

Castellum AB Green Bond Framework

This document (the “**Green Bond Framework**”) contains information on Castellum AB’s (“Castellum”) forthcoming issuance of interest bearing notes with added environmental criteria (the “**Green Terms**”) via its domestic medium term note programme (“**MTN**”) or via private placement. Any such future issuance by Castellum that includes the Green Terms in its loan documentation, as detailed in this document or in a future version of this document, will be labelled a “**Green Bond**”. Depending on the language of the loan documentation the Green Terms in this Framework may be translated into other languages, as required in the local jurisdiction. Any issuance of notes will be bound by the version of the Green Terms present in the associated loan documentation. Any issuance of notes will include a copy of the most recently published Green Terms, which shall also be available on Castellum’s website.

Background

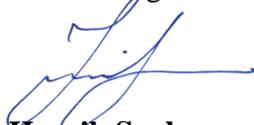
On September 12, 2016 Castellum announced to the market that it intends to issue Green Bonds and subsequently made this document available on its website. At Castellum sustainability is an integral part of our core business model. As one of the largest players in the Nordic real estate market we have long recognized and seen the need to actively engage in environmental, social and governance matters. Ultimately, sustainability is also about economics and we are convinced that our long-term business strategy goes hand in hand with our sense of responsibility towards customers and shareholders. We have monitored the development of the Green Bond market and are very pleased to offer investors the opportunity to invest in Green Bonds from Castellum.

More information about our work with sustainability is available on our website.

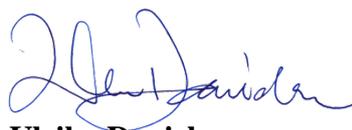
Castellum will strive to monitor the development of the Green Bond market to continually advance the Green Terms. As such the Green Bond Framework may be updated from time to time to reflect current market practices. In establishing the terms in this framework Castellum has sought to comply with the Green Bond Principles (June, 2016) as well as the current best market practice.

Castellum has worked together with Handelsbanken to develop the Green Bond Framework. Sustainalytics has provided a second opinion on the Green Terms, which is publicly available on Castellum’s website.

Gothenburg, 2016-09-12



Henrik Saxborn
CEO, Castellum AB



Ulrika Danielsson
Chief Financial Officer, Castellum AB

Green Bond Framework: Green Terms

Eligible Projects and Assets (Use of Proceeds)

- The net proceeds of the issuance of Green Bonds will be used to finance (1) development and/or acquisition of new real estate assets and (2) existing real estate assets.
- Regarding existing real estate assets, such assets could be on-going reconstruction, finalized reconstruction, recently acquired or otherwise completed and existing real estate assets.
- For both investment categories above, the use of proceeds must comply with (1) the Process for Project Evaluation and Selection and (2) the Applicable Criteria, as set out in the Green Terms.

Process for Project Evaluation and Selection

- The Sustainability Department track and review the Castellum Group's environmentally certified real estate assets and will identify the Eligible Projects and Assets that meet the Applicable Criteria.
- A decision to finance Eligible Projects and Assets with net proceeds from the issuance of Green Bonds will be made in co-operation between the Group Finance Department and the Sustainability Department. The decision will be documented.
- The Finance Department will be responsible for the allocation of the net proceeds from the issuance of Green Bonds to the relevant Eligible Projects and Assets according to the Green Terms.

Applicable Criteria

- The development and/or acquisition of new real estate assets will require (i) a design stage certification or (ii) an in-use certification of at least (a) Miljöbyggnad Silver or (b) BREEAM Excellent.
- Existing real estate assets will require (i) a design stage certification or (ii) an in-use certification of at least (a) Miljöbyggnad Silver or (b) BREEAM Very Good. The design stage certification will be applicable when reconstructing existing assets.

Management of Proceeds

- The net proceeds of any Green Bond issue will be credited to a separate account ("the Account"). The Account disallows fungibility with other funds and ensures strong monitoring and tracking of the Use of Proceeds. Castellum will keep a record of the purpose of the transfers on the Account.
- A payment or transfer from the Account is only allowed when financing Eligible Projects and Assets that have met the Applicable Criteria or to repay a Green Bond.
- The Group Finance Department will use intra-group loans, which include specifications on the explicit use of proceeds to Eligible Projects and Assets, when allocating the net proceeds from the issuance of Green Bonds to the subsidiaries owning the Eligible Projects and Assets.
- If the Account has a positive balance the unallocated funds may be invested in short term interest bearing securities pending investment in Eligible Projects and Assets. Such allowed investments are Swedish treasury bills and highly rated short term bank notes (A+ rating from Standard & Poor's or an equivalent rating from Moody's or Fitch).

Reporting and Transparency

- Castellum will publish a yearly report on its external webpage that will describe the use of funds and adherence to the Green Terms (the “**Reporting**”). The first such Reporting is expected to take place in March 2017 and will be available in English and Swedish.
 - The Reporting will contain a list of all Eligible Projects and Assets that have been financed with Green Bonds, a summary of Castellum’s activities in the past year as pertains to Green Bonds as well as information regarding each Eligible Project and Asset’s adherence to the relevant Applicable Criteria.
 - For Eligible Assets and Projects that have met the Applicable Criteria and to which net proceeds have been allocated the Reporting will also disclose the aggregate market value and the sum of existing external debt for such assets. It will also disclose the sum of outstanding Green Bonds and the sum of the Account balance (including any short term investments). The data shall be from the last of December in the previous year.
 - The Reporting will also contain a disclosure of a select set of asset level indicators and measurements. The data will be provided in a table format, disclosing all Eligible Projects and Assets that have had net proceeds allocated to them. The following indicators and measurements, where available*, will be reported on:
 - i. Environmental certification (adherence to the Applicable Criteria).
 - ii. Energy consumption disclosed by absolute consumption (kWh) and intensity (kWh per square meter).
 - iii. Water usage disclosed by absolute consumption (m3) and intensity (m3 per square meter).
 - iv. Calculated carbon footprint disclosed by absolute emissions (tonnes) and intensity (tonnes per square meter). The greenhouse gas emissions are monitored annually by Castellum in accordance with the Greenhouse Gas Protocol.
 - v. Purchased renewable energy disclosed by absolute consumption (kWh), intensity (kWh per square meter) and percent renewable energy of the total purchased energy.
 - vi. Main method of heating and cooling.
- * For metric ii) to v) above: The energy and water consumption is measured in assets where Castellum is responsible for the purchase of energy and/or water. In buildings where the tenant is responsible for the energy and/or water supply Castellum has no comprehensive picture of the actual energy and water consumption; hence, it is not accounted for and will not be disclosed.
- The auditor of Castellum, or a similar third party appointed by Castellum with the relevant expertise and experience, will investigate and report whether the Green Bond net proceeds have been allocated to the projects and assets that Castellum has communicated in the Reporting and that the Eligible Projects and Assets comply with the Applicable Criteria. The conclusions will be provided in a signed statement, which will be published on Castellum’s Website in proximity to the publication of the Reporting.
 - Castellum will provide a dedicated webpage where investors can find information regarding Castellum’s Green Bonds.