

BASE PROSPECTUS



CASTELLUM

CASTELLUM AB

(incorporated with limited liability in Sweden)

€2,000,000,000

Euro Medium Term Note Programme

Under this €2,000,000,000 Euro Medium Term Note Programme (the **Programme**), Castellum AB (the **Issuer**) may from time to time issue notes (the **Notes**) denominated in any currency agreed between the Issuer and the relevant Dealer (as defined below).

Notes may be issued in bearer or registered form (respectively **Bearer Notes** and **Registered Notes**). The maximum aggregate nominal amount of all Notes from time to time outstanding under the Programme will not exceed €2,000,000,000 (or its equivalent in other currencies calculated as described in the Programme Agreement (as defined under "*Subscription and Sale*")), subject to increase as described herein.

The Notes may be issued on a continuing basis to one or more of the Dealers specified under "*Overview of the Programme*" and any additional Dealer appointed under the Programme from time to time by the Issuer (each a **Dealer** and together the **Dealers**), which appointment may be for a specific issue or on an ongoing basis. References in this Base Prospectus to the **relevant Dealer** shall, in the case of an issue of Notes being (or intended to be) subscribed by more than one Dealer, be to all Dealers agreeing to subscribe such Notes.

An investment in Notes issued under the Programme involves certain risks. For a discussion of these risks see "*Risk Factors*".

This Base Prospectus has been approved by the Central Bank of Ireland as competent authority under the Prospectus Directive (as defined under "*Important Information*" below). The Central Bank of Ireland only approves this Base Prospectus as meeting the requirements imposed under Irish and European Union law pursuant to the Prospectus Directive. Such approval relates only to Notes that are to be admitted to trading on the regulated market (the **Main Securities Market**) of the Irish Stock Exchange plc trading as Euronext Dublin (**Euronext Dublin**) or on another regulated market for the purposes of Directive 2014/65/EU (as amended, **MiFID II**) and/or that are to be offered to the public in any member state of the European Economic Area in circumstances that require the publication of a prospectus.

Application has been made to Euronext Dublin for Notes issued under the Programme during the period of 12 months from the date of this Base Prospectus to be admitted to its official list (the **Official List**) and trading on the Main Securities Market. References in this Base Prospectus to the Notes being **listed** (and all related references) shall mean that, unless otherwise specified in the applicable Final Terms, the Notes have been admitted to the Official List and trading on the Main Securities Market.

The requirement to publish a prospectus under the Prospectus Directive only applies to Notes which are to be admitted to trading on a regulated market in the European Economic Area (the **EEA**) and/or offered to the public in the EEA other than in circumstances where an exemption is available under Article 3.2 of the Prospectus Directive.

Notice of the aggregate nominal amount of Notes, interest (if any) payable in respect of Notes, the issue price of Notes and certain other information which is applicable to each Tranche (as defined under "*Terms*")

and Conditions of the Notes") of Notes will be set out in a final terms document (the **Final Terms**) which will be delivered to the Central Bank of Ireland and, where listed, Euronext Dublin.

Copies of Final Terms in relation to Notes to be listed on Euronext Dublin will also be published on the website of the Central Bank of Ireland and the website of Euronext Dublin.

The Programme provides that Notes may be listed or admitted to trading, as the case may be, on such other or further stock exchanges or markets as may be agreed between the Issuer and the relevant Dealer. The Issuer may also issue unlisted Notes and/or Notes not admitted to trading on any market.

The Notes have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the **Securities Act**) or any U.S. State securities laws and may not be offered or sold in the United States or to, or for the account or the benefit of, U.S. persons as defined in Regulation S under the Securities Act unless an exemption from the registration requirements of the Securities Act is available and in accordance with all applicable securities laws of any state of the United States and any other jurisdiction.

The Issuer has been rated Baa3 by Moody's Investors Service Limited Ltd (**Moody's**). The Programme has been rated Baa3 by Moody's. Moody's is established in the European Union and is registered under Regulation (EC) No. 1060/2009 (as amended) (the **CRA Regulation**). As such, Moody's is included in the list of credit rating agencies published by the European Securities and Markets Authority on its website (at <http://www.esma.europa.eu/page/List-registered-and-certified-CRAs>) in accordance with the CRA Regulation. Notes issued under the Programme may be rated or unrated by the rating agency referred to above. Where a Tranche of Notes is rated, such rating will be disclosed in the Final Terms and will not necessarily be the same as the rating assigned to the Programme by Moody's. A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.

Amounts payable on Floating Rate Notes may be calculated by reference to one of LIBOR, EURIBOR, CIBOR, STIBOR and NIBOR as specified in the relevant Final Terms. As at the date of this Base Prospectus, the administrator of LIBOR is included in ESMA's register of administrators under Article 36 of the Regulation (EU) No. 2016/1011 (the **Benchmarks Regulation**). As at the date of this Base Prospectus, the administrators of EURIBOR, CIBOR, STIBOR and NIBOR are not included in ESMA's register of administrators under the Benchmarks Regulation. As far as the Issuer is aware, the transitional provisions in Article 51 of the Benchmarks Regulation apply, such that the European Money Markets Institute, Finance Denmark, the Swedish Bankers' Association and Norske Finansielle Referanser AS are not currently required to obtain authorisation/registration (or, if located outside the European Union, recognition, endorsement or equivalence).

Arranger

J.P. MORGAN

Dealers

**CITIGROUP
HANDELSBANKEN CAPITAL MARKETS
NORDEA
SWEDBANK**

**DANSKE BANK
J.P. MORGAN
SEB**

The date of this Base Prospectus is 2 November 2018.

IMPORTANT INFORMATION

This Base Prospectus comprises a base prospectus in respect of all Notes issued under the Programme for the purposes of Article 5.4 of the Prospectus Directive. When used in this Base Prospectus, Prospectus Directive means Directive 2003/71/EC (as amended or superseded), and includes any relevant implementing measure in a relevant Member State of the EEA.

The Issuer accepts responsibility for the information contained in this Base Prospectus and the Final Terms for each Tranche of Notes issued under the Programme. To the best of the knowledge of the Issuer (having taken all reasonable care to ensure that such is the case) the information contained in this Base Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information.

This Base Prospectus is to be read in conjunction with all documents which are deemed to be incorporated in it by reference (see "*Documents Incorporated by Reference*"). This Base Prospectus shall be read and construed on the basis that those documents are incorporated and form part of this Base Prospectus.

The Dealers have not independently verified the information contained herein. Accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by the Dealers as to the accuracy or completeness of the information contained or incorporated in this Base Prospectus or any other information provided by the Issuer in connection with the Programme. No Dealer accepts any liability in relation to the information contained or incorporated by reference in this Base Prospectus or any other information provided by the Issuer in connection with the Programme.

No person is or has been authorised by the Issuer to give any information or to make any representation not contained in or not consistent with this Base Prospectus or any other information supplied in connection with the Programme or the Notes and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer or any of the Dealers.

Neither this Base Prospectus nor any other information supplied in connection with the Programme or any Notes (a) is intended to provide the basis of any credit or other evaluation or (b) should be considered as a recommendation by the Issuer or any of the Dealers that any recipient of this Base Prospectus or any other information supplied in connection with the Programme or any Notes should purchase any Notes. Each investor contemplating purchasing any Notes should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuer. Neither this Base Prospectus nor any other information supplied in connection with the Programme or the issue of any Notes constitutes an offer or invitation by or on behalf of the Issuer or any of the Dealers to any person to subscribe for or to purchase any Notes.

Neither the delivery of this Base Prospectus nor the offering, sale or delivery of any Notes shall in any circumstances imply that the information contained in it concerning the Issuer is correct at any time subsequent to its date or that any other information supplied in connection with the Programme is correct as of any time subsequent to the date indicated in the document containing the same. The Dealers expressly do not undertake to review the financial condition or affairs of the Issuer during the life of the Programme or to advise any investor in Notes issued under the Programme of any information coming to their attention.

IMPORTANT – EEA RETAIL INVESTORS – If the Final Terms in respect of any Notes includes a legend entitled "Prohibition of Sales to EEA Retail Investors", the Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (EEA). For these purposes, a retail investor means a person who is

one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; or (ii) a customer within the meaning of Directive 2002/92/EC (as amended or superseded, the **Insurance Mediation Directive**), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in Directive 2003/71/EC (as amended or superseded, the **Prospectus Directive**). Consequently no key information document required by Regulation (EU) No 1286/2014 (as amended, the **PRIIPs Regulation**) for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

MiFID II product governance / target market – The Final Terms in respect of any Notes may include a legend entitled "MiFID II product governance" which will outline the target market assessment in respect of the Notes and which channels for distribution of the Notes are appropriate. Any person subsequently offering, selling or recommending the Notes (a **distributor**) should take into consideration the target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the target market assessment) and determining appropriate distribution channels.

A determination will be made in relation to each issue about whether, for the purpose of the MiFID Product Governance rules under EU Delegated Directive 2017/593 (the **MiFID Product Governance Rules**), any Dealer subscribing for any Notes is a manufacturer in respect of such Notes, but otherwise neither the Arranger nor the Dealers nor any of their respective affiliates will be a manufacturer for the purpose of the MiFID Product Governance Rules.

IMPORTANT INFORMATION RELATING TO THE USE OF THIS BASE PROSPECTUS AND OFFERS OF NOTES GENERALLY

This Base Prospectus does not constitute an offer to sell or the solicitation of an offer to buy any Notes in any jurisdiction to any person to whom it is unlawful to make the offer or solicitation in such jurisdiction. The distribution of this Base Prospectus and the offer or sale of Notes may be restricted by law in certain jurisdictions. The Issuer and the Dealers do not represent that this Base Prospectus may be lawfully distributed, or that any Notes may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by the Issuer or the Dealers which is intended to permit a public offering of any Notes or distribution of this Base Prospectus in any jurisdiction where action for that purpose is required. Accordingly, no Notes may be offered or sold, directly or indirectly, and neither this Base Prospectus nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this Base Prospectus or any Notes may come must inform themselves about, and observe, any such restrictions on the distribution of this Base Prospectus and the offering and sale of Notes. In particular, there are restrictions on the distribution of this Base Prospectus and the offer or sale of Notes in the United States, the EEA (including the United Kingdom, Belgium and Sweden) and Japan, see "*Subscription and Sale*".

PRESENTATION OF FINANCIAL AND OTHER INFORMATION

Presentation of Financial Information

Unless otherwise indicated, the financial information in this Base Prospectus relating to the Issuer has been derived from (i) the audited consolidated financial statements of the Issuer for the financial years ended 31 December 2016 and 31 December 2017, and (ii) the unaudited reviewed consolidated financial statements of the Issuer for the six months ended 30 June 2018 (together, the **Financial Statements**).

The Issuer's financial year ends on 31 December, and references in this Base Prospectus to any specific year are to the 12-month period ended on 31 December of such year. The Financial Statements have been prepared in accordance with International Financial Reporting Standards (**IFRS**) issued by the International Accounting Standards Board.

Certain terms used in this Base Prospectus and financial measures presented in the documents incorporated by reference are not recognised financial measures under IFRS (**Alternative Performance Measures or APMs**) and may therefore not be considered as an alternative to the financial measures defined in the accounting standards in accordance with generally accepted accounting principles. The Issuer presents APMs because it believes that these and similar measures are used by certain investors, securities analysts and other interest parties as supplemental measures of performance and liquidity. The APMs may differ from company to company and therefore may not be comparable to other similarly titled measures of other companies. The APMs may also have limitations as analytical tools and should not be considered in isolation or as a substitute for analysis of the Issuer's operating results as reported under IFRS. For definitions and further explanations of Alternative Performance Measures, see "*Alternative Performance Measures and other Key Performance Indicators*", below.

Certain figures and percentages included in this Base Prospectus have been subject to rounding adjustments; accordingly, figures shown in the same category presented in different tables may vary slightly and figures shown as totals in certain tables may not be an arithmetic aggregation of the figures which precede them.

Certain Defined Terms and Conventions

Capitalised terms which are used but not defined in any particular section of this Base Prospectus will have the meaning attributed to them in "*Terms and Conditions of the Notes*" or any other section of this Base Prospectus. In addition, the following terms as used in this Base Prospectus have the meanings defined below:

References to:

- **SEK** refer to Swedish Krona; and
- **EUR, euro** and **€** refer to the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty on the Functioning of the European Union, as amended.

References to a **billion** are to a thousand million.

References to the **Issuer** or **Castellum** are to Castellum AB (publ). References to the **Group** are to Castellum AB and its Subsidiaries.

SUITABILITY OF INVESTMENT

The Notes may not be a suitable investment for all investors. Each potential investor in the Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor may wish to consider, either on its own or with the help of its financial and other professional advisers, whether it:

- (i) has sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained or incorporated by reference in this Base Prospectus or any applicable supplement;
- (ii) has access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact the Notes will have on its overall investment portfolio;
- (iii) has sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including Notes where the currency for principal or interest payments is different from the potential investor's currency;
- (iv) understands thoroughly the terms of the Notes and is familiar with the behaviour of financial markets; and
- (v) is able to evaluate possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

Legal investment considerations may restrict certain investments. The investment activities of certain investors are subject to investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (1) Notes are legal investments for it, (2) Notes can be used as collateral for various types of borrowing and (3) other restrictions apply to its purchase or pledge of any Notes. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of Notes under any applicable risk-based capital or similar rules.

STABILISATION

In connection with the issue of any Tranche of Notes, the Dealer or Dealers (if any) named as the Stabilisation Manager(s) (or persons acting on behalf of any Stabilisation Manager(s)) in the applicable Final Terms may over-allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However stabilisation may not necessarily occur. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the relevant Tranche of Notes is made and, if begun, may cease at any time, but it must end no later than the earlier of 30 days after the issue date of the relevant Tranche of Notes and 60 days after the date of the allotment of the relevant Tranche of Notes. Any stabilisation action or over-allotment must be conducted by the relevant Stabilisation Manager(s) (or persons acting on behalf of any Stabilisation Manager(s)) in accordance with all applicable laws and rules.

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OVERVIEW OF THE PROGRAMME

The following overview does not purport to be complete and is taken from, and is qualified in its entirety by, the remainder of this Base Prospectus and, in relation to the terms and conditions of any particular Tranche of Notes, the applicable Final Terms. The Issuer and any relevant Dealer may agree that Notes shall be issued in a form other than that contemplated in the Terms and Conditions, in which event, and if appropriate, a new Base Prospectus or a supplement to the Base Prospectus, will be published.

This Overview constitutes a general description of the Programme for the purposes of Article 22.5(3) of Commission Regulation (EC) No 809/2004 implementing the Prospective Directive (the **Prospectus Regulation**).

Words and expressions defined in "*Form of the Notes*" and "*Terms and Conditions of the Notes*" shall have the same meanings in this Overview.

Issuer: Castellum AB

Issuer Legal Entity Identifier (LEI): 549300GU5OHTR1T5IY68

Risk Factors: There are certain factors that may affect the Issuer's ability to fulfil its obligations under Notes issued under the Programme. In addition, there are certain factors which are material for the purpose of assessing the market risks associated with Notes issued under the Programme and risks relating to the structure of a particular Series of Notes issued under the Programme. All of these are set out under "*Risk Factors*".

