



CASTELLUM

CASTELLUM'S
GREEN BONDS

2018

Sketch of Eminent, Hyllie, outside Malmö. Castellum began construction in June 2017 of one of the first properties in the Nordic region to be certified according to WELL, a new international building standard that takes responsibility for people's health and well-being in their workplaces.

Castellum's Green Bonds

As of December 31, 2017 Castellum AB had outstanding bonds amounting to SEKm 1 000 issued in accordance with its Green Bond Framework ("Green Bonds"). Castellum issued its first Green Bonds during 2016; one Floating Rate Note, amounting to nominal SEKm 650, and one fixed rate bond amounting to SEKm 350. At the time of issuance the bonds had a maturity of five years (final maturity date for both bonds are October 4, 2021).

All of the net proceeds from the Green Bonds have been allocated to relevant Castellum real estate assets/projects.

The bonds were issued via Svenska Handelsbanken who also assisted Castellum during the process of establishing its Green Bond Framework.

Castellum's total real estate portfolio consisted per December 31, 2017 of 676 commercial properties located in Sweden's main growth regions and Copenhagen. The total lettable area of those properties was on the same date 4,381 thousand sq.m.

Castellum has a long history of continued high activity in the area of sustainability. For Castellum, as a long-term real estate owner and urban developer, it is important to contribute to sustainable and environmentally sound development of the communities wherein the Group operates. One tool that Castellum uses in order to achieve this is to environmentally certify all new constructions and larger reconstructions. If the projects are office and retail premises in Sweden, they have to be certified according to Miljöbyggnad level Gold. A lower certification level may only be used if there are special reasons why Gold cannot be achieved. New projects in Denmark are to be certified according to BREEAM, level Excellent.

The purpose of certification is to reduce the climate impact and the risks in the property portfolio, reduce

costs as well as create attractive premises for the customers and their business.

Castellum owns the highest number of environmentally certified properties among Swedish listed real estate companies, and a total of 29% of Castellum's 676 buildings (1,269,000sq.m.) are environmentally certified.

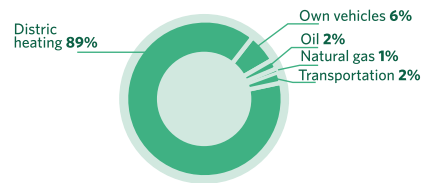
Castellum's environmentally certified buildings as per December 31, 2017*

	Completed properties		Ongoing projects	
	Number	Thousand sq.m.	Number	Thousand sq.m.
EU Green Building	78	592	1	7
Miljöbyggnad	27	280	32	207
BREEAM	29	500	11	98
LEED	6	133	0	0
WELL	0	0	2	13
Total**	140	1,505	46	325

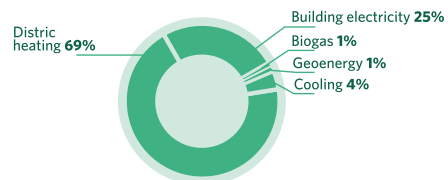
* Certifications can refer to property, land or part of property.

** Note that some of Castellum's properties are doubly certified. Hence, the total area is slightly larger compared with key figures in the text above.

Distribution of carbon dioxide emissions

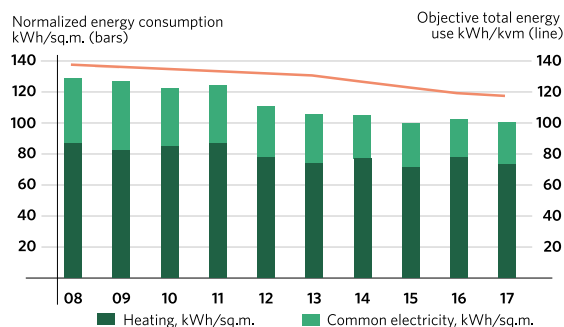


Distribution of total energy consumption



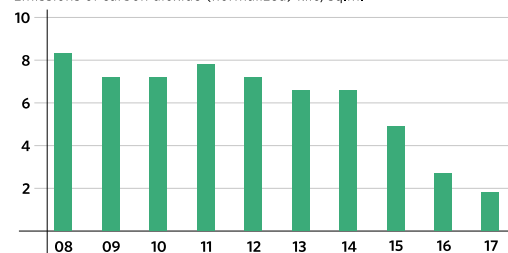
Target and outcome energy consumption per sq.m.

Absolute consumption per sq.m. in the properties Castellum manage.



Carbon emission

Emissions of carbon dioxide (normalized) kilo/sq.m.



Further certification is ongoing for an additional 311,00 sq.m. corresponding to 7%.

Castellum's energy consumption has been reduced by 27% and CO2 emissions have decreased by 78% per square meter since 2007. The target is 100% non-fossil energy by 2030. During 2017 the level of 95% was reached.

A basic condition for any building or project that shall be financed via Green Bonds is that they comply with the demands set out in Castellum's Green Bond Framework. Castellum's Green Bond Framework has been reviewed by an external party, Sustainalytics, who also has issued a Second Opinion on the Green Bond Framework.

- Castellum's Green Bond Framework can be accessed here: <https://www.castellum.se/globalassets/investor-relations/finansiering/grona-obligationer/green-bond-framework.pdf>
- Sustainalytics Second Opinion can be accessed here: <https://www.castellum.se/globalassets/investor-relations/finansiering/grona-obligationer/second-opinion-by-sustainalytics.pdf>

The demands and criteria applicable for any new development or acquired new buildings that shall be financed via Castellum's Green Bonds, are that they can achieve a third-party certification equivalent to at least

"Miljöbyggnad Silver" or "BREEAM Excellent". For existing real estate assets and reconstruction a certification equivalent to at least "Miljöbyggnad Silver" or "BREEAM Very Good", is required.

A summary of the evaluation criteria, as well as the total market value and allocated net Green Bond proceeds to the real estate assets Castellum has financed via Green Bonds, is shown in the file that can be accessed here: https://www.castellum.se/globalassets/investor-relations/finansiering/grona-obligationer/2018/castellums-green-bonds-annual-report-2018_summary-table-for-criteria-allocations.pdf

Castellum has also committed to see to it that an annual review of its issued outstanding Green Bonds will be conducted by an independent third party. The purpose is to provide bond investors with an objective assessment of how the different criteria and management of the net proceeds from the issued Green Bonds have been conducted by Castellum.

A report relating to the status per year-end 2017, issued by Deloitte, is accessible here: https://www.castellum.se/globalassets/investor-relations/finansiering/grona-obligationer/2018/castellums-green-bonds-annual-report-2018_deloitte-limited-assurance-report.pdf

Below are a couple of examples of buildings/projects which are financed by net proceeds from Castellum's Green Bonds.

