

A photograph of the Lippu Laiva building, a modern structure with a large glass facade and a brown metal roof. The building is situated in an urban environment with other buildings and a paved plaza in the foreground. People are walking on the plaza, and a small tree is visible on the right. The sky is blue with some clouds.

**LIPPU  
LAIVA**  
CITYCON

# Green Financing Allocation of Proceeds and Impact Report 2023



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In 2023, Citycon updated its Green Financing Framework to reflect recent development in Green Financing practises and the company's business. The framework is aligned with the practises that support the transition to a sustainable and low-carbon economy through the development of green assets. It is based on Citycon's sustainability strategy and aims to support the sustainability objectives of the company while diversifying the investor base. Citycon's Green Financing Framework has been developed in alignment with the Green Bond Principles 2021 (GBP) 2 and the Green Loan Principles 2023 (GLP) 3.

In July 2023, Citycon updated its EUR 400 million Commercial Paper programme into Green format, and on 25 July 2023 the company issued its first Green Commercial Paper. The issue is completed under Citycon's existing Green Financing Framework and is also the first ever Green Commercial Paper issued in the Finnish market.

As at 31 December, 2023, EUR 2.6 billion of Citycon's approximately EUR 4.03 billion property portfolio was eligible for green (re)financing. Citycon had outstanding debt amounting to EUR 1.0 billion issued in accordance with its Green Financing Framework, leaving EUR 1.6 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 613 million, along with a fixed rate EUR 345 million green Eurobond issued in March 2021 and Green Commercial papers totalling EUR 47 million.

Citycon is following the development of the Taxonomy and has identified its eligible activities. 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 71% 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 2023.

## Criteria for Green Financing

Under the Green Financing Framework, Citycon can issue Green Bonds, Green Commercial Papers, Green Loans, Green Hybrid Bonds, Green Private placements or other type of debt instruments. Proceeds issued under the framework can be used to finance or re-finance eligible green assets in five categories: Green buildings, Energy efficiency, Clean transportation, 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, commercial	2,534,294
Existing buildings, residential	46,705
Energy efficiency	12,945
Clean transport	97
Renewable energy	77
Waste management	0
<b>Total approved Eligible Green Assets</b>	<b>2,594,118</b>
Green Hybrid Bonds	612,860
Green Bonds	344,500
Green Commercial Paper	47,000
<b>Outstanding green financing, nominal amount total</b>	<b>1,004,360</b>
<b>Remaining approved Eligible Green Assets</b>	<b>1,589,758</b>



## Green Buildings, Existing Buildings

Commercial properties	Location	Certification, BREEAM In-Use <sup>1,2</sup>	Certification, LEED construction or BREEAM construction <sup>1,2</sup>	Energy performance, kWh/m <sup>2,3,4</sup>	CO <sub>2</sub> Emissions, kg/m <sup>2</sup>	Renewable energy produced, MWh	Renewable energy source
Iso Omena	Finland	Excellent	LEED Platinum	105.9	-	415.6	Solar energy
IsoKristiina <sup>5</sup>	Finland	Very Good	LEED Gold	77.6	-	109.7	Solar energy
Myymanni	Finland	Very Good		112.6	10.3	105.3	Solar energy
Lippulaiva	Finland	N/A	LEED Gold	52.4	-	8,492.1	Geo and solar energy
Rocca al Mare	Estonia	Very Good	LEED Silver	101.4	10.6		
Liertoppen	Norway	Very Good		93.3	-		
Stopp Tune	Norway	Excellent		55.2	-		
Storbyen	Norway	Excellent		55.7	0.9		
Kongssenteret	Norway	Very Good		86.2	0.4		
Herkules	Norway	Very Good		34.2	-		
Torvbyen	Norway	Very Good		32.0	-		
Kremmetorget	Norway	Very Good		60.2	0.4		
Trekanten Senter	Norway	Very Good		66.1	-		
Liljeholmstorget Galleria	Sweden	Very Good	LEED Platinum	101.4	2.3		
Möln dal Galleria	Sweden	N/A	BREEAM Very Good	51.6	1.0		
Jakobsbergs Centrum	Sweden	Very Good		78.1	1.0	3,941.6	Geo and solar energy
Kista Galleria	Sweden	Very Good		124.5	3.7	90.2	Solar energy
<b>Residential properties</b>							
Lippulaiva Residentials	Finland						
Lippulaiva Luoto	Finland	Very Good		EPC Class A	-		Geo energy
Lippulaiva Loiste	Finland	Excellent		EPC Class A	-		Geo energy