Description: Euro Medium Term Note Programme

Arranger: J.P. Morgan Securities plc

Dealers: Citigroup Global Markets Limited
Danske Bank A/S
J.P. Morgan Securities plc
Nordea Bank Abp
Skandinaviska Enskilda Banken AB (publ)
Svenska Handelsbanken AB (publ)
Swedbank AB (publ)

and any other Dealers appointed in accordance with the Programme Agreement.

Certain Restrictions: Each issue of Notes denominated in a currency in respect of which particular laws, guidelines, regulations, restrictions or reporting requirements apply will only be issued in circumstances which comply with such laws, guidelines, regulations, restrictions or reporting requirements from time to time (see "*Subscription and Sale*"), including the following restrictions applicable at the date of this Base Prospectus:

Notes having a maturity of less than one year

Notes having a maturity of less than one year will, if the proceeds of the issue are accepted in the United Kingdom, constitute

deposits for the purposes of the prohibition on accepting deposits contained in section 19 of the Financial Services and Markets Act 2000 (**FSMA**) unless they are issued to a limited class of professional investors and have a denomination of at least £100,000 or its equivalent, see "*Subscription and Sale*".

Issuing and Principal Paying Agent:	Citibank, N.A., London Branch
Programme Size:	Up to €2,000,000,000 (or its equivalent in other currencies calculated as described in the Programme Agreement) outstanding at any time. The Issuer may increase the amount of the Programme in accordance with the terms of the Programme Agreement.
Distribution:	Notes may be distributed by way of private or public placement and in each case on a syndicated or non-syndicated basis.
Currencies:	Subject to any applicable legal or regulatory restrictions, Notes may be denominated in any currency agreed between the Issuer and the relevant Dealer.
Maturities:	The Notes will have such maturities as may be agreed between the Issuer and the relevant Dealer, subject to such minimum or maximum maturities as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the Issuer or the relevant Specified Currency.
Issue Price:	Notes may be issued on a fully-paid basis and at an issue price which is at par or at a discount to, or premium over, par.
Form of Notes	The Notes will be issued in either bearer or registered form as described in " <i>Form of the Notes</i> ". Registered Notes will not be exchangeable for Bearer Notes and <i>vice versa</i> .
Fixed Rate Notes:	Fixed interest will be payable on such date or dates as may be agreed between the Issuer and the relevant Dealer and on redemption and will be calculated on the basis of such Day Count Fraction as may be agreed between the Issuer and the relevant Dealer.
Floating Rate Notes:	Floating Rate Notes will bear interest at a rate determined: <ul style="list-style-type: none">(a) on the same basis as the floating rate under a notional interest rate swap transaction in the relevant Specified Currency governed by an agreement incorporating the 2006 ISDA Definitions (as published by the International Swaps and Derivatives Association, Inc., and as amended and updated as at the Issue Date of the first Tranche of the Notes of the relevant Series); or(b) on the basis of the reference rate set out in the applicable Final Terms.

Interest on Floating Rate Notes in respect of each Interest Period, as agreed prior to issue by the Issuer and the relevant Dealer, will be payable on such Interest Payment Dates, and will be calculated on the basis of such Day Count Fraction, as may be agreed between the Issuer and the relevant Dealer.

The margin (if any) relating to such floating rate will be agreed between the Issuer and the relevant Dealer for each Series of Floating Rate Notes.

Floating Rate Notes may also have a maximum interest rate, a minimum interest rate or both.

Step Up Rating Change and/or Step Down Rating Change: The applicable Final Terms will specify whether a Step Up Rating Change and/or Step Down Rating Change will apply to the Notes, in which case the rate of interest in respect of the Notes may be subject to adjustment as specified in the applicable Final Terms. See Condition 5.4 (*Adjustment of Rate of Interest for Fixed Rate Notes and Floating Rate Notes*).

Zero Coupon Notes: Zero Coupon Notes will be offered and sold at a discount to their nominal amount and will not bear interest.

Redemption: The applicable Final Terms will indicate either that the relevant Notes cannot be redeemed prior to their stated maturity (other than for taxation reasons or following an Event of Default) or that such Notes will be redeemable at the option of the Issuer and/or the Noteholders and/or the Noteholders on a Change of Control, in each case upon giving notice to the Noteholders or the Issuer, as the case may be, on a date or dates specified prior to such stated maturity and at a price or prices and on such other terms as may be agreed between the Issuer and the relevant Dealer.

Notes having a maturity of less than one year may be subject to restrictions on their denomination and distribution, see "*Certain Restrictions - Notes having a maturity of less than one year*" above.

Denomination of Notes: The Notes will be issued in such denominations as may be agreed between the Issuer and the relevant Dealer save that the minimum denomination of each Note will be such amount as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the relevant Specified Currency, see "*Certain Restrictions - Notes having a maturity of less than one year*" above, and save that the minimum denomination of each Note will be €100,000 (or, if the Notes are denominated in a currency other than euro, the equivalent amount in such currency).

Taxation: All payments in respect of the Notes will be made without deduction for or on account of withholding taxes imposed by any Tax Jurisdiction as provided in Condition 8 (*Taxation*). In the event that any such deduction is made, the Issuer will, save in

certain limited circumstances provided in Condition 8 (*Taxation*), be required to pay additional amounts to cover the amounts so deducted.

- Negative Pledge: The terms of the Notes will contain a negative pledge provision as further described in Condition 4.1 (*Negative Pledge*).
- Financial Covenants: The terms of the Notes will contain certain financial covenants as further described in Condition 4.2 (*Financial Covenants*).
- Cross Default: The terms of the Notes will contain a cross default provision as further described in Condition 10 (*Events of Default and Enforcement*).
- Status of the Notes: The Notes will constitute direct, unconditional, unsubordinated and (subject to the provisions of Condition 4.1 (*Negative Pledge*)) unsecured obligations of the Issuer and will rank *pari passu* among themselves and (save for any obligations required to be preferred by law) equally with all other unsecured obligations (other than subordinated obligations, if any) of the Issuer, from time to time outstanding.
- Rating: The Programme has been rated Baa3 by Moody's. Series of Notes issued under the Programme may be rated or unrated. Where a Series of Notes is rated, such rating will be disclosed in the applicable Final Terms and will not necessarily be the same as the rating assigned to the Programme. A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.
- Listing: Application has been made for Notes issued under the Programme to be admitted to the Official List of Euronext Dublin and to trading on its regulated market.
- Notes may be listed or admitted to trading, as the case may be, on other or further stock exchanges or markets agreed between the Issuer and the relevant Dealer in relation to the Series. Notes which are neither listed nor admitted to trading on any market may also be issued.
- The applicable Final Terms will state whether or not the relevant Notes are to be listed and/or admitted to trading and, if so, on which stock exchanges and/or markets.
- Governing Law: The Notes and any non-contractual obligations arising out of or in connection with the Notes will be governed by, and shall be construed in accordance with, English law.
- Selling Restrictions: There are restrictions on the offer, sale and transfer of the Notes in the United States, the EEA (including the United Kingdom, Belgium and Sweden) and Japan, and such other restrictions as may be required in connection with the offering and sale of a particular Tranche of Notes, see "*Subscription and Sale*".

United States Selling Restrictions:

Regulation S, Category 2. TEFRA C/TEFRA D/TEFRA not applicable, as specified in the applicable Final Terms.

Bearer Notes will be issued in compliance with U.S. Treas. Reg. §1.163-5(c)(2)(i)(D) (or any successor rules in substantially the same form that are applicable for purposes of Section 4701 of the U.S. Internal Revenue Code of 1986, as amended (the **Code**) (**TEFRA D**) unless (i) the applicable Final Terms states that the Notes are issued in compliance with U.S. Treas. Reg. §1.163-5(c)(2)(i)(C) (or any successor rules in substantially the same form that are applicable for purposes of Section 4701 of the Code) (**TEFRA C**) or (ii) the Notes are issued other than in compliance with TEFRA D or TEFRA C but in circumstances in which the Notes will not constitute “registration required obligations” under the United States Tax Equity and Fiscal Responsibility Act of 1982 (**TEFRA**), which circumstances will be referred to in the applicable Final Terms as a transaction to which TEFRA is not applicable.

RISK FACTORS

Any investment in the Notes is subject to a number of risks. Prior to investing in the Notes, prospective investors should carefully consider the risk factors associated with any investment in the Notes, the business of Castellum and the industry in which it operates together with all other information contained in this Base Prospectus, including, in particular, the risk factors described below. Words and expressions defined in the "Terms and Conditions of the Notes" below or elsewhere in this Base Prospectus have the same meanings in this section.

In purchasing Notes, investors assume the risk that the Issuer may become insolvent or otherwise be unable to make all payments due in respect of the Notes. There are a wide range of factors which individually or together could result in the Issuer becoming unable to make all payments due. It is not possible to identify all such factors or to determine which factors are most likely to occur, as the Issuer may not be aware of all relevant factors and certain factors which it currently deems not to be material may become material as a result of the occurrence of events outside the Issuer's control. The Issuer has identified in this Base Prospectus a number of factors which could materially adversely affect its business and ability to make payments due.

In addition, factors which are material for the purpose of assessing the market risks associated with Notes issued under the Programme are also described below.

Prospective investors should also read the detailed information set out elsewhere in this Base Prospectus and reach their own views prior to making any investment decision.

FACTORS THAT MAY AFFECT THE ISSUER'S ABILITY TO FULFIL ITS OBLIGATIONS UNDER NOTES ISSUED UNDER THE PROGRAMME

Risks related to Castellum

The Group's operations are affected by macroeconomic factors.

Castellum owns and manages commercial properties in selected growth regions in Sweden, Denmark and Finland. Castellum's operations are therefore affected by macroeconomic factors that are beyond Castellum's control. These factors include but are not limited to growth measured as gross domestic product (**GDP**), inflation and possible deflation, as well as general difficulties in securing financing (or financing on terms acceptable to Castellum). For instance, weak economic growth has a negative impact on the demand for commercial premises, which in turn may lead to higher vacancy rates, declining market rents and foregone indexation income from existing leases. The risk of payment difficulties (or even bankruptcies) also increases, which has an immediate negative effect on cash flow. Limited access to capital due to general difficulties in securing financing (or financing on terms acceptable to Castellum), for example, impedes Castellum's ability to conduct its operations. General economic downturns may also have an adverse effect on the market value of Castellum's properties. If any of these risks should materialise, it may have a materially adverse effect on Castellum's operations, earnings and financial position.

Supply and demand for properties, and therefore the yield on property investments, varies between different geographic markets and property categories, and can thus develop differently within such geographic markets and property categories. There is a risk that demand will fall and the market's yield requirement will therefore increase within those geographic markets and property categories in which Castellum operates. This may have a material adverse impact on Castellum's operations, earnings and financial position.

The commercial property sector is competitive and Castellum may have difficulties competing successfully in the future.

Castellum operates in a competitive sector. Among other things, Castellum's competitiveness depends on its ability to attract and retain tenants, to anticipate future changes and trends in the sector, and to rapidly adapt to both current and future market needs. Furthermore, Castellum's competitors may have more resources at their disposal and may have the capacity to better withstand market downturns, to compete more successfully, to better retain skilled personnel, and to respond more rapidly to evolving tenant needs. Accordingly, Castellum may have to make investments, restructurings or price reductions in order to adapt to a changed competitive situation, for example through the renegotiation of lease terms. There is a risk that Castellum will not be able to successfully counteract the effects of competition. If Castellum is unable to successfully compete, this failure may materially impact on rent levels and vacancy rates, and Castellum's revenues could decline, which in turn may have a materially adverse impact on Castellum's operations, earnings and financial position.

Castellum's income is dependent on tenants meeting their rental obligations.

Castellum's income primarily comprises rental income from its properties. A failure by tenants to pay rents or otherwise to perform their obligations to Castellum may lead to lower rental income and increased bad debt losses. Castellum-specific factors may also affect the rental income negatively. For example bad customer care or property maintenance may result in unsatisfied customers and ultimately an increased vacancy rate which in turn will lead to lower rental income. There is also a risk that Castellum's tenants will not renew or extend their leases as they expire. Furthermore, there is a risk that it will not be possible to find new tenants, or that new tenants will not pay the same rents as the previous tenants, which may result in a higher vacancy rate and lower rental income. If tenants fail to perform their obligations at all, for example in the event of bankruptcy, or only after debt collection measures have been taken, this may also result in loss of revenue and an increased vacancy rate, with lower property values as a consequence. If tenants fail to renew or extend their leases as they expire, or fail to pay agreed rents on time or otherwise fail to perform their obligations, this may have a material adverse impact on Castellum's operations, earnings and financial position.

Operational business risks.

For Castellum, the successful composition of its property portfolio is dependent on the properties in question having the right characteristics in terms of location and segment, and on the properties being able to meet customer preferences and technology requirements over time.

The performance of Castellum's property portfolio may be affected by a flaw in its geographical distribution, *i.e.* by Castellum owning properties in the wrong submarket or in the wrong city or location with regard to future growth and strong ongoing urbanisation trends, or by Castellum owning properties that do not meet evolving customer preferences, technology requirements, micro-location, demand or flexibility of use and contractual flexibility. Properties that cannot meet such requirements over time entail a higher risk of increased vacancies, which in turn may precipitate a decline in the value of the property in question, or a need on the part of Castellum to make costly investments. In addition, Castellum's property portfolio is divided into six segments. Focus is on office, public sector properties, warehouse/logistics, and also project development, while retail and light industry is considered non-core and likely to be reduced over time. If Castellum makes inaccurate judgements regarding which regions and segments have the right characteristics for continued holding of portfolio properties, or if Castellum does not succeed in ensuring that its properties meet customer demand over time despite the fact that they are located in regions and exist within segments that have the right characteristics with regard to economic growth, rental market conditions, collaborative climate and infrastructure connections, this may have a materially adverse effect on Castellum's operations, earnings and financial position.

Increasing operating and maintenance costs may affect Castellum's financial position.

Castellum's operating expenses mainly comprise tariff-based costs such as costs for heating, electricity, water and waste. There are a limited number of suppliers in respect of some of these utilities and services, which could result in an increased cost to Castellum. Notwithstanding that some of Castellum's leases are structured in such a manner that the tenant defrays a significant part of these costs, there may be a material adverse impact on Castellum's operations, earnings and financial position in case that it is not possible to receive increased rental payments to cover any such increased costs incurred by Castellum.

Measures aimed at maintaining the standard of Castellum's properties in the long-term and/or modernising properties require maintenance and renovation expenditures. Such expenditures as are necessary to satisfy market or legal requirements may be significant and unforeseen. There is a risk that, in respect of large-scale operating expenses, maintenance or renovation work, it may not be possible to (i) pass on the associated costs to Castellum's tenants through increased rents or (ii) receive compensation through insurance indemnification. This may have a material adverse impact on Castellum's operations, earnings and financial position.

Defects in or damage to Castellum's properties may result in unforeseen costs.

There are risks associated with the technical operation of properties, such as the risk of structural defects, other defects or deficiencies, damage (for example, through fire or other forces of nature) and contamination. Climate change also presents a risk of property damage caused by weather conditions, increased water levels and changes in other physical environments that affect real estate. These risks could increase in the long run and this could mean increased investment requirements for properties located in vulnerable areas, to prevent such properties from becoming obsolete. Although Castellum seeks to invest in properties of a sound technical standard, there remains a risk that unforeseen costs could arise. In the event that such technical problems arise and the costs cannot be fully or partially covered by insurance, this may have a material adverse impact on Castellum's operations, earnings and financial position.

