

 CITYCON
MÖLNDAL GALLERIA BOUTIQUE BOUTIQUE

**GREEN FINANCING
ALLOCATION OF
PROCEEDS AND
IMPACT REPORT 2019**

CITYCON GREEN FINANCING ALLOCATION OF PROCEEDS AND IMPACT REPORT 2019

In 2019, Citycon launched a Green Financing Framework 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 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, 2019 Citycon Oyj had outstanding bonds amounting to EUR 350 million issued in accordance with its Green Financing Framework. The amount of green debt consists of one green hybrid bond issued in November 2019. 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.

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 Green Assets and issued Green Financing

	kEUR
Green buildings, New construction	100,496
Green buildings, Existing buildings	2,632,227
- of which previously New construction	-
Energy efficiency, Activities enabling clean transport	112
Renewable energy	1,382
Total approved Eligible Green Assets	2,734,218
Outstanding green financing, green hybrid bonds	350,000
Remaining approved Eligible Green Assets	2,384,218

Green Buildings, New Construction

Property	Location	Certification, LEED	Renewable energy source	Green Criteria
Lippulaiva	Finland	Gold ¹⁾	Geothermal, solar	EU Nearly Zero-Energy Building ²⁾

¹⁾ Expected certification when project completed

²⁾ 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, 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	128.5	18.1	443.8	Solar energy
IsoKristiina ³⁾	Finland	Very Good	LEED Gold	84.8	7.2		
Trio Shopping Centre	Finland	Very Good	LEED Certified	134.8	26.8		
Rocca al Mare	Estonia	Very Good	LEED Silver	132.2	163.4		
Buskerud	Norway	Very Good		50.9	0.3		
DownTown	Norway	Very Good		87.0	0.4	1.5 ⁴⁾	Solar energy
Herkules	Norway	Very Good		36.4	0.2		
Kilden	Norway	Excellent		60.8	0.4		
Kolbotn Torg	Norway	Excellent		111.6	0.8		
Kongssenteret	Norway	Very Good		68.7	0.5		
Kremmertorget	Norway	Very Good		59.7	0.3		
Liertoppen	Norway	Very Good		90.1	0.5		
Linderud	Norway	Very Good		78.8	0.9		
Oasen	Norway	Very Good		55.2	0.1		
Sjøsiden	Norway	Excellent		66.0	0.2		
Stopp Tune	Norway	Very Good		45.9	0.3		
Storbyen	Norway	Very Good		46.4	0.3		
Liljeholmstorget Galleria	Sweden	Excellent	LEED Platinum	100.3	2.3		
Mölnåls Galleria	Sweden	N/A	BREEAM Very Good	64.1	1.5		
Tumba	Sweden	Very Good		102.8	3.0		

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 135kWh/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.

⁴⁾ Solar plant opened Nov 11th, 2019, estimated annual production is 930 MWh starting 2020.

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

Renewable energy

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

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 2020. Measured by fair value, 84% of the company’s total property portfolio, was BREEAM In-Use Certified at the end of 2019. All new development projects will be environmentally certified.

The following figures describe the Citycon’s environmental performance as of December 31, 2019:

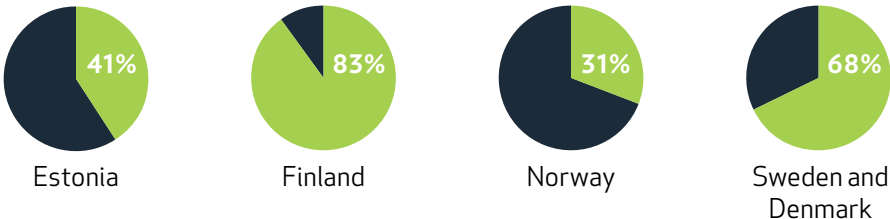
Energy Efficiency and Carbon footprint:

Energy intensity (KWh/sq.m): -6.5% since 2018, -10% since 2014.	Greenhouse gas intensity (Kg CO₂e/sq.m): -15.3% since 2018, -56% since 2014.	Greenhouse gas emissions (tCO₂e): -17.7% since 2018, -58% since 2014.	Share of renewable electricity used for own consumption: 100%
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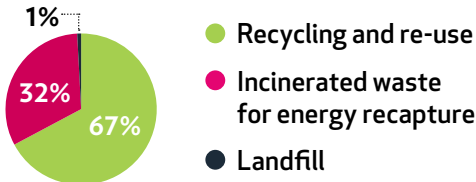
Accessibility by low-carbon transportation:

Connectivity to public transport: 100% of shopping centres	Charging points for electric cars: 273	Number of dedicated bicycle parking spaces: 3,547
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Share of visitors arriving by public transport, foot or bicycle:



Waste recycling:



Water management:

Water intensity (l/visitor): 4.1
Total water consumption (m³): -13.8% since 2018



World's largest solar plant with snow melting technology

Down Town:

Location: Porsgrunn, Norway

Area: 37,800 m².