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

<sup>2</sup> Minimum requirement for green residential asset is BREEAM In-Use Very Good, LEED Gold, Nordic Swan Ecolabel, Miljöbyggnad Silver or RTS 2 stars according to Citycon's Green Financing Framework.

<sup>3</sup> Requirement for green commercial asset is below 125kWh/m<sup>2</sup>/year (except in Norway, where the limit is 100kWh/m<sup>2</sup>/year) or an Energy Performance Certificate (EPC) class A or B (in Denmark EPC label A only), according to Citycon's Green Financing Framework.

<sup>4</sup> Requirement for green residential asset is below 85kWh/m<sup>2</sup>/year or 20% lower than national requirement or an Energy Performance Certificate (EPC) class A or B (in Denmark EPC label A only) according to Citycon's Green Financing Framework.

<sup>5</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.

## 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

## Energy efficiency

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

## Renewable energy

Property	Location	Renewable energy source
Kristiine Keskus	Estonia	Solar PV power plant

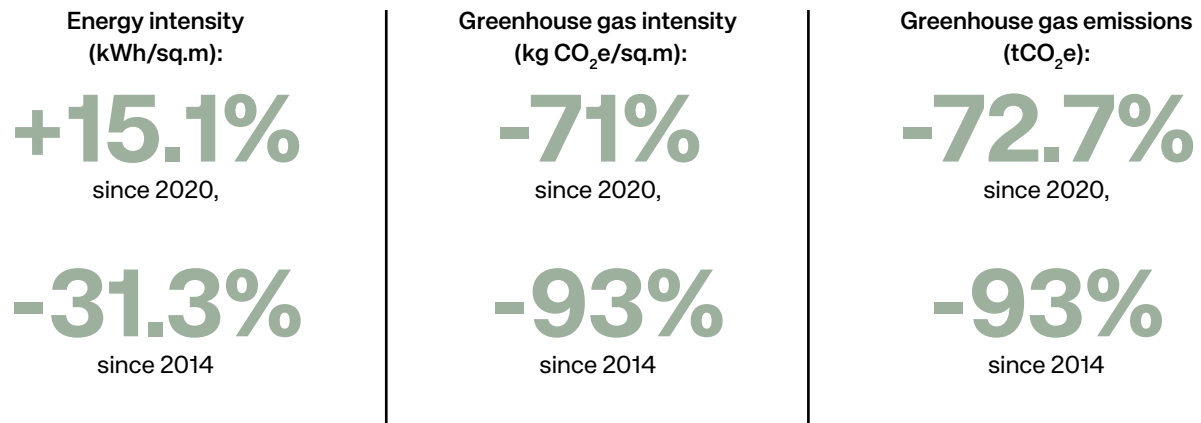


# Citycon sustainability at a glance

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 centres. By the end of 2023, 81% of the company's total property portfolio, measured by fair value, was BREEAM In-Use Certified, 9% had BREEAM In-use certification processes ongoing and 10% had obtained building-phase certification, but not yet undergone BREEAM In-Use certification. Additionally, all new development projects will be environmentally certified.