Business disruptions and operational shortcomings in Castellum's IT systems or control systems may have a negative impact on its operations.

All operational activities are subject to the risk of incurring losses due to deficient routines and/or the business being detrimentally affected by disruptions caused by shortcomings or internal or external events. The term operating risk refers mainly to the risk of financial consequences and consequences related to the loss of trust which ensue from such shortcomings in internal routines and systems, including IT systems. Operational certainty, achieved through sound internal control, appropriate administrative systems and access to reliable valuation and risk models, is required to mitigate such risks and reduce the risk to Castellum's administrative security and control. Castellum's ability to effectively run its organisation and to maintain effective internal control depends on having a functional IT environment and IT operations, and on having control systems that are integrated throughout the entire organisation. Failures or disruptions in Castellum's IT systems or control systems may also impact Castellum's ability to submit correct financial reports or to submit such reports in a timely manner, both internal and external. To the extent that Castellum experiences a serious failure or disruption in any of its systems or some other technological resource or experiences a cyber-security breach, it may be rendered incapable of effectively running and managing its operations. Business disruptions and shortcomings in operational security including serious failures and disruptions in Castellum's IT systems or control systems may also impact its customer relationships, reputation, risk management and profitability, which may in turn have a materially adverse effect on Castellum's operations, earnings and financial position.

Property valuation relies on factors which are subject to change.

Castellum is exposed to changes in the market value of its property portfolio. Castellum reports its property holdings at fair value in accordance with IAS 40 *Investment Property*, such that the book value in respect of

the Group's properties corresponds to their assessed market value. Castellum uses an internal valuation process to assess the market value of its properties. In addition to this internal valuation, an external valuation is also carried out each year by independent appraisers. There is still a risk that the valuation of some of the properties may be incorrect or may decline over time. The value of the properties is affected by, and any assessment made in the light of, a number of factors such as market supply, vacancy rate, rent level and operating expenses, residual value, yield requirement, general economic trends, interest rates and inflation. Whilst the liquidity of properties such as those in the Group's portfolio has increased over recent years, there is no guarantee that there will be a market for such properties going forward. There is a risk that changes in any of these factors may have a negative effect on property values. This could have a material adverse impact on Castellum's earnings and financial position (for example, large write downs could negatively affect Castellum's loan to value ratio, as defined under "*Alternative Performance Measures and other Key Performance Indicators*", below) as well as credit rating.

Property transactions involve uncertainties which could adversely impact Castellum's business.

Property transactions, primarily acquisitions, represent an important part of Castellum's day-to-day business operations and will continue to constitute a part of Castellum's growth strategy going forward. Property transactions also entail inherent risks concerning uncertainties and there is a risk that Castellum may be (i) unable to find suitable acquisition properties, (ii) unable to finance property acquisitions on terms acceptable to Castellum or (iii) that desired property sales cannot be completed on terms acceptable to Castellum. All property investments are associated with uncertainty and assumptions. The market's yield requirement, future vacancies, the tenants' payment capability, environmental conditions as well as technical defects constitute some of the uncertain elements associated with property transactions. There is a high degree of competition for desirable acquisition targets and, even where a suitable target has been identified, there is a risk that Castellum may fail to complete property transactions. Any of these factors may have a material adverse impact on Castellum's operations, financial position and earnings.

In addition, property-owning and property-acquiring companies are exposed to risks in relation to non-identified risks linked to businesses that are acquired, either because of a lack of information or due to the fact that assumptions made may turn out to be erroneous. For example, there may be difficulties integrating operations and employees, tenants may be lost, the accounts of the acquired business may be erroneous and/or the business may be the subject of unforeseen environmental or tax claims. When an acquisition or investment includes expansion into a new geographical market in which Castellum has limited or no experience it may also increase Castellum's operational risk, as well as its financial risk including increased exposure to changes in currencies and funding conditions. Furthermore, other circumstances may exist that have an adverse impact on the value of the business or property being acquired. Notwithstanding the fact that, prior to each investment, Castellum makes an evaluation aimed at identifying and, if possible, mitigating the risks that may be associated with the investment, there remains a risk that future businesses or properties that are added through acquisitions may have a material adverse impact on Castellum's operations, earnings and financial position.

In several of the sales agreements entered into by Castellum, the purchaser may present warranty claims, such as that the property's use has deviated from an applicable zoning plan in violation of stipulated warranties; that, contrary to stipulated warranties, all charges relating to road construction/ maintenance costs and connection fees relating to the period prior to the completion date have not been paid in full; or that, contrary to stipulated warranties concerning the property, a public authority order to take measures has not been performed in full prior to the completion date. While Castellum has not been the subject of any material unsettled warranty claims with respect to sold properties and companies in the last few years, there is a risk that any claims in the future may have a material adverse impact on Castellum's business, financial position and earnings. Correspondingly, there is a risk that the possibility of obtaining compensation in the case of a warranty claim will be limited if an acquisition was made from a vendor which is, or will be, in financial difficulties or if there is a cap in respect of the amount of compensation that may be claimed – this may contribute to increased uncertainty and increased costs for Castellum, which in turn may have a material adverse impact on its operations, earnings and financial position.

Castellum may occasionally sell properties for a variety of reasons including to optimise and adapt its property portfolio to the needs of customers or to finance its investments, for instance the purchase of new properties or new constructions, extensions and reconstructions. As such, Castellum is dependent on a liquid property market, a matter which in turn depends on a number of different factors, such as macroeconomic conditions, changes in the financial position of potential buyers and their prospects for securing financing, changes in domestic or international economic conditions, and changes to legislation, regulations or tax policy in Sweden, Denmark and Finland. An illiquid property market may therefore have a materially adverse effect on Castellum's operations, earnings and financial position.

Project development poses risks to Castellum.

The construction, refurbishment and extension of properties constitute a part of Castellum's regular business operations. Project development is inherently associated with uncertainties and risks as regards costs and delays (among other things). Major projects can involve significant investments, which may lead to an increased credit risk if tenants fail to perform their obligations to pay rent and Castellum is unable to find other tenants for the premises in question, if Castellum fails to let the premises upon completion of a project, or if the demand or price of properties generally changes during the course of a project. Furthermore, although Castellum monitors development projects closely, projects may be delayed, become more expensive or the quality may not be as expected, which may result in increased costs or reduced income. In addition, Castellum may be dependent on procuring the necessary public authority permits, permits and other licences for carrying out property development projects or carrying out its operations generally. There is a risk that Castellum will not succeed in implementing its property projects, which may have a material adverse impact on its operations, earnings and financial position.

Loss of key personnel may undermine Castellum's operations.

Castellum's business is dependent on experienced employees possessing relevant skills. Such key individuals are included among senior executives as well as the Group's employees in general. There may be a risk that, over time, Castellum is unable to retain or recruit qualified personnel to the desired extent. Any disruption caused by the departure of one or more key individuals may have a material adverse impact on Castellum's operations, earnings and financial position.

Castellum could incur losses not covered by, or exceeding the coverage limits of, its insurance.

Castellum's management believes that its risks are covered by appropriate insurance coverage in line with market practice. Castellum has insurance policies, for example, in respect of property, business interruption and liability for damages. However, the actual losses suffered by Castellum could exceed its insurance coverage and could be material. Furthermore, certain types of risks (such as war, acts of terror, insufficient preparation in the event of natural disasters or extreme weather events, such as floods) may be or may in the future be impossible or too costly for Castellum to insure itself against. If damage should occur to a property and subsequently lead to tenants terminating or not renewing their leases, there is also a risk that Castellum's insurance cover will not cover the consequent loss of rental income. If uninsured damage should occur, or if a damage event should exceed the insurance cover, Castellum may lose the capital invested in the property in question as well as future revenues from such property. Furthermore, Castellum may become liable to repair damage caused by uninsured risks. Castellum may also become liable for debts and other financial obligations with regard to damaged buildings. The realisation of one or more damaging events for which Castellum has no insurance coverage or for which Castellum's insurance coverage is insufficient could have a material adverse effect on Castellum's business, financial condition and results of operations.

Interests of Castellum's shareholders may conflict with those of the holders of the Notes.

The interests of Castellum's shareholders, in certain circumstances, may conflict with those of the holders of the Notes, particularly if Castellum encounters financial difficulties or is unable to pay its debts when due. In addition, Castellum's shareholders may have an interest in pursuing acquisitions, divestitures, financings or

other transactions that, in their judgment, could enhance their equity investments, even though such transactions might involve risks to the holders of the Notes. Any of these actions could have an adverse effect on Castellum's operations, earnings, financial position and future prospects.

Castellum has a holding company structure in which its subsidiaries conduct its operations and own all its properties.

Castellum has no significant assets other than the equity interests in its subsidiaries. As a result, Castellum's ability to make required payments under the Notes depends on the performance of its subsidiaries and their ability to distribute funds to it. Such cash flows will depend on the business and financial condition of each of its subsidiaries. In addition, the ability of certain subsidiaries to pay dividends and distributions may be limited by applicable laws and any indebtedness those subsidiaries have incurred. If for any reason Castellum's subsidiaries do not pay any dividends or distributions, or do so irregularly, the Group's performance may be adversely affected.

Further, Castellum's right to receive payment of provided financing from the liquidation of one of its subsidiaries, and therefore the right of Noteholders to participate in those proceeds, will be structurally subordinated to the claims of other creditors of that subsidiary (see "*The claims of holders of the Notes are structurally subordinated*", below). In addition, even if Castellum is a creditor of any of its subsidiaries, its rights as a creditor would be subordinated to any existing security interest in the assets of such subsidiary.

Legal risks

Castellum's operations are subject to Swedish, Danish and Finnish laws and regulations, relating to for example construction documents and zoning, building standards, safety and protection regulations, health and environmental regulations, regulations concerning permitted construction materials, building classifications and rental legislation. Castellum is subject to legal restrictions in connection with the structuring of property transactions, and may become subject to additional such restrictions in the future. In addition, Castellum's operations may be affected by regional and supranational regulatory frameworks such as EU legislation. Legislation and other regulatory frameworks may change and there is a risk that Castellum will be unable to comply with such changed requirements without having to implement far-reaching measures and incurring significant costs. Adapting Castellum's operations to correspond with these legal requirements may cause Castellum to incur additional costs, which in turn may have a materially adverse effect on Castellum's operations, earnings and financial position.

Castellum is subject to future possible change in tax laws and regulations.

Castellum conducts operations in several jurisdictions. Castellum's operations are affected by the applicable corporation tax, value added tax and property tax rules in force from time to time in the jurisdictions in which it operates. This is also the case as regards other governmental and municipal charges and contributions. Notwithstanding that Castellum's operations are conducted in accordance with Castellum's interpretation of applicable laws and rules in respect of taxes, there is a risk that its interpretation is incorrect or that applicable tax law and rules may be amended with possible retroactive effect. In addition, future changes to applicable tax laws and rules may affect the conditions for Castellum's operations, earnings and financial position.

The Swedish rules on deductibility of interest expenses have recently been the subject of review. During the first quarter of 2018, the government published the "New Tax Rules for the Business Sector" draft bill which was referred to the Council on Legislation for scrutiny. The bill includes proposals for interest expense deduction limitations pursuant to EU directives, and was adopted on 13 June 2018 and will enter force on 1 January 2019. Broadly speaking, the legislation entails a maximum net interest expense deduction of 30 per cent. on EBITDA (in Castellum's case, the proposal means profit before tax with the add-back of net interest, changes in value of derivatives and properties, and deductions for tax deductible redevelopments). Moreover, the government proposes a lowered corporate tax, introduced in two steps: 21.4 per cent. as of 2019, which

will be lowered to 20.6 per cent. as of 2021. Today's strong cash flow from operations, combined with historically low interest rates and reduced corporate taxes, mean that interest-rate limitations – in their present format – do not significantly affect Castellum's paid taxes.

In June 2015 the Swedish Government appointed a committee to analyse the possibility to divest properties through tax exempt disposals of shares in companies holding properties and, if considered necessary, to propose new legislation to prevent such transactions. The committee also reviewed whether acquisitions through land parcelling procedure are being abused to avoid stamp duty. A proposal was presented on 30 March 2017 to amend certain tax rules addressing the tax situation in the real estate sector (SOU 2017:27). The main element of this proposal is to remove the tax exemption for divestments of properties through share deals (such transactions would instead generally be treated for tax purposes in the same manner as a direct sale of a property). If the proposal is implemented, the difference between the market value and the tax residual value of a property would thus be subject to corporate income tax even if the sale is carried out in the form of a share deal. In addition, a cost corresponding to the stamp duty on a direct sale of a property would also materialise in the form of a notional income even if the property is not sold directly but only indirectly through the selling of shares in the company owning the property. At the same time, the stamp duty would be decreased from the current rate of 4.25 per cent. to 2 per cent. for legal entities. These potential new rules were proposed to be implemented by 1 July 2018 but the proposal has been heavily criticised and it is currently uncertain if and when these new rules will be implemented.

There can be no assurance that tax rates will not be increased in the future or that the changes described above or other changes in tax laws/regulations will not occur which will affect the ownership of real estate properties or real estate transactions. If any such risks materialise, it could have a material adverse impact on Castellum's operations, earnings and financial position.

The Swedish Tax Agency may not agree with Castellum's previous tax assessment decisions.

The Swedish Tax Agency carries out regular tax assessment audits of companies. There is a risk that, in conjunction with a tax assessment audit, the Swedish Tax Agency will not share Castellum's opinion regarding, for example, the right of interest deductions, possibilities for tax depreciations, or the ability to use tax loss carry-forwards and tax-deductible redevelopments. Such a different opinion by the Swedish Tax Agency may have a material adverse impact on Castellum's operations, earnings and financial position.

Disputes and legal proceedings could have a material adverse effect on Castellum.

This risk relates to the costs that the Group may incur as a consequence of being party to legal proceedings, settlement costs, as well as costs in respect of awarded damages and other obligations which may be imposed on Castellum. Companies within the Group may, from time to time, become involved in disputes within the scope of normal business operations and run the risk, similarly to other companies within Castellum's industry, of being the subject of claims with respect to, for example, contractual issues, warranty claims, alleged errors in the provision of services, environmental issues and intellectual property rights. Such disputes and claims may be time-consuming, disrupt normal operations, involve large amounts, detrimentally affect customer relations and result in significant costs. In the event such disputes arise and Castellum is held liable in damages or enters into a settlement agreement, there is a risk that claims will not be covered in full by Castellum's insurance. In addition, the outcome of complicated disputes may be difficult to predict. Potential disputes and legal proceedings brought against Castellum may have a material adverse impact on Castellum's operations, earnings and financial position.

Environmental risks and related regulatory risks.

