sweden	Very Good		91.9	2.5	115.1	Solar energy

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

<sup>2</sup> Maximum limit for green asset is 135kWh/m<sup>2</sup> according to Citycon's Green Financing Framework.

<sup>3</sup> 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
Lippulaiva	Finland	Charging stations for electric cars

The opening of the geothermal energy plant in Lippulaiva during 2022, remarkably increased the amount of renewable energy Citycon produces.

## Energy efficiency, Energy retrofits

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

## Renewable energy

Property	Location	Renewable energy source
Kristiine	Estonia	Solar PV power plant

# Citycon sustainability at a glance

The following figures describe Citycon's environmental performance as of December 31, 2022:

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 centres. By the end of 2022, 67% of the company's total property portfolio, measured by fair value, was BREEAM In-Use Certified, 21% had BREEAM In-Use certification processes ongoing and 12% had obtained building-phase certification, but not yet undergone BREEAM In-Use certification. Additionally, all new development projects will be environmentally certified.

## Energy efficiency and Carbon footprint:

Energy intensity (kWh/sq.m):  
**+4.2%** since 2020,  
-12% since 2014

Greenhouse gas intensity (kg CO<sub>2</sub>e/sq.m):  
**-71%** since 2020,  
-92% since 2014

Greenhouse gas emissions (tCO<sub>2</sub>e):  
**-74%** since 2020,  
-93% since 2014

Share of renewable electricity used for own consumption:  
**100%**

## Accessibility by low-carbon transportation:

Connectivity to public transport:  
**100%**  
of centres

Charging points for electric cars:  
**498**

Number of dedicated bicycle parking spaces:  
**4,697**

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

Estonia:	Finland:	Norway:	Sweden & Denmark:	Total:
<b>31%</b>	<b>70%</b>	<b>44%</b>	<b>64%</b>	<b>58%</b>

## Waste recycling:

Incinerated waste for energy recapture:

**32%**

Recycling and re-use:

**67%**

Landfill:

**1%**

## Water management:

Water intensity (l/visitor):

**4.4**

Like-for-like water intensity:

**-10%**  
since 2020

## Lippulaiva (opened in March 2022):

- **Location:** Espoo, Finland
- **Area:** 63,700 m<sup>2</sup> centre, ~50,000 m<sup>2</sup> residential
- **Certifications:** LEED Gold, Smart Building Gold
- **Carbon free energy production:** The largest geothermal heating and cooling energy plant in a commercial building in Europe has been taken into use. The geothermal facility will cover up to 95% of heating and 100% of cooling needs of the urban hub. Geoenergy is also used for residential units. Approx. 2,400 m<sup>2</sup> of solar panels with expected annual output of 540 MWh are installed on the roof and wall surfaces. Lippulaiva has also a 1.5 MWh sized battery storage, which is used to participate in Fingrid's demand response market and act as a balancing resource of the market.
- **Public transport:** Metro station and bus terminal are integrated into the centre
- **Additional environmental measures:** 3,500 m<sup>2</sup> green roofs, honeybees on the rooftop to enhance biodiversity at the surroundings

Largest geothermal heating and cooling energy plant in a commercial building in Europe has been taken into use beneath Lippulaiva.



## Myyrmanni:

- **Location:** Vantaa, Finland
- **Area:** 95,870 m<sup>2</sup>
- **Certification:** BREEAM In-Use Very Good
- **Renewable energy production:** Rooftop solar plant with annual production of 88 MWh. Myyrmanni has started a large energy retrofit project where the existing HVAC system will be replaced by a heat pump system based on energy recycling. The project is expected to decrease the total energy consumption in the asset by over 25%.
- **Additional environmental measures:** Honeybees on the rooftop to enhance biodiversity in the surroundings

## Iso Omena:

- **Location:** Espoo, Finland
- **Area:** 271,195 m<sup>2</sup>
- **Certifications:** BREEAM In-Use Excellent, LEED Platinum
- **Renewable energy production:** Rooftop solar plant with annual production 418 MWh (2022). Iso Omena is carrying out an extensive retrofit energy project worth over EUR 6 million to update part of the heating system of the centre. The redevelopment project is being carried out over a four-year period and will result in estimated annual energy savings of 8,900 MWh.
- **Public transport:** Metro, bus terminal and city bicycle stop
- **Additional environmental measures:** Honeybees on the rooftop to enhance biodiversity at the surroundings, green roof.

The unique project will have a substantial impact on energy savings for Iso Omena.



# Independent accountant's assurance report

## To the Management of Citycon Oyj

### Scope

We have been engaged by Citycon Oyj (hereafter Citycon) to perform a 'limited assurance engagement,' as defined by International Standards on Assurance Engagements, hereafter referred to as the engagement, to report on environmental information presented in Citycon Oyj's Green Financing Allocation of Proceeds and Impact Report 2022 (the "Subject Matter") for the period 1.1.–31.12.2022.

### Criteria applied by Citycon

In preparing the environmental information in the Allocation of Proceeds and Impact Report 2022, Citycon applied Citycon's Green Financing framework and Citycon's own internal reporting principles (Criteria). As a result, the subject matter information may not be suitable for another purpose.

### Citycon's responsibilities

Citycon's management is responsible for selecting the Criteria, and for presenting the environmental information in Green Financing Allocation of Proceeds and Impact Report 2022 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.

### Ernst & Young'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 20.10.2022. 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.

Ernst & Young 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 2022 and related information and applying analytical and other appropriate procedures.

Our procedures included:

- a) Interviews with Citycon's management and review of Green Finance Committee meeting notes 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.

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 2022 for the period 1.1–31.12.2022, in order for it to be in accordance with the Criteria.

Helsinki, 27 March 2023

Ernst & Young Oy

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