The following figures describe the Citycon's environmental performance as of 31 December, 2023:

## Energy efficiency and Carbon footprint:

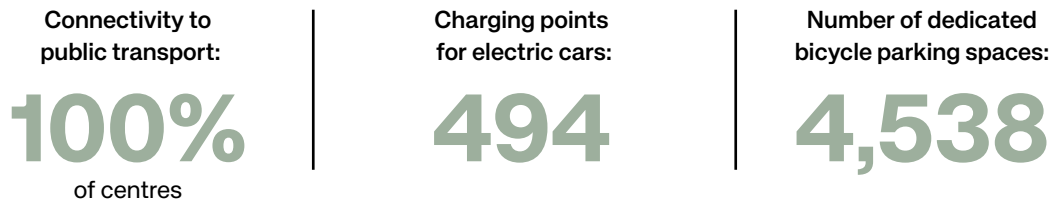


Share of renewable electricity  
used for own consumption:

**100%**



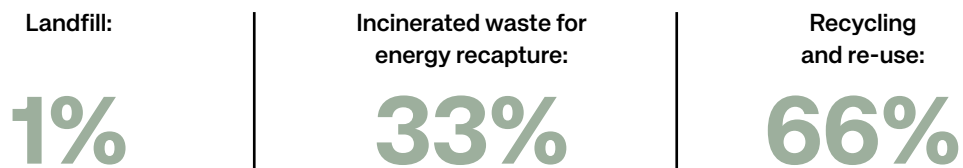
## Accessibility by low-carbon transportation:



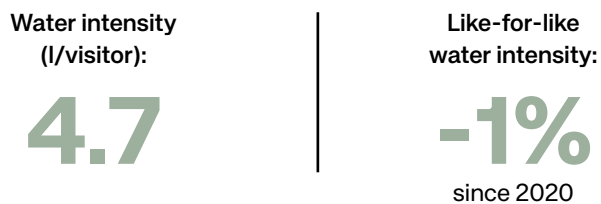
## Share of visitors arriving by public transport, foot or bicycle:



## Waste recycling:



## Water management:





## AI based Energy Optimisation

Citycon has piloted an AI based energy optimisation service for several years in its centres, and it has proved to yield significant savings in energy consumption. The service utilises the existing measurements to gain and maintain situational awareness of temperature and air quality conditions in the asset. The service learns by using the existing actuators and controls in the HVAC system to reach and keep optimum indoor conditions with the minimum energy consumption. Citycon has decided to expand the use of the service and has already initiated projects in the applicable assets to implement AI based energy optimisation during 2024.

**AI based Energy Optimisation achieves significant energy savings by using the existing HVAC system more effectively.**



## Green Commercial Paper

Citycon updated its Finnish Euro Commercial Paper programme to a Green format in July 2023. Following this, all Finnish Euro Commercial Paper issued with a maturity date later than 30 September 2023 will be labelled as green. Citycon was the first Finnish issuer to issue a Green Commercial Paper in the Finnish commercial paper markets.

## Modern Pumps Increase Energy Efficiency

Iso Omena is replacing 15-year-old end-of-life pumps with modern, frequency converter-driven ones. The total scope of the project involves 171 pumps, and the expected energy savings are significant. The energy savings will come from the modern and energy-efficient pumps themselves, as well as from the frequency converter control, which allows, for example, optimising the power of the pump for the optimal flow of heating water. The project was started in 2021 and is expected to be finalised in 2025.

**The end-of-life replacement is a great opportunity to make energy efficiency improvements.**





# 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 2023 (the "Subject Matter") for the period 1.1.-31.12.2023.

### Criteria applied by Citycon

In preparing the environmental information in the Allocation of Proceeds and Impact Report 2023, 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 2023 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 25.10.2023. 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 2023 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 2023 for the period 1.1-31.12.2023, in order for it to be in accordance with the Criteria.

Helsinki, 22 March 2024

Ernst & Young Oy

Authorized Public Accountant Firm

**Antti Suominen**  
Authorized Public Accountant

**Nathalie Clément**  
Leader of Climate Change  
& Sustainability Services