Castellum is subject to extensive and increasingly stringent environmental, health and safety legislation and regulations relating to its acquisition, ownership, possession and management of properties. Properties affect the environment through their construction, on-going maintenance and through the activities conducted within them. According to the Swedish Environmental Code (*Miljöbalken (SFS 1998:808)*), persons who

pursue activities that have contributed to contamination are responsible for remedying any harm caused. In Castellum's case, it would normally be its tenants who are pursuing such activities. However, if the person pursuing the activity is unable to investigate, carry out or defray the cost of remediation, responsibility for the investigation and after-treatment may be imposed on a party that has acquired the property after 31 December 1998 and, at the time of the acquisition, was aware or should have been aware of the contamination. Accordingly, there is a risk that in certain circumstances claims may be brought against Castellum for investigations, remedying and monitoring contamination or for the clean-up of contamination that has taken place, in order to maintain or restore properties to a condition that complies with the Environmental Code. In the event such liability is imposed on Castellum, it may have a material adverse impact on its operations, earnings and financial position.

Castellum may have to defend, and may lose, the right to use its trademark.

Recognition of Castellum's trademarks and business names, and their positive reputation, have contributed to Castellum's success. Castellum has sought to protect its trademarks through trademark registration. There is a risk that a third party may challenge the validity of such registrations or Castellum's right to use its distinctive marks. Defending itself in proceedings regarding the validity of distinctive marks or registrations may be costly and, in the event Castellum is required to cease using its business names or valuable trademarks, this may have a material adverse impact on Castellum's operations, earnings and financial position.

Harm to Castellum's reputation may have a negative impact on its competitiveness, consume the time and resources of Castellum management, and give rise to additional costs.

Castellum's ability to attract and retain tenants is to a certain extent dependent on its reputation, as a consequence of which its operations are sensitive to risks related to reputational harm. For instance, Castellum's reputation may be adversely affected by rumours, negative publicity or other factors that could lead to Castellum no longer being considered as being a competent and reputable operator on the market. If Castellum's reputation should deteriorate, or if Castellum should experience negative publicity, this may reduce Castellum's competitiveness, take up the time and resources of Castellum management and impose additional costs on Castellum, which may have a materially adverse effect on Castellum's potential to achieve its growth targets and its operations, earnings and financial position.

Financial risks

Fluctuations in market interest rates and loan margins may adversely affect Castellum's business.

Castellum's operations are primarily financed through equity and interest-bearing debts. Interest expenses represent Castellum's single largest cost item. As a consequence, Castellum is exposed to the risk of changes in market interest rates and loan margins. The risk is also affected by the strategy Castellum chooses in respect of fixed-interest periods. Increased interest expenses may have a material adverse impact on Castellum's operations, earnings and financial position.

Changes in the value of financial derivative instruments may result in losses for Castellum.

Castellum has a large number of loans with short fixed-interest periods and uses interest rate derivatives (mainly interest rate swaps) as an element in the management of interest-rate risk. Interest rate derivatives are regularly reported at fair value in the balance sheet, with changes in value being reported in the income statement. In the event that market rates fall, the market value of Castellum's interest rate derivatives will decrease, which may have a material adverse impact on Castellum's operations, earnings and financial position.

Castellum is exposed to credit and counterparty risk.

There is a risk that Castellum's counterparties within its financing operations will fail to perform their financial obligations to Castellum. Castellum's financing activities include, among other things, the execution of long and short-term loan agreements, the execution of interest rate derivatives, as well as the investment of liquidity surpluses through cash, deposits in banks and investments in T-bills and bank CDs. There is a risk that Castellum's counterparties will fail to perform their financial obligations to Castellum, which may have a material adverse impact on Castellum's operations, earnings and financial position.

Castellum may not be able to refinance its existing loans on competitive terms or at all.

External borrowing accounts form a large part of Castellum's supply of capital. As these loans mature, they must be repaid, extended or renewed in order to secure Castellum's need for long-term financing and liquidity. Castellum is continuously engaged in the renegotiation of credit facilities and the addition of new facilities as needed. The conditions for Castellum refinancing loan facilities as they expire depend on access to financing at the time and Castellum's financial position. Although Castellum has access to long-term financing at the moment, it is possible that Castellum may in future breach the financial obligations pursuant to its credit agreements, which may cause the lenders in question to terminate the agreements. In the event that Castellum is unable to secure refinancing or can only obtain refinancing at substantially increased costs, this may have a material adverse impact on Castellum's operations, earnings and financial position.

A change in the controlling ownership of Castellum could result in the requirement for Castellum to repay under the terms of its existing financing agreements and Notes issued under the Programme and adversely affect its ability to secure subsequent refinancing.

If, for whatever reason, an individual investor or specific group of investors were to form a controlling majority shareholder in Castellum, this could trigger terms in loan agreements or other instruments that result in the termination or repayment of such agreements or instruments or a need to renegotiate them. Such a provision is included in Castellum's domestic MTN programme (the **Domestic MTN Programme**), some loan agreements in place with lenders and the Programme. Furthermore, such an event could result in a changed credit rating of Castellum. In the event of a change in controlling ownership, Castellum's ability to secure refinancing may be adversely affected, which could indirectly affect the Group's ownership of properties and therefore have a material adverse impact on the Group's operations, earnings and financial position.

The terms and conditions of the notes issued under the Domestic MTN Programme stipulate that Noteholders are entitled to early redemption if one or more shareholders, individually or jointly, directly or indirectly, were to own shares representing more than 50 per cent. of the voting capital in Castellum. For Notes issued under the Programme, there is a similar provision set out at Condition 7.6 (*Redemption at the option of the Noteholders upon a Change of Control (Change of Control Put)*) of the Terms and Conditions of the Notes, which provides for a change of control where one or more persons acting together acquire shares representing more than 50 per cent. of the voting capital in Castellum and includes (in summary) the added requirement for a downgrade in Castellum's credit rating following the relevant change of control before Noteholders are entitled to early redemption. Given this difference in the change of control event and the additional credit rating downgrade requirement, there is a risk to Noteholders that creditors under existing financings may exercise their right to repayment ahead of Noteholders in the event that the change of control under the Programme is not triggered, for example because there has not been a credit rating downgrade following a change in controlling ownership of Castellum. This could result in the claim for repayment by Noteholders on a subsequent winding up of Castellum being prejudiced as other unsecured creditors under existing financings may have been repaid prior to the Noteholders' claim, thereby reducing the assets available to Castellum to satisfy such claims by the Noteholders.

Breach of financial covenants may lead to Castellum's creditors accelerating its loans.

Castellum's bank loan agreements usually include both financial and other covenants. Such covenants may, for example, relate to an interest-coverage ratio or loan volumes relative to the fair value of Castellum's properties.

As security for bank loans, Castellum may grant mortgages over certain properties or security interests in intragroup claims against subsidiaries, or Castellum may issue shares in its subsidiaries, or provide guarantees.

In the event that Castellum breaches its financial covenants in a loan agreement, this may lead to the acceleration of loans or to credit institutions having recourse to pledged assets, which may have a material adverse impact on Castellum's operations, earnings and financial position.

Major unforeseen payment obligations may impact on Castellum's liquidity.

Major payment obligations may arise in conjunction with the refinancing of loans in the event that lenders demand a lower loan-to-value ratio or if the relevant property falls in value following the drawing of the relevant loan by Castellum. In addition, Castellum's payment obligations primarily comprise operating expenses, such as costs for heating, electricity, water and refuse collection, agreed maintenance charges, investments in project development and other investments, as well as interest on, and the repayment of, debts. Major unforeseen payment obligations may arise for Castellum, and there remains a possibility of non-payment to Castellum of large rent amounts. There is a risk that Castellum's liquidity will be insufficient to cover the performance of its payment obligations, which may have a material adverse impact on Castellum's operations, earnings and financial position.

Movements in exchange rates may adversely affect Castellum's business.

The Swedish krona is Castellum's reporting currency, but the Group also has revenues, expenses, assets and liabilities in currencies other than the Swedish krona. Castellum's currency exposure is limited to the Danish krone and the Euro and relates to the properties that the Group owns in Denmark and Finland. Currency exposure arises in connection with the purchase and sale of goods and services in currencies other than the local currency of Castellum's relevant subsidiary (transaction exposure), and the translation into Swedish krona of the balance sheets and income statements of the relevant foreign subsidiaries that are reported in foreign currency (translation exposure). In cases where currency derivatives are used, Castellum practices hedge accounting for net investments in foreign operations. Castellum's interest rate derivatives or currency derivatives change in value in the event of changes in the exchange rate between DKK and SEK and EUR and SEK. Accordingly Castellum is exposed to exchange rates movements that could affect its income statement and balance sheet, which may have a material adverse impact on Castellum's operations, earnings and financial position.

FACTORS WHICH ARE MATERIAL FOR THE PURPOSE OF ASSESSING THE MARKET RISKS ASSOCIATED WITH NOTES ISSUED UNDER THE PROGRAMME

Risks related to the structure of a particular issue of Notes

A range of Notes may be issued under the Programme. A number of these Notes may have features which contain particular risks for potential investors. Set out below is a description of the most common such features which may occur in relation to any Notes:

If the Issuer has the right to redeem any Notes at its option, this may limit the market value of the Notes concerned and an investor may not be able to reinvest the redemption proceeds in a manner which achieves a similar effective return.

An optional redemption feature is likely to limit the market value of Notes. During any period when the Issuer may elect to redeem Notes, the market value of those Notes generally will not rise substantially above the price at which they can be redeemed. This also may be true prior to any redemption period.

The Issuer may be expected to redeem Notes when its cost of borrowing is lower than the interest rate on the Notes. At those times, an investor generally would not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Notes being redeemed and may only be able to do so at a significantly lower rate. Potential investors should consider reinvestment risk in light of other investments available at that time.

If the Notes include a feature to convert the interest basis from a fixed rate to a floating rate, or vice versa, this may affect the secondary market and the market value of the Notes concerned.

Fixed/Floating Rate Notes are Notes which bear interest at a rate that converts from a fixed rate to a floating rate, or from a floating rate to a fixed rate. Such a feature to convert the interest basis, and any conversion of the interest basis, may affect the secondary market in, and the market value of, such Notes as the change of interest basis may result in a lower interest return for Noteholders. Where the Notes convert from a fixed rate to a floating rate, the spread on the Fixed/Floating Rate Notes may be less favourable than then prevailing spreads on comparable Floating Rate Notes tied to the same reference rate. In addition, the new floating rate at any time may be lower than the rates on other Notes. Where the Notes convert from a floating rate to a fixed rate, the fixed rate may be lower than then prevailing rates on those Notes and could affect the market value of an investment in the relevant Notes.

Notes which are issued at a substantial discount or premium may experience price volatility in response to changes in market interest rates.

The market values of securities issued at a substantial discount (such as Zero Coupon Notes) or premium to their principal amount tend to fluctuate more in relation to general changes in interest rates than do prices for more conventional interest-bearing securities. Generally, the longer the remaining term of such securities, the greater the price volatility as compared to more conventional interest-bearing securities with comparable maturities.

The regulation and reform of "benchmarks" may adversely affect the value of Notes linked to or referencing such "benchmarks".

Interest rates and indices which are deemed to be "benchmarks", (including the London Interbank Offered Rate (**LIBOR**), the Euro Interbank Offered Rate (**EURIBOR**), the Copenhagen Interbank Offered Rate (**CIBOR**), the Stockholm Interbank Offered Rate (**STIBOR**) and the Norwegian Interbank Offered Rate (**NIBOR**)) are the subject of recent national and international regulatory guidance and proposals for reform. Some of these reforms are already effective while others are still to be implemented. These reforms may cause such benchmarks to perform differently than in the past, to disappear entirely, or have other consequences which cannot be predicted. Any such consequence could have a material adverse effect on any Notes linked to or referencing such a "benchmark". Regulation (EU) 2016/1011 (the **Benchmarks Regulation**) was published in the Official Journal of the EU on 29 June 2016 and has applied from 1 January 2018. The Benchmarks Regulation applies to the provision of benchmarks, the contribution of input data to a benchmark and the use of a benchmark within the EU. It will, among other things, (i) require benchmark administrators to be authorised or registered (or, if non-EU-based, to be subject to an equivalent regime or otherwise recognised or endorsed) and (ii) prevent certain uses by EU supervised entities of "benchmarks" of administrators that are not authorised or registered (or, if non-EU based, not deemed equivalent or recognised or endorsed).

The Benchmarks Regulation could have a material impact on any Notes linked to or referencing a "benchmark", in particular if the methodology or other terms of the "benchmark" are changed in order to comply with the requirements of the Benchmarks Regulation. Such changes could, among other things, have the effect of reducing, increasing or otherwise affecting the volatility of the published rate or level of "benchmark". Changes in the manner of administration of any "benchmark" could require or result in an adjustment to the interest provisions of the Conditions (as further described in Condition 5.2(f) (*Interest – Interest on Floating Rate Notes – Benchmark Event*)), or result in other consequences, in respect of any Notes linked to such "benchmark".

More broadly, any of the international or national reforms, or the general increased regulatory scrutiny of "benchmarks", could increase the costs and risks of administering or otherwise participating in the setting of a "benchmark" and complying with any such regulations or requirements. Such factors may have the following effects on certain "benchmarks" (including LIBOR, EURIBOR, CIBOR, STIBOR and NIBOR): (i) discourage market participants from continuing to administer or contribute to the "benchmark"; (ii) trigger changes in the rules or methodologies used in the "benchmark"; or (iii) lead to the disappearance of the "benchmark". Any of the above changes or any other consequential changes as a result of international or national reforms or other initiatives or investigations, could have a material adverse effect on the value of and return on any Notes linked to or referencing a "benchmark".

Investors should consult their own independent advisers and make their own assessment about the potential risks imposed by the Benchmarks Regulation reforms in making any investment decision with respect to any Notes linked to or referencing a "benchmark".

Future discontinuance of LIBOR or other benchmark rates may adversely affect the value of Floating Rate Notes which reference LIBOR or such other benchmark rates

On 27 July 2017, the Chief Executive of the United Kingdom Financial Conduct Authority (the **FCA**), which regulates LIBOR, announced that it does not intend to continue to persuade, or use its powers to compel, panel banks to submit rates for the calculation of LIBOR to the administrator of LIBOR after 2021 (the **2017 FCA Announcement**). On 12 July 2018, the FCA further announced that the LIBOR benchmark may cease to be a regulated benchmark under the Benchmark Regulation (the **2018 FCA Announcement**). The 2017 FCA Announcement and the 2018 FCA Announcement indicate that the continuation of LIBOR on the current basis is not guaranteed after 2021 and that steps are being taken to transition from the LIBOR benchmark to alternative interest rate benchmarks. It is not possible to predict whether, and to what extent, panel banks will continue to provide LIBOR submissions to the administrator of LIBOR going forwards. This may cause LIBOR to perform differently than it did in the past and may have other consequences which cannot be predicted.

The elimination of the LIBOR benchmark or any other benchmark, or changes in the manner of administration of any benchmark, could require or result in an adjustment to the interest calculation provisions of the Conditions (as further described in Condition 5.2(f) (*Benchmark Event*)), or result in adverse consequences to holders of any securities linked to such benchmark (including Floating Rate Notes whose interest rates are linked to LIBOR or any other such benchmark that is subject to reform). Furthermore, even prior to the implementation of any changes, uncertainty as to the nature of alternative reference rates and as to potential changes to such benchmark may adversely affect such benchmark during the term of the relevant Notes, the return on the relevant Notes and the trading market for securities based on the same benchmark.