Certification(s): BREEAM In Use Very Good

Renewable Energy production: World's largest solar plant with snow melting technology. 3,500 panel rooftop solar installation. Estimated annual production: 930 MWh.

Carbon free energy: 100% building energy consumption from green electricity.

Public transport: Bus, City bicycle stop.

Additional environmental measures: 4 EV charging stations



Highest BREEAM In-Use score ever in Finland

Iso Omena:

Location: Espoo, Finland

Area: 270,100 m².

Certification(s): Highest BREEAM In-Use score ever in Finland: Excellent, LEED Platinum.

Renewable Energy production: 2,000 panel rooftop solar plant. Annual production ~450 MWh.

Carbon free energy: Carbon free district heating and cooling, green electricity.

Public Transport: Metro and Bus terminal integrated into the centre. City bicycle stop.

Additional environmental measures: Approximately 40,000 bees live in two rooftop beehives, increasing the biodiversity in the local flora. 30 EV charging stations.



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, EU Nearly Zero-Energy Building.

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. Capacity for 250 EV charging stations.

INDEPENDENT ASSURANCE REPORT

To the Board of Directors of Citycon Oyj

At the request of the Board of Directors of Citycon Oyj (hereafter Citycon) we have performed a limited assurance engagement on the information presented for the reporting period 1.1.–31.12.2019 in Citycon Oyj Citycon Green Financing Allocation of Proceeds and Impact Report 2019.

Selected information

The scope of our work was limited to assurance over the pages 2–4 of Citycon's Green Financing Allocation of Proceeds and Impact Report 2019.

The reporting criteria against which it was assessed is described in Citycon's Green Financing framework. The framework has four criteria to be eligible for Green Assets: Green buildings, Energy efficiency, Renewable energy and Waste management.

Management's responsibility

The Management of Citycon is responsible for ensuring that the conditions underpinning the green bond are fulfilled in accordance with the requirements of this framework and that they have been used in the intended manner. The responsibility also covers verifying that activities which are specified in the framework to be the type of projects and properties that can be financed within the scope of the Citycon Green Financing framework. The Management of Citycon is responsible for the preparation and presentation of the Citycon Green Financing Allocation of Proceeds and Impact Report 2019

Assurance Provider's responsibility

It is our responsibility to present an independent conclusion on the Citycon Green Financing Allocation of Proceeds and Impact Report 2019 based on our work performed. We do not accept nor assume responsibility to anyone else except to Citycon for our work, for the assurance report and for the conclusions that we have reached.

We have conducted the assurance engagement in accordance with the International Standard on Assurance Engagements (ISAE) 3000 'Assurance Engagements Other than Audits or Reviews of Historical Financial Information'. A limited assurance consists of making inquiries to persons responsible for financial and accounting issues, to perform analytical review and to take other comprehensive review measures. The ISAE 3000 standard requires compliance with ethical requirements as well as planning and performing the assurance engagement to obtain limited assurance on whether the Citycon Green Financing Allocation of Proceeds and Impact Report 2019 has been prepared, in all material respects, in accordance with the reporting principles.

Assurance Provider's independence and quality assurance

We comply with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the IESBA (International Ethics Standards Board for Accountants). We apply ISQC 1 (International Standard on Quality Control) and accordingly maintain a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Limitations of the Engagement

In a limited assurance engagement the evidence gathering procedures are more limited than in a reasonable assurance engagement, and therefore less assurance is obtained than in a reasonable assurance engagement.

Our review is based on the criteria disclosed in Citycon's Green Financing framework. These criteria are also defined below. We believe these criteria are appropriate for the preparation of the Impact and Allocation Report. We believe that the evidence we have obtained during our review is sufficient and appropriate for which to base our conclusion below.

We have performed, among others, the following procedures:

- a) Interviews with Citycon's management to understand 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 hybrid bond has been withdrawn
- d) Inspected minutes of the steering committee meetings

Conclusion

Based on our work described in this report, nothing has come to our attention that causes us to believe that the Citycon Green Financing Allocation of Proceeds and Impact Report 2019 has not been prepared, in all material respects, in accordance with the reporting principles, or that the Information is not reliable, in all material respects, based on the reporting principles.

Helsinki, 27 February 2020

Ernst & Young Oy

Mikko Ryttilähti
Partner, Authorized Public Accountant

Jani Alenius
Leader of Climate Change and
Sustainability Services, EY