The terms and conditions of the Notes provide for certain fallback arrangements in the event that a published benchmark, such as LIBOR, (including any page on which such benchmark may be published (or any successor service)) becomes unavailable. Depending on the manner in which the benchmark rate is to be determined under the conditions of the Notes, this may (i) if ISDA Determination applies, be reliant upon the provision by reference banks of offered quotations for the benchmark rate which, depending on market circumstances, may not be available at the relevant time or (ii) if Screen Rate Determination applies, include

the possibility that the rate of interest could be set by reference to a Successor Rate or an Alternative Reference Rate (each as defined in the Conditions) and that such Successor Rate or Alternative Reference Rate may be adjusted (if required) in order to reduce or eliminate any economic prejudice or benefit (as applicable) to investors arising out of the replacement of the Original Reference Rate (as defined in the Conditions). In certain circumstances the ultimate fallback of interest for a particular Interest Period may result in the rate of interest for the last preceding Interest Period being used. This may result in the effective application of a fixed rate based on the rate for Floating Rate Notes which was observed on the Relevant Screen Page applied in the previous period when the Original Reference Rate was available (as further described in Condition 5.2 (*Interest – Interest on Floating Rate Notes*)). In addition, due to the uncertainty concerning the availability of successor rates and alternative reference rates and the involvement of an Independent Adviser, the relevant fallback provisions may not operate as intended at the relevant time.

Any such consequences could have a material adverse effect on the value of and return on any such Floating Rate Notes. Moreover, any of the foregoing or any other significant change to the setting or existence of any relevant reference rate could affect the ability of the Issuer to meet its obligations under the Floating Rate Notes or could have an adverse effect on the value or liquidity of, and return on, any Floating Rate Notes. Investors should consider these matters when making their investment decision with respect to the relevant Floating Rate Notes.

Risks related to Notes generally

Set out below is a description of material risks relating to the Notes generally:

The claims of holders of the Notes are structurally subordinated.

As is common for property companies, Castellum's operations are principally conducted through subsidiaries. Accordingly, Castellum is, and will be, dependent on its subsidiaries' operations to service its payment obligations in respect of the Notes. The Notes are structurally subordinated to the claims of all holders of debt securities and other creditors, including trade creditors, of Castellum's subsidiaries, and structurally and/or effectively subordinated to the extent of the value of collateral to all Castellum's and its subsidiaries' secured creditors. The Notes will not be guaranteed by any of Castellum's subsidiaries or any other company or person. In the event of an insolvency, bankruptcy, liquidation, reorganisation, dissolution or winding up of the business of any of Castellum's subsidiaries, unsecured creditors of such subsidiaries, secured creditors and obligations that may be preferred by provisions of law that are mandatory and of general application will generally have the right to be paid in full before any distribution is made to Castellum.

The Notes will be effectively subordinated to any of Castellum's existing secured and future secured indebtedness.

The Notes are unsecured obligations of Castellum. The Notes are, therefore, effectively subordinated to Castellum's existing secured indebtedness and future secured indebtedness. Accordingly, holders of Castellum's secured indebtedness will have claims that are superior to the claims of Noteholders to the extent of the value of the assets securing such other indebtedness. In the event of a bankruptcy, liquidation or dissolution of Castellum, the assets that serve as collateral for any secured indebtedness of Castellum would be available to satisfy the obligations under the secured indebtedness before any payments are made on the Notes. Other than as set out in Condition 4.1 (*Negative Pledge*) and Condition 4.2 (*Financial Covenants*), the Conditions do not prohibit Castellum from incurring and securing future indebtedness. To the extent that the Issuer were to secure any of its future indebtedness, to the extent not required to secure the Notes, Castellum's obligations, in respect of the Notes, would be effectively subordinated to such secured indebtedness to the extent of the value of the security securing such indebtedness.

The conditions of the Notes contain provisions which may permit their modification without the consent of all investors.

The conditions of the Notes contain provisions for calling meetings of Noteholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Noteholders including Noteholders who did not attend and vote at the relevant meeting and Noteholders who voted in a manner contrary to the majority.

The value of the Notes could be adversely affected by a change in English law or administrative practice.

The conditions of the Notes and any non-contractual obligations arising out of or in connection with such Notes are based on English law in effect as at the date of this Base Prospectus. No assurance can be given as to the impact of any possible judicial decision or change to English law or administrative practice after the date of this Base Prospectus and any such change could materially adversely impact the value of any Notes affected by it.

Enforceability of judgments.

The United Kingdom (the **UK**) is due to leave the European Union (the **EU**) on 29 March 2019. The UK and the EU are currently negotiating a withdrawal agreement, the published draft of which proposes a transitional period, from 30 March 2019 to 31 December 2020 during which EU law would continue to apply to the UK. If no new reciprocal agreement on civil justice is agreed at the end of such a transition period (or if no such transition period is agreed), there will be a period of uncertainty concerning the enforcement of English court judgments in Sweden as the current regulation concerning the recognition and enforcement of judgments that applies between the UK and EU Member States, namely the Recast Brussels Regulation (Regulation (EU) No. 1215/2012 of the European Parliament and of the Council of 12 December 2012) would cease to apply to the UK (and UK judgments). Further the UK would no longer be a party to the Lugano Convention under which judgments from the courts of contracting states (currently the EU, plus Switzerland, Iceland and Norway) are recognised and enforced in other contracting states. As a result, a judgment entered against the Issuer in a UK court may not be recognised or enforceable in Sweden as a matter of law without a re-trial on its merits (but will be of persuasive authority as a matter of evidence before the courts of law, arbitral tribunals or executive or other public authorities in Sweden).

The draft withdrawal agreement provides that judgments issued by UK courts in proceedings instituted before the end of the transition period will continue to be recognised and enforced in the EU pursuant to the Recast Regulation. Further, in its White Paper from July 2018, the UK Government states that it will seek to participate in the Lugano Convention on leaving the EU, which would mean English judgments would continue to be recognised and enforced in Sweden (and other contracting states). In the same White Paper, the UK Government also stated it will seek a new bilateral agreement with the EU27 concerning cooperation in the area of civil justice including arrangements for the continued mutual recognition and enforcement of judgments.

Investors who hold less than the minimum Specified Denomination may be unable to sell their Notes and may be adversely affected if definitive Notes are subsequently required to be issued.

In relation to any issue of Notes which have denominations consisting of a minimum Specified Denomination plus one or more higher integral multiples of another smaller amount, it is possible that such Notes may be traded in amounts in excess of the minimum Specified Denomination that are not integral multiples of such minimum Specified Denomination. In such a case a holder who, as a result of trading such amounts, holds an amount which is less than the minimum Specified Denomination in his account with the relevant clearing system would not be able to sell the remainder of such holding without first purchasing a principal amount of Notes at or in excess of the minimum Specified Denomination such that its holding amounts to a Specified Denomination. Further, a holder who, as a result of trading such amounts, holds an amount which is less than the minimum Specified Denomination in his account with the relevant clearing

system at the relevant time may not receive a definitive Note in respect of such holding (should definitive Notes be printed and would need to purchase a principal amount of Notes at or in excess of the minimum Specified Denomination such that its holding amounts to a Specified Denomination.

If such Notes in definitive form are issued, holders should be aware that definitive Notes which have a denomination that is not an integral multiple of the minimum Specified Denomination may be illiquid and difficult to trade.

Risks related to the market generally

Set out below is a description of material market risks, including liquidity risk, exchange rate risk, interest rate risk and credit risk:

An active secondary market in respect of the Notes may never be established or may be illiquid and this would adversely affect the value at which an investor could sell his Notes.

Notes may have no established trading market when issued, and one may never develop. If a market for the Notes does develop, it may not be very liquid. Therefore, investors may not be able to sell their Notes easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. This is particularly the case for Notes that are especially sensitive to interest rate, currency or market risks, are designed for specific investment objectives or strategies or have been structured to meet the investment requirements of limited categories of investors. These types of Notes generally would have a more limited secondary market and more price volatility than conventional debt securities.

If an investor holds Notes which are not denominated in the investor's home currency, he will be exposed to movements in exchange rates adversely affecting the value of his holding. In addition, the imposition of exchange controls in relation to any Notes could result in an investor not receiving payments on those Notes.

The Issuer will pay principal and interest on the Notes in the Specified Currency. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the **Investor's Currency**) other than the Specified Currency. These include the risk that exchange rates may significantly change (including changes due to devaluation of the Specified Currency or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to the Specified Currency would decrease (1) the Investor's Currency-equivalent yield on the Notes, (2) the Investor's Currency equivalent value of the principal payable on the Notes and (3) the Investor's Currency equivalent market value of the Notes.

Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate or the ability of the Issuer to make payments in respect of the Notes. As a result, investors may receive less interest or principal than expected, or no interest or principal.

The value of Fixed Rate Notes may be adversely affected by movements in market interest rates.

Investment in Fixed Rate Notes involves the risk that if market interest rates subsequently increase above the rate paid on the Fixed Rate Notes, this will adversely affect the value of the Fixed Rate Notes.

Credit ratings assigned to the Issuer or any Notes may not reflect all the risks associated with an investment in those Notes.

One or more independent credit rating agencies may assign credit ratings to the Issuer or the Notes. The ratings may not reflect the potential impact of all risks related to structure, market, additional factors

discussed above, and other factors that may affect the value of the Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be revised, suspended or withdrawn by the rating agency at any time.

In general, European regulated investors are restricted under the CRA Regulation from using credit ratings for regulatory purposes, unless such ratings are issued by a credit rating agency established in the EU and registered under the CRA Regulation (and such registration has not been withdrawn or suspended, subject to transitional provisions that apply in certain circumstances). Such general restriction will also apply in the case of credit ratings issued by non-EU credit rating agencies, unless the relevant credit ratings are endorsed by an EU-registered credit rating agency or the relevant non-EU rating agency is certified in accordance with the CRA Regulation (and such endorsement action or certification, as the case may be, has not been withdrawn or suspended, subject to transitional provisions that apply in certain circumstances). The list of registered and certified rating agencies published by the European Securities and Markets Authority (**ESMA**) on its website in accordance with the CRA Regulation is not conclusive evidence of the status of the relevant rating agency included in such list, as there may be delays between certain supervisory measures being taken against a relevant rating agency and the publication of the updated ESMA list. Certain information with respect to the credit rating agencies and ratings is set out on the cover of this Base Prospectus.

DOCUMENTS INCORPORATED BY REFERENCE

The following documents which have previously been published and have been filed with the Central Bank of Ireland shall be incorporated in, and form part of, this Base Prospectus:

- (a) The auditors' report and audited consolidated annual financial statements of the Issuer which are contained in the annual reports of the Issuer in respect of the financial years ended 31 December 2017 and 31 December 2016. These documents are available for viewing on the following websites:

Annual Report 2016:

<https://vp244.alertir.com/afw/files/press/castellum/CastellumAnnualReport2016.pdf>

Annual Report 2017:

https://vp244.alertir.com/afw/files/press/castellum/Castellum_Annual_Report_2017.pdf

- (b) The Q2 Half Year Report of the Issuer for the six months ended 30 June 2018 (which contains the unaudited reviewed consolidated financial statements of the Issuer for the six months ended 30 June 2018). This document is available for viewing on the following website:

<https://vp244.alertir.com/afw/files/press/castellum/201807130857-1.pdf>

- (c) The Q3 Interim Report of the Issuer for the nine months ended 30 September 2018 (which contains the unaudited consolidated financial statements of the Issuer for the nine months ended 30 September 2018). This document is available for viewing on the following website:

<https://vp244.alertir.com/afw/files/press/castellum/201810173095-1.pdf>

Following the publication of this Base Prospectus a supplement may be prepared by the Issuer and approved by the Central Bank of Ireland in accordance with Article 16 of the Prospectus Directive. Statements contained in any such supplement (or contained in any document incorporated by reference therein) shall, to the extent applicable (whether expressly, by implication or otherwise), be deemed to modify or supersede statements contained in this Base Prospectus or in a document which is incorporated by reference in this Base Prospectus. Any statement so modified or superseded shall not, except as so modified or superseded, constitute a part of this Base Prospectus.

Copies of documents incorporated by reference in this Base Prospectus can be obtained from the registered office of the Issuer, from the specified office of the Paying Agent for the time being in London and will be available for viewing on the website of Euronext Dublin at <http://www.ise.ie/Market-Data-Announcements/Debt/>.

Any documents themselves incorporated by reference in the documents incorporated by reference in this Base Prospectus shall not form part of this Base Prospectus.

The Issuer will, in the event of any significant new factor, material mistake or inaccuracy relating to information included in this Base Prospectus which is capable of affecting the assessment of any Notes, prepare a supplement to this Base Prospectus or publish a new Base Prospectus for use in connection with any subsequent issue of Notes.

FORM OF THE NOTES

The Notes of each Series will be in either bearer form, with or without interest coupons attached, or registered form, without interest coupons attached. Notes will be issued outside the United States in reliance on Regulation S under the Securities Act (**Regulation S**).

Bearer Notes

Each Tranche of Bearer Notes will be in bearer form and will initially be issued in the form of a temporary global note (a **Temporary Bearer Global Note**) or, if so specified in the applicable Final Terms, a permanent global note (a **Permanent Bearer Global Note** and, together with a Temporary Bearer Global Note, each a **Bearer Global Note**) which, in either case, will:

- (a) if the Bearer Global Notes are intended to be issued in new global note (**NGN**) form, as stated in the applicable Final Terms, be delivered on or prior to the original issue date of the Tranche to a common safekeeper (the **Common Safekeeper**) for Euroclear Bank SA/NV (**Euroclear**) and Clearstream Banking S.A. (**Clearstream, Luxembourg**); and
- (b) if the Bearer Global Notes are not intended to be issued in NGN Form, be delivered on or prior to the original issue date of the Tranche to a common depositary (the **Common Depositary**) for Euroclear and Clearstream, Luxembourg.

Where the Bearer Global Notes issued in respect of any Tranche are in NGN form, the applicable Final Terms will also indicate whether such Bearer Global Notes are intended to be held in a manner which would allow Eurosystem eligibility. Any indication that the Bearer Global Notes are to be so held does not necessarily mean that the Bearer Notes of the relevant Tranche will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any times during their life as such recognition depends upon satisfaction of the Eurosystem eligibility criteria. The Common Safekeeper for NGNs will either be Euroclear or Clearstream, Luxembourg or another entity approved by Euroclear and Clearstream, Luxembourg.

Whilst any Bearer Note is represented by a Temporary Bearer Global Note, payments of principal, interest (if any) and any other amount payable in respect of the Notes due prior to the Exchange Date (as defined below) will be made (against presentation of the Temporary Bearer Global Note if the Temporary Bearer Global Note is not intended to be issued in NGN form) only to the extent that certification (in a form to be provided) to the effect that the beneficial owners of interests in the Temporary Bearer Global Note are not U.S. persons or persons who have purchased for resale to any U.S. person, as required by U.S. Treasury regulations, has been received by Euroclear and/or Clearstream, Luxembourg and Euroclear and/or Clearstream, Luxembourg, as applicable, has given a like certification (based on the certifications it has received) to the Principal Paying Agent.

On and after the date (the **Exchange Date**) which is 40 days after a Temporary Bearer Global Note is issued, interests in such Temporary Bearer Global Note will be exchangeable (free of charge) upon a request as described therein either for (i) interests in a Permanent Bearer Global Note of the same Series or (ii) for definitive Bearer Notes of the same Series with, where applicable, interest coupons and talons attached (as indicated in the applicable Final Terms), in each case against certification of beneficial ownership as described above unless such certification has already been given, provided that purchasers in the United States and certain U.S. persons will not be able to receive definitive Bearer Notes. The holder of a Temporary Bearer Global Note will not be entitled to collect any payment of interest, principal or other amount due on or after the Exchange Date unless, upon due certification, exchange of the Temporary Bearer Global Note for an interest in a Permanent Bearer Global Note or for definitive Bearer Notes is improperly withheld or refused.

Payments of principal, interest (if any) or any other amounts on a Permanent Bearer Global Note will be made through Euroclear and/or Clearstream, Luxembourg (against presentation or surrender (as the case may be) of the Permanent Bearer Global Note if the Permanent Bearer Global Note is not intended to be issued in NGN form) without any requirement for certification.

The applicable Final Terms will specify that a Permanent Bearer Global Note will be exchangeable (free of charge), in whole but not in part, for definitive Bearer Notes with, where applicable, interest coupons and talons attached upon the occurrence of an Exchange Event. For these purposes, **Exchange Event** means that (i) an Event of Default (as defined in Condition 10 (*Events of Default and Enforcement*)) has occurred and is continuing, (ii) the Issuer has been notified that both Euroclear and Clearstream, Luxembourg have been closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or have announced an intention permanently to cease business or have in fact done so and no successor clearing system is available or (iii) the Issuer has or will become subject to adverse tax consequences which would not be suffered were the Notes represented by the Permanent Bearer Global Note in definitive form. The Issuer will promptly give notice to Noteholders in accordance with Condition 14 (*Notices*) if an Exchange Event occurs. In the event of the occurrence of an Exchange Event, Euroclear and/or Clearstream, Luxembourg (acting on the instructions of any holder of an interest in such Permanent Bearer Global Note) may give notice to the Principal Paying Agent requesting exchange and, in the event of the occurrence of an Exchange Event as described in (iii) above, the Issuer may also give notice to the Principal Paying Agent requesting exchange. Any such exchange shall occur not later than 45 days after the date of receipt of the first relevant notice by the Principal Paying Agent.

The following legend will appear on all Bearer Notes (other than Temporary Bearer Global Notes) and interest coupons and talons relating to such Notes where TEFRA D is specified in the applicable Final Terms:

"ANY UNITED STATES PERSON WHO HOLDS THIS OBLIGATION WILL BE SUBJECT TO LIMITATIONS UNDER THE UNITED STATES INCOME TAX LAWS, INCLUDING THE LIMITATIONS PROVIDED IN SECTIONS 165(j) AND 1287(a) OF THE INTERNAL REVENUE CODE."

The sections referred to provide that United States holders, with certain exceptions, will not be entitled to deduct any loss on Bearer Notes or interest coupons or talons and will not be entitled to capital gains treatment in respect of any gain on any sale, disposition, redemption or payment of principal in respect of Bearer Notes or interest coupons or talons.

Notes which are represented by a Bearer Global Note will only be transferable in accordance with the rules and procedures for the time being of Euroclear or Clearstream, Luxembourg, as the case may be.

Registered Notes

The Registered Notes of each Tranche will initially be represented by a global note in registered form (a **Registered Global Note**).

Registered Global Notes will be deposited with a common depository or, if the Registered Global Notes are to be held under the new safe-keeping structure (the **NSS**), a common safekeeper, as the case may be for Euroclear and Clearstream, Luxembourg, and registered in the name of the nominee for the Common Depository of, Euroclear and Clearstream, Luxembourg or in the name of a nominee of the common safekeeper, as specified in the applicable Final Terms. Persons holding beneficial interests in Registered Global Notes will be entitled or required, as the case may be, under the circumstances described below, to receive physical delivery of definitive Notes in fully registered form. Where the Registered Global Notes issued in respect of any Tranche is intended to be held under the NSS, the applicable Final Terms will indicate whether or not such Registered Global Notes are intended to be held in a manner which would allow Eurosystem eligibility. Any indication that the Registered Global Notes are to be so held does not necessarily

mean that the Notes of the relevant Tranche will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any time during their life as such recognition depends upon satisfaction of the Eurosystem eligibility criteria. The common safekeeper for a Registered Global Note held under the NSS will either be Euroclear or Clearstream, Luxembourg or another entity approved by Euroclear and Clearstream, Luxembourg.

Payments of principal, interest and any other amount in respect of the Registered Global Notes will, in the absence of provision to the contrary, be made to the person shown on the Register (as defined in Condition 6.4 (*Payments - Payments in respect of Registered Notes*)) as the registered holder of the Registered Global Notes. None of the Issuer, any Paying Agent or the Registrar will have any responsibility or liability for any aspect of the records relating to or payments or deliveries made on account of beneficial ownership interests in the Registered Global Notes or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

Payments of principal, interest or any other amount in respect of the Registered Notes in definitive form will, in the absence of provision to the contrary, be made to the persons shown on the Register on the relevant Record Date (as defined in Condition 6.4 (*Payments - Payments in respect of Registered Notes*)) immediately preceding the due date for payment in the manner provided in that Condition.

Interests in a Registered Global Note will be exchangeable (free of charge), in whole but not in part, for definitive Registered Notes without interest coupons or talons attached only upon the occurrence of an Exchange Event. For these purposes, **Exchange Event** means that (i) an Event of Default has occurred and is continuing, (ii) in the case of Notes registered in the name of a nominee for a common depository or a Common Safekeeper for Euroclear and Clearstream, Luxembourg, the Issuer has been notified that both Euroclear and Clearstream, Luxembourg have been closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or have announced an intention permanently to cease business or have in fact done so and, in any such case, no successor clearing system is available or (iii) the Issuer has or will become subject to adverse tax consequences which would not be suffered were the Notes represented by the Registered Global Note in definitive form. The Issuer will promptly give notice to Noteholders in accordance with Condition 14 (*Notices*) if an Exchange Event occurs. In the event of the occurrence of an Exchange Event, Euroclear and/or Clearstream, Luxembourg or any person acting on their behalf (acting on the instructions of any holder of an interest in such Registered Global Note) may give notice to the Registrar requesting exchange and, in the event of the occurrence of an Exchange Event as described in (iii) above, the Issuer may also give notice to the Registrar requesting exchange. Any such exchange shall occur not later than 10 days after the date of receipt of the first relevant notice by the Registrar.

No beneficial owner of an interest in a Registered Global Note will be able to transfer such interest, except in accordance with the applicable procedures of Euroclear and Clearstream, Luxembourg, in each case to the extent applicable.

General

Pursuant to the Agency Agreement (as defined under "*Terms and Conditions of the Notes*"), the Principal Paying Agent shall arrange that, where a further Tranche of Notes is issued which is intended to form a single Series with an existing Tranche of Notes at a point after the Issue Date of the further Tranche, the Notes of such further Tranche shall be assigned a common code and ISIN which are different from the common code and ISIN assigned to Notes of any other Tranche of the same Series until such time as the Tranches are consolidated and form a single Series, which shall not be prior to the expiry of the distribution compliance period (as defined in Regulation S under the Securities Act) applicable to the Notes of such Tranche.

Any reference herein to Euroclear and/or Clearstream, Luxembourg shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system specified in the applicable Final Terms.

A Note may be accelerated by the holder thereof in certain circumstances described in Condition 10 (*Events of Default and Enforcement*). In such circumstances, where any Note is still represented by a Global Note and the Global Note (or any part thereof) has become due and repayable in accordance with the Terms and Conditions of such Notes and payment in full of the amount due has not been made in accordance with the provisions of the Global Note then from 8.00 p.m. (London time) on such day holders of interests in such Global Note credited to their accounts with Euroclear and/or Clearstream, Luxembourg as the case may be, will become entitled to proceed directly against the Issuer on the basis of statements of account provided by Euroclear and/or Clearstream, Luxembourg on and subject to the terms of a deed of covenant (the **Deed of Covenant**) dated 2 November 2018 and executed by the Issuer.

The Issuer may agree with any Dealer that Notes may be issued in a form not contemplated by the Terms and Conditions of the Notes, in which event, a new Base Prospectus will be made available which will describe the effect of the agreement reached in relation to such Notes.

APPLICABLE FINAL TERMS

FORM OF FINAL TERMS

[PROHIBITION OF SALES TO EEA RETAIL INVESTORS – The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (EEA). For these purposes, a **retail investor** means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, **MiFID II**); (ii) a customer within the meaning of Directive 2002/92/EC (as amended or superseded, the **Insurance Mediation Directive**), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in Directive 2003/71/EC (as amended or superseded, the **Prospectus Directive**). Consequently no key information document required by Regulation (EU) No 1286/2014 (the **PRIIPs Regulation**) for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.]

[MIFID II product governance / Professional investors and ECPs only target market – Solely for the purposes of [the/each] manufacturer's product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is eligible counterparties and professional clients only, each as defined in [Directive 2014/65/EU (as amended, **MiFID II**)] [MiFID II]; and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. [*Consider any negative target market*]. Any person subsequently offering, selling or recommending the Notes (a **distributor**) should take into consideration the manufacturer['s/s'] target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturer['s/s'] target market assessment) and determining appropriate distribution channels.]

[Date]

Castellum AB

Legal Entity Identifier (LEI): 549300GU5OHTR1T5IY68

**Issue of [Aggregate Nominal Amount of Tranche] [Title of Notes]
under the €2,000,000,000**

Euro Medium Term Note Programme

PART A – CONTRACTUAL TERMS

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the **Conditions**) set forth in the Base Prospectus dated 2 November 2018 [and the supplement[s] to it dated [date] [and [date]]] which [together] constitute[s] a base prospectus for the purposes of the Prospectus Directive (the **Base Prospectus**). [This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with the Base Prospectus.]¹ Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Base Prospectus. [The Base Prospectus has been published on the website of the Irish Stock Exchange plc trading as Euronext Dublin (**Euronext Dublin**) at www.ise.ie.]

[Include whichever of the following apply or specify as "Not Applicable". Note that the numbering should remain as set out below, even if "Not Applicable" is indicated for individual paragraphs or subparagraphs]

¹ Delete where the Notes are neither admitted to trading on a regulated market in the European Economic Area nor offered in the European Economic Area in circumstances where a prospectus is required to be published under the Prospectus Directive.

(in which case the sub-paragraphs of the paragraphs which are not applicable can be deleted). Italics denote directions for completing the Final Terms.]

[If the Notes have a maturity of less than one year from the date of their issue, the minimum denomination may need to be £100,000 or its equivalent in any other currency.]

1. Issuer: Castellum AB
2. (a) Series Number: []
(b) Tranche Number: []
(c) Date on which the Notes will be consolidated and form a single Series: The Notes will be consolidated and form a single Series with *[identify earlier Tranches]* on [the Issue Date/the date that is 40 days after the Issue Date/exchange of the Temporary Global Note for interests in the Permanent Global Note, as referred to in paragraph 24 below, which is expected to occur on or about *[date]*][Not Applicable]
3. Specified Currency or Currencies: []
4. Aggregate Nominal Amount:
(a) Series: []
(b) Tranche: []
5. Issue Price: [] per cent. of the Aggregate Nominal Amount [plus accrued interest from *[insert date]* (if applicable)]
6. (a) Specified Denominations: []
(N.B. Notes must have a minimum denomination of €100,000 (or equivalent))
(Note – where Bearer multiple denominations above €100,000 or equivalent are being used the following sample wording should be followed:
"[€100,000] and integral multiples of [€1,000] in excess thereof up to and including [€199,000]. No Notes in definitive form will be issued with a denomination above [€199,000].")
(b) Calculation Amount (in relation to calculation of interest on Notes in global form see Conditions): []
(If only one Specified Denomination, insert the Specified Denomination. If more than one Specified Denomination, insert the highest common factor. Note: There must be a common factor in the case of two or more Specified Denominations.)

7. (a) Issue Date: []
- (b) Interest Commencement Date: [*specify*/Issue Date/Not Applicable]
(*N.B. An Interest Commencement Date will not be relevant for certain Notes, for example Zero Coupon Notes.*)
8. Maturity Date: *Specify date or for Floating Rate Notes – Interest Payment Date falling in or nearest to [specify month and year]]*
9. Interest Basis: [[] per cent. Fixed Rate]
[[[] month
[LIBOR/EURIBOR/CIBOR/STIBOR/NIBOR]] +/- [] per cent. Floating Rate]
[Zero coupon]
(see paragraph [14]/[15]/[16] below)
10. Redemption Basis: Subject to any purchase and cancellation or early redemption, the Notes will be redeemed on the Maturity Date at 100 per cent. of their nominal amount
11. Change of Interest Basis: [*Specify the date when any fixed to floating rate change occurs or cross refer to paragraphs 14 and 15 below and identify there*][Not Applicable]
12. Put/Call Options: [Issuer Call]
[Issuer Par Call]
[Investor Put]
[Change of Control Put]
[(see paragraph [18]/[19]/[20]/[21] below)]
13. (a) Status of the Notes: Senior
- (b) Date Board approval for issuance of Notes obtained: []
(*N.B. Only relevant where Board (or similar) authorisation is required for the particular tranche of Notes*)

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

14. Fixed Rate Note Provisions [Applicable/Not Applicable]
(*If not applicable, delete the remaining subparagraphs of this paragraph*)
- (a) Rate(s) of Interest: [] per cent. per annum payable in arrear on each Interest Payment Date
- (b) Interest Payment Date(s): [] in each year up to and including the Maturity Date
- (c) Fixed Coupon Amount(s) for Notes in definitive form (and in relation to [[] per Calculation Amount]

Notes in global form see Conditions):

(d) Broken Amount(s) for Notes in definitive form (and in relation to Notes in global form see Conditions): [[] per Calculation Amount, payable on the Interest Payment Date falling [in/on] []][Not Applicable]

(e) Day Count Fraction: [30/360] [Actual/Actual (ICMA)]

(f) Determination Date(s): [[] in each year][Not Applicable]
(Only relevant where Day Count Fraction is Actual/Actual (ICMA). In such a case, insert regular interest payment dates, ignoring issue date or maturity date in the case of a long or short first or last coupon)

(g) Step Up Rating Change and/or Step Down Rating Change: [Applicable/Not Applicable]
(If not applicable, delete the remaining subparagraph of this paragraph)

(h) Step Up Margin: [[] per cent. per annum]

15. Floating Rate Note Provisions [Applicable/Not Applicable]
(If not applicable, delete the remaining subparagraphs of this paragraph)

(a) Specified Period(s)/Specified Interest Payment Dates: [] [, subject to adjustment in accordance with the Business Day Convention set out in (b) below/, not subject to adjustment, as the Business Day Convention in (b) below is specified to be Not Applicable]

(b) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention][Not Applicable]

(c) Additional Business Centre(s): []

(d) Manner in which the Rate of Interest and Interest Amount is to be determined: [Screen Rate Determination/ISDA Determination]

(e) Party responsible for calculating the Rate of Interest and Interest Amount (if not the Agent): []

(f) Screen Rate Determination:

- Reference Rate: [] month [LIBOR/EURIBOR/CIBOR/STIBOR/NIBOR]

- Interest Determination []

Date(s):

(Second London business day prior to the start of each Interest Period if LIBOR (other than Sterling or euro LIBOR), first day of each Interest Period if Sterling LIBOR, the second day on which the TARGET2 System is open prior to the start of each Interest Period if EURIBOR or euro LIBOR, second Copenhagen business day prior to the start of each Interest Period if CIBOR, second Stockholm business day prior to the start of each Interest Period if STIBOR and second Oslo business day prior to the start of each Interest Period if NIBOR)

- Relevant Screen Page:

[]

(In the case of EURIBOR, if not Reuters EURIBOR01 ensure it is a page which shows a composite rate or amend the fallback provisions appropriately)

(g) ISDA Determination:

- Floating Rate Option:

[]

- Designated Maturity:

[]

- Reset Date:

[]

(h) Linear Interpolation:

[Not Applicable/Applicable - the Rate of interest for the [long/short] [first/last] Interest Period shall be calculated using Linear Interpolation (*specify for each short or long interest period*)]

(i) Margin(s):

[+/-] [] per cent. per annum

(j) Minimum Rate of Interest:

[] per cent. per annum

(k) Maximum Rate of Interest:

[] per cent. per annum

(l) Day Count Fraction:

[Actual/Actual (ISDA)][Actual/Actual]
Actual/365 (Fixed)
Actual/365 (Sterling)
Actual/360
[30/360][360/360][Bond Basis]
[30E/360][Eurobond Basis]
30E/360 (ISDA)]

(m) Step Up Rating Change and/or Step Down Rating Change:

[Applicable/Not Applicable]

(If not applicable, delete the remaining subparagraph of this paragraph)

(n) Step Up Margin:

[] per cent. per annum]

16. Zero Coupon Note Provisions

[Applicable/Not Applicable]

(If not applicable, delete the remaining

subparagraph of this paragraph)

- (a) Accrual Yield: [] per cent. per annum
- (b) Reference Price: []
- (c) Day Count Fraction in relation to Early Redemption Amounts: [30/360]
[Actual/360]
[Actual/365]

PROVISIONS RELATING TO REDEMPTION

- 17. Notice periods for Condition 7.2: Minimum period: [30] days
Maximum period: [60] days

- 18. Issuer Call: [Applicable/Not Applicable]
(If not applicable, delete the remaining subparagraphs of this paragraph)
 - (a) Optional Redemption Date(s): []
 - (b) Optional Redemption Amount: [[] per Calculation Amount][Spens Amount][Make-whole Amount]
 - (A) Reference Bond []/[Not Applicable]
 - (B) Redemption Margin []
 - (C) Quotation Time []
 - (c) If redeemable in part: [Not Applicable]
 - (i) Minimum Redemption Amount: []
 - (ii) Maximum Redemption Amount: []
 - (d) Notice periods: Minimum period: [] days
Maximum period: [] days
(N.B. When setting notice periods, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems (which require a minimum of 5 clearing system business days' notice for a call) and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Principal Paying Agent.)

- 19. Issuer Par Call: [Applicable/Not Applicable]
(If not applicable, delete the remaining subparagraphs of this paragraph)
 - (a) Par Call Period: From (and including [] to (but excluding) the Maturity Date

(b) Notice Periods: Minimum period: [] days
Maximum period: [] days
(N.B. When setting notice periods, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems (which require a minimum of 5 clearing system business days' notice for a call) and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Principal Paying Agent.)

20. Investor Put: [Applicable/Not Applicable]
(If not applicable, delete the remaining subparagraphs of this paragraph)

(a) Optional Redemption Date(s): []

(b) Optional Redemption Amount: [] per Calculation Amount

(c) Notice Periods: Minimum period: [] days
Maximum period: [] days

21. Change of Control Put [Applicable/Not Applicable]
(If not applicable, delete the remaining subparagraphs of this paragraph)

Change of Control Redemption Amount: [] per Calculation Amount

22. Final Redemption Amount: [] per Calculation Amount

23. Early Redemption Amount payable on redemption for taxation reasons or on event of default: [] per Calculation Amount

GENERAL PROVISIONS APPLICABLE TO THE NOTES

24. Form of Notes:

(a) Form: [Bearer Notes: [Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for Definitive Notes upon an Exchange Event]

[Temporary Global Note exchangeable for Definitive Notes on and after the Exchange Date]

[Permanent Global Note exchangeable for Definitive Notes upon an Exchange Event]

[Notes shall not be physically delivered in Belgium, except to a clearing system, a depository or other institution for the purpose of their immobilisation in accordance with article 4 of the Belgian Law of 14

December 2005²]

(N.B. The option for an issue of Notes to be represented on issue by a Temporary Global Note exchangeable for Definitive Notes should not be expressed to be applicable if the Specified Denomination of the Notes in paragraph 6 includes language substantially to the following effect: "[€100,000] and integral multiples of [€1,000] in excess thereof up to and including [€199,000]." .)

[Registered Notes:

[Global Note registered in the name of a nominee for [a common depositary for Euroclear and Clearstream, Luxembourg][a common safekeeper for Euroclear and Clearstream, Luxembourg]

(b) New Global Note: [Yes][No]

(c) New Safekeeping Structure: [Yes][No]

25. Additional Financial Centre(s): [Not Applicable/give details]
(Note that this paragraph relates to the date of payment and not the end dates of Interest Periods for the purposes of calculating the amount of interest, to which sub-paragraphs 15(c) relates)

26. Talons for future Coupons to be attached to Definitive Notes: [Yes, as the Notes have more than 27 coupon payments, Talons may be required if, on exchange into definitive form, more than 27 coupon payments are still to be made/No]

[THIRD PARTY INFORMATION

[[*Relevant third party information*] has been extracted from [*specify source*]. The Issuer confirms that such information has been accurately reproduced and that, so far as it is aware and is able to ascertain from information published by [*specify source*], no facts have been omitted which would render the reproduced information inaccurate or misleading.]

Signed on behalf of **Castellum AB (publ)**:

By:

Duly authorised

² Include for Notes that are to be offered in Belgium.

PART B – OTHER INFORMATION

1. LISTING AND ADMISSION TO TRADING

(i) Listing and Admission to trading [Application has been made by the Issuer (or on its behalf) for the Notes to be admitted to trading on the Regulated Market of Euronext Dublin and listing on the official list of Euronext Dublin with effect from [].]

[Application is expected to be made by the Issuer (or on its behalf) for the Notes to be admitted to trading on the Regulated Market of Euronext Dublin and listing on the official list of Euronext Dublin with effect from [].]

(Where documenting a fungible issue need to indicate that original Notes are already admitted to trading.)

[Not Applicable]

(ii) Estimate of total expenses related to admission to trading: []

2. RATINGS

Ratings: [The Notes to be issued [[have been]/[have not been]/[are expected to be]] rated]:

[insert details] by [insert the legal name of the relevant credit rating agency entity(ies) and associated defined terms].

Each of *[defined terms]* is established in the European Union and is registered under Regulation (EC) No. 1060/2009 (as amended) (the **CRA Regulation**)

(The above disclosure should reflect the rating allocated to Notes of the type being issued under the Programme generally or, where the issue has been specifically rated, that rating.)

3. INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE

[Save for the fees [of *[insert relevant fee disclosure]* payable to the [Managers/Dealers], so far as the Issuer is aware, no person involved in the issue of the Notes has an interest material to the offer. The [Managers/Dealers] and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform other services for, the Issuer and its affiliates in the ordinary course of business - *Amend as appropriate if there are other*

interests]

[(When adding any other description, consideration should be given as to whether such matters described constitute "significant new factors" and consequently trigger the need for a supplement to the Base Prospectus under Article 16 of the Prospectus Directive.)]

4. **YIELD** (Fixed Rate Notes Only)

Indication of yield: []

The yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield.

5. **OPERATIONAL INFORMATION**

(i) ISIN: []

(ii) Common Code: []

(iii) CFI: [[]/Not Applicable]

(iv) FISN: [[]/Not Applicable]

(v) Any clearing system(s) other than [Euroclear and Clearstream, Luxembourg] and the relevant identification number(s): [Not Applicable/give name(s) and number(s)]

(vi) Delivery: Delivery [against/free of] payment

(vii) Names and addresses of additional Paying Agent(s) (if any): []

(viii) Intended to be held in a manner which would allow Eurosystem eligibility: [Yes. Note that the designation "yes" simply means that the Notes are intended upon issue to be deposited with one of the ICSDs as common safekeeper[, and registered in the name of a nominee of one of the ICSDs acting as common safekeeper] [include this text for Registered Notes which are to be held under the NSS] and does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.]

[No. Whilst the designation is specified as "no" at the date of these Final Terms, should the Eurosystem eligibility criteria be amended in the future such that the Notes are capable of meeting them the Notes may then be deposited with one of the ICSDs as

common safekeeper[, and registered in the name of a nominee of one of the ICSDs acting as common safekeeper][*include this text for Registered Notes*]. Note that this does not necessarily mean that the Notes will then be recognised as eligible collateral for Eurosystem monetary policy and intra day credit operations by the Eurosystem at any time during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.]

6. DISTRIBUTION

- (i) Method of distribution: [Syndicated/Non-syndicated]
- (ii) If syndicated, names of Managers: [Not Applicable/*give names*]
- (iii) Date of Subscription Agreement: []
- (iv) Stabilisation Manager(s) (if any): [Not Applicable/*give name*]
- (v) If non-syndicated, name of relevant Dealer: [Not Applicable/*give name*]
- (vi) U.S. Selling Restrictions: Reg. S Compliance Category 2; [TEFRA D/TEFRA C/TEFRA not applicable]
- (vii) Prohibition of Sales to EEA Retail Investors: [Applicable/Not Applicable]

(If the Notes clearly do not constitute "packaged" products, "Not Applicable" should be specified. If the Notes may constitute "packaged" products and no key information document will be prepared, "Applicable" should be specified.)
- (viii) Prohibition of Sales to Belgian Consumers: [Applicable/Not Applicable]

TERMS AND CONDITIONS OF THE NOTES

The following are the Terms and Conditions of the Notes which will be incorporated by reference into each Global Note (as defined below) and each definitive Note, in the latter case only if permitted by the relevant stock exchange or other relevant authority (if any) and agreed by the Issuer and the relevant Dealer at the time of issue but, if not so permitted and agreed, such definitive Note will have endorsed thereon or attached thereto such Terms and Conditions. The applicable Final Terms (or the relevant provisions thereof) will be endorsed upon, or attached to, each Global Note and definitive Note. Reference should be made to "Applicable Final Terms" for a description of the content of Final Terms which will specify which of such terms are to apply in relation to the relevant Notes.

This Note is one of a Series (as defined below) of Notes issued by Castellum AB (the **Issuer**) pursuant to the Agency Agreement (as defined below).

References herein to the **Notes** shall be references to the Notes of this Series and shall mean:

- (a) in relation to any Notes represented by a global Note (a **Global Note**), units of each Specified Denomination in the Specified Currency;
- (b) any Global Note;
- (c) any definitive Notes in bearer form (**Bearer Notes**) issued in exchange for a Global Note in bearer form; and
- (d) any definitive Notes in registered form (**Registered Notes**) (whether or not issued in exchange for a Global Note in registered form).

The Notes and the Coupons (as defined below) have the benefit of an Agency Agreement (such Agency Agreement as amended and/or supplemented and/or restated from time to time, the **Agency Agreement**) dated 2 November 2018 and made between the Issuer, Citibank, N.A., London Branch as issuing and principal paying agent and agent bank (the **Principal Paying Agent**, which expression shall include any successor principal paying agent) and as transfer agent (together with the Registrar, the **Transfer Agents**, which expression shall include any additional or successor transfer agents), the other paying agents named therein (together with the Principal Paying Agent, the **Paying Agents**, which expression shall include any additional or successor paying agents) and Citigroup Global Markets Europe AG as registrar (the **Registrar**, which expression shall include any successor registrar). The Principal Paying Agent, the Registrar, the Paying Agents and the Transfer Agents are together referred to as the **Agents**.

The final terms for this Note (or the relevant provisions thereof) are set out in Part A of the Final Terms attached to or endorsed on this Note which complete these Terms and Conditions (the **Conditions**). References to the **applicable Final Terms** are, unless otherwise stated, to Part A of the Final Terms (or the relevant provisions thereof) attached to or endorsed on this Note.

Interest bearing definitive Bearer Notes have interest coupons (**Coupons**) and, in the case of Bearer Notes which, when issued in definitive form, have more than 27 interest payments remaining, talons for further Coupons (**Talons**) attached on issue. Any reference herein to Coupons or coupons shall, unless the context otherwise requires, be deemed to include a reference to Talons or talons. Registered Notes and Global Notes do not have Coupons or Talons attached on issue.

Any reference to **Noteholders** shall mean (in the case of Bearer Notes) the holders of the Notes and (in the case of Registered Notes) the persons in whose name the Notes are registered and shall, in relation to any Notes represented by a Global Note, be construed as provided below. Any reference herein to

Couponholders shall mean the holders of the Coupons and shall, unless the context otherwise requires, include the holders of the Talons.

As used herein, **Tranche** means Notes which are identical in all respects (including as to listing and admission to trading) and **Series** means a Tranche of Notes together with any further Tranche or Tranches of Notes which (a) are expressed to be consolidated and form a single series and (b) have the same terms and conditions or terms and conditions which are the same in all respects save for the amount and date of the first payment of interest thereon and the date from which interest starts to accrue.

The Noteholders and the Couponholders are entitled to the benefit of the Deed of Covenant (such Deed of Covenant as modified and/or supplemented and/or restated from time to time, the **Deed of Covenant**) dated 2 November 2018 and made by the Issuer. The original of the Deed of Covenant is held by the common depositary for Euroclear (as defined below) and Clearstream, Luxembourg (as defined below).

Copies of the Agency Agreement and the Deed of Covenant are available for inspection during normal business hours at the specified office of each of the Paying Agents. If the Notes are to be admitted to trading on the regulated market of Euronext Dublin the applicable Final Terms will be published on the website of the Central Bank of Ireland. The Noteholders and the Couponholders are deemed to have notice of, and are entitled to the benefit of, all the provisions of the Agency Agreement, the Deed of Covenant and the applicable Final Terms which are applicable to them. The statements in the Conditions include summaries of, and are subject to, the detailed provisions of the Agency Agreement.

Words and expressions defined in the Agency Agreement or used in the applicable Final Terms shall have the same meanings where used in the Conditions unless the context otherwise requires or unless otherwise stated and provided that, in the event of inconsistency between the Agency Agreement and the applicable Final Terms, the applicable Final Terms will prevail.

In the Conditions, **euro** means the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty on the Functioning of the European Union, as amended.

1. FORM, DENOMINATION AND TITLE

The Notes are in bearer form or in registered form as specified in the applicable Final Terms and, in the case of definitive Notes, serially numbered, in the currency (the **Specified Currency**) and the denominations (the **Specified Denomination(s)**) specified in the applicable Final Terms. Notes of one Specified Denomination may not be exchanged for Notes of another Specified Denomination and Bearer Notes may not be exchanged for Registered Notes and *vice versa*.

This Note may be a Fixed Rate Note, a Floating Rate Note or a Zero Coupon Note, or a combination of any of the foregoing, depending upon the Interest Basis shown in the applicable Final Terms.

Definitive Bearer Notes are issued with Coupons attached, unless they are Zero Coupon Notes in which case references to Coupons and Couponholders in the Conditions are not applicable.

Subject as set out below, title to the Bearer Notes and Coupons will pass by delivery and title to the Registered Notes will pass upon registration of transfers in accordance with the provisions of the Agency Agreement. The Issuer and any Agent will (except as otherwise required by law) deem and treat the bearer of any Bearer Note or Coupon and the registered holder of any Registered Note as the absolute owner thereof (whether or not overdue and notwithstanding any notice of ownership or writing thereon or notice of any previous loss or theft thereof) for all purposes but, in the case of any Global Note, without prejudice to the provisions set out in the next succeeding paragraph.

For so long as any of the Notes is represented by a Global Note held on behalf of Euroclear Bank SA/NV (**Euroclear**) and/or Clearstream Banking S.A. (**Clearstream, Luxembourg**), each person

(other than Euroclear or Clearstream, Luxembourg) who is for the time being shown in the records of Euroclear or of Clearstream, Luxembourg as the holder of a particular nominal amount of such Notes (in which regard any certificate or other document issued by Euroclear or Clearstream, Luxembourg as to the nominal amount of such Notes standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error) shall be treated by the Issuer and the Agents as the holder of such nominal amount of such Notes for all purposes other than with respect to the payment of principal or interest on such nominal amount of such Notes, for which purpose the bearer of the relevant Bearer Global Note or the registered holder of the relevant Registered Global Note shall be treated by the Issuer and any Agent as the holder of such nominal amount of such Notes in accordance with and subject to the terms of the relevant Global Note and the expressions **Noteholder** and **holder of Notes** and related expressions shall be construed accordingly.

Notes which are represented by a Global Note will be transferable only in accordance with the rules and procedures for the time being of Euroclear and/or Clearstream, Luxembourg, as the case may be. References to Euroclear and/or Clearstream, Luxembourg shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system specified in Part B of the applicable Final Terms.

2. TRANSFERS OF REGISTERED NOTES

2.1 Transfers of interests in Registered Global Notes

Transfers of beneficial interests in Registered Global Notes will be effected by Euroclear or Clearstream, Luxembourg, as the case may be, and, in turn, by other participants and, if appropriate, indirect participants in such clearing systems acting on behalf of transferors and transferees of such interests. A beneficial interest in a Registered Global Note will, subject to compliance with all applicable legal and regulatory restrictions, be transferable for Notes in definitive form or for a beneficial interest in another Registered Global Note of the same series only in the authorised denominations set out in the applicable Final Terms and only in accordance with the rules and operating procedures for the time being of Euroclear or Clearstream, Luxembourg, as the case may be, and in accordance with the terms and conditions specified in the Agency Agreement.

2.2 Transfers of Registered Notes in definitive form

Subject as provided in paragraph 2.3 below, upon the terms and subject to the conditions set forth in the Agency Agreement, a Registered Note in definitive form may be transferred in whole or in part (in the authorised denominations set out in the applicable Final Terms). In order to effect any such transfer (a) the holder or holders must (i) surrender the Registered Note for registration of the transfer of the Registered Note (or the relevant part of the Registered Note) at the specified office of any Transfer Agent, with the form of transfer thereon duly executed by the holder or holders thereof or his or their attorney or attorneys duly authorised in writing and (ii) complete and deposit such other certifications as may be required by the relevant Transfer Agent and (b) the relevant Transfer Agent must, after due and careful enquiry, be satisfied with the documents of title and the identity of the person making the request. Any such transfer will be subject to such reasonable regulations as the Issuer and the Registrar may from time to time prescribe (the initial such regulations being set out in Schedule 6 to the Agency Agreement). Subject as provided above, the relevant Transfer Agent will, within three business days (being for this purpose a day on which banks are open for business in the city where the specified office of the relevant Transfer Agent is located) of the request (or such longer period as may be required to comply with any applicable fiscal or other laws or regulations), authenticate and deliver, or procure the authentication and delivery of, at its specified office to the transferee or (at the risk of the transferee) send by uninsured mail, to such address as the transferee may request, a new Registered Note in definitive form of a like aggregate nominal amount to the Registered Note (or the relevant part of the Registered Note) transferred. In the case of the

transfer of part only of a Registered Note in definitive form, a new Registered Note in definitive form in respect of the balance of the Registered Note not transferred will be so authenticated and delivered or (at the risk of the transferor) sent to the transferor.

2.3 Registration of transfer upon partial redemption

In the event of a partial redemption of Notes under Condition 7 (*Redemption and Purchase*), the Issuer shall not be required to register the transfer of any Registered Note, or part of a Registered Note, called for partial redemption.

2.4 Costs of registration

Noteholders will not be required to bear the costs and expenses of effecting any registration of transfer as provided above, except for any costs or expenses of delivery other than by regular uninsured mail and except that the Issuer may require the payment of a sum sufficient to cover any stamp duty, tax or other governmental charge that may be imposed in relation to the registration.

3. STATUS OF THE NOTES

The Notes and any relative Coupons are direct, unconditional, unsubordinated and (subject to the provisions of Condition 4.1 (*Negative Pledge*)) unsecured obligations of the Issuer and rank *pari passu* among themselves and (save for any obligations required to be preferred by law) equally with all other unsecured obligations (other than subordinated obligations, if any) of the Issuer, from time to time outstanding.

4. COVENANTS

4.1 Negative Pledge

So long as any of the Notes remains outstanding (as defined in the Agency Agreement) the Issuer will not, and will procure that none of its Subsidiaries (as defined below) will, create or have outstanding any mortgage, charge, lien, pledge or other security interest (each a **Security Interest**), other than a Permitted Security Interest, upon, or with respect to, any of its present or future business, undertaking, assets or revenues (including any uncalled capital) to secure any Relevant Indebtedness (as defined below), unless the Issuer, in the case of the creation of the Security Interest, before or at the same time and, in any other case, promptly, takes any and all action necessary to ensure that:

- (i) all amounts payable by it under the Notes and the Coupons are secured by the Security Interest equally and rateably with the Relevant Indebtedness; or
- (ii) such other Security Interest or other arrangement (whether or not it includes the giving of a Security Interest) is provided as is approved by an Extraordinary Resolution (as defined in the Agency Agreement) of the Noteholders.

4.2 Financial Covenants

So long as any Note remains outstanding:

- (a) the Issuer will not, and will not permit any Subsidiary to, incur directly or indirectly any Financial Indebtedness (excluding for the purposes of this Condition 4.2(a) Permitted Refinancing Indebtedness) if, on the date of such incurrence and after giving pro forma effect thereto (including pro forma application of the proceeds), (i) the Consolidated

Solvency Ratio would exceed 65 per cent., or (ii) the Secured Solvency Ratio would exceed 45 per cent.; and

- (b) the Issuer undertakes that on each Testing Date the Consolidated Coverage Ratio will be not less than 1.5:1.

4.3 Interpretation

For the purposes of these Conditions:

Consolidated Adjusted Income from Property Management means, in respect of any Testing Date, the number set out under the heading "Income from property management incl. results joint venture – of which income from property management" (or any equivalent line item) in the consolidated financial statements of the Issuer, to which Net Interest Charges should be added, in each case as set out in the most recent annual or interim, as the case may be, consolidated financial statement of the Issuer;

Consolidated Coverage Ratio means, in respect of any Testing Date, the ratio of (i) the aggregate amount of Consolidated Adjusted Income from Property Management to (ii) the aggregate amount of Net Interest Charges;

Consolidated Solvency Ratio means (i) the Consolidated Total Indebtedness (less cash and cash equivalents) divided by (ii) Consolidated Total Assets;

Consolidated Total Assets means the value of the consolidated total assets of the Group as shown in the most recent annual or interim, as the case may be, consolidated financial statements of the Issuer;

Consolidated Total Indebtedness means the total Financial Indebtedness (on a consolidated basis) of the Group as determined by reference to the most recent annual or interim, as the case may be, consolidated financial statements of the Issuer;

Financial Indebtedness means any indebtedness of any Person for money borrowed or raised including (without limitation) for or in respect of:

- (a) moneys borrowed;
- (b) any amount raised by acceptance under any acceptance credit facility or dematerialised equivalent;
- (c) any amount raised pursuant to any note purchase facility or the issue of bonds, notes, debentures, loan stock or any similar instrument;
- (d) receivables sold or discounted (other than any receivables to the extent they are sold on a non-recourse basis);
- (e) the amount of any liability in respect of leases or hire purchase contracts which would, in accordance with applicable law and generally accepted accounting principles applicable to the Group, be treated as finance or capital leases;
- (f) the amount of any liability in respect of any purchase price for assets or services the payment of which is deferred for a period in excess of 90 days; and
- (g) any guarantee or indemnity in respect of indebtedness of the type referred to in the above items (a) – (f);

Group means the Issuer and its Subsidiaries;

Net Interest Charges means (i) the number set out under the heading "Net Interest" (or equivalent line item) or (ii) where no equivalent single line item to "Net Interest" is included in the consolidated financial statements of the Issuer, the net amount calculated as the number set out under the heading "Interest Cost" (or equivalent line item) from which is deducted the number set out under the heading "Interest Income" (or equivalent line item), in each case as set out in the most recent annual or interim, as the case may be, consolidated financial statements of the Issuer;

Permitted Refinancing Indebtedness means any Financial Indebtedness of the Issuer or any of its Subsidiaries raised or issued in exchange for, or the net proceeds of which are used to renew, refund, refinance, replace, exchange or discharge other Financial Indebtedness of the Issuer or any member of the Group (other than intra-Group Financial Indebtedness); provided that:

- (a) the aggregate principal amount (or accretable value) of such Permitted Refinancing Indebtedness does not exceed the principal amount (or accreted value, if applicable) of the Financial Indebtedness renewed, refunded, refinanced, replaced, exchanged or discharged (plus all accrued interest on the Financial Indebtedness and the amount of all fees and expenses, including premiums, incurred in connection therewith);
- (b) such Permitted Refinancing Indebtedness has a final maturity date, or may only be redeemed or repaid at the option of the Issuer, either (i) no earlier than the final maturity date of the Financial Indebtedness being renewed, refunded, refinanced, replaced, exchanged or discharged or (ii) after the final maturity date of the Notes;
- (c) if the Financial Indebtedness being renewed, refunded, refinanced, replaced, exchanged or discharged is expressly, contractually subordinated in right of payment to the Notes, such Permitted Refinancing Indebtedness is subordinated in right of payment to the Notes; and
- (d) if the Issuer was the obligor in respect of the Financial Indebtedness being renewed, refunded, refinanced, replaced, exchanged or discharged, such Financial Indebtedness is incurred by the Issuer;

Permitted Security Interest means a Security Interest on the undertaking or assets of any Person existing at the time such Person is acquired by and becomes a Subsidiary of the Issuer, provided such Security Interest was not created in contemplation of such acquisition and the principal amount secured has not been increased in contemplation of or since such acquisition;

Person means any individual, company, corporation, firm, unincorporated association or body, partnership, trust fund, joint venture or consortium, association, organisation, government state or agency of a state or other entity, whether or not having separate legal personality;

Relevant Indebtedness means (i) any present or future indebtedness (whether being principal, premium, interest or other amounts) which is in the form of or represented by any notes, bonds, debentures, debenture stock, loan stock or other securities which are for the time being, or capable of being, quoted, listed or ordinarily dealt in on any stock exchange, over-the-counter or other securities market, and (ii) any guarantee or indemnity in respect of any such indebtedness;

Secured Consolidated Total Indebtedness means such amount of Consolidated Total Indebtedness that is secured in whole or in part by a Security Interest granted over any assets of the Group;

Secured Solvency Ratio means (i) the Secured Consolidated Total Indebtedness divided by (ii) Consolidated Total Assets;

Subsidiary means in relation to any Person (the **first Person**) at any particular time, any other Person:

- (i) which is a subsidiary (Sw. *dotterföretag*) to the first Person, directly or indirectly, as defined in the Swedish Companies Act (Sw. *aktiebolagslagen 2005:551*); or
- (ii) whose financial statements are, in accordance with applicable law and generally accepted accounting principles, consolidated with those of the first Person; and

Testing Date means each day which is (i) the last day of the Issuer's financial year in any year or (ii) the last day of the first three quarters of the Issuer's financial year in any year.

5. INTEREST

5.1 Interest on Fixed Rate Notes

Each Fixed Rate Note bears interest from (and including) the Interest Commencement Date at the rate(s) per annum equal to the Rate(s) of Interest. Interest will be payable in arrear on the Interest Payment Date(s) in each year up to (and including) the Maturity Date.

If the Notes are in definitive form, except as provided in the applicable Final Terms, the amount of interest payable on each Interest Payment Date in respect of the Fixed Interest Period ending on (but excluding) such date will amount to the Fixed Coupon Amount. Payments of interest on any Interest Payment Date will, if so specified in the applicable Final Terms, amount to the Broken Amount so specified.

As used in the Conditions, **Fixed Interest Period** means the period from (and including) an Interest Payment Date (or the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date.

Except in the case of Notes in definitive form where an applicable Fixed Coupon Amount or Broken Amount is specified in the applicable Final Terms, interest shall be calculated in respect of any period by applying the Rate of Interest to:

- (a) in the case of Fixed Rate Notes which are represented by a Global Note, the aggregate outstanding nominal amount of the Fixed Rate Notes represented by such Global Note; or
- (b) in the case of Fixed Rate Notes in definitive form, the Calculation Amount,

and, in each case, multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention. Where the Specified Denomination of a Fixed Rate Note in definitive form is a multiple of the Calculation Amount, the amount of interest payable in respect of such Fixed Rate Note shall be the product of the amount (determined in the manner provided above) for the Calculation Amount and the amount by which the Calculation Amount is multiplied to reach the Specified Denomination, without any further rounding.

In these Conditions:

Calculation Amount has the meaning given in the applicable Final Terms;

Day Count Fraction means, in respect of the calculation of an amount of interest, in accordance with this Condition 5.1 (*Interest on Fixed Rate Notes*):

- (i) if "Actual/Actual (ICMA)" is specified in the applicable Final Terms:
 - (A) in the case of Notes where the number of days in the relevant period from (and including) the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to (but excluding) the relevant payment date (the **Accrual Period**) is equal to or shorter than the Determination Period during which the Accrual Period ends, the number of days in such Accrual Period divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Dates (as specified in the applicable Final Terms) that would occur in one calendar year; or
 - (B) in the case of Notes where the Accrual Period is longer than the Determination Period during which the Accrual Period ends, the sum of:
 - (1) the number of days in such Accrual Period falling in the Determination Period in which the Accrual Period begins divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates that would occur in one calendar year; and
 - (2) the number of days in such Accrual Period falling in the next Determination Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates that would occur in one calendar year; and
- (ii) if "30/360" is specified in the applicable Final Terms, the number of days in the period from (and including) the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to (but excluding) the relevant payment date (such number of days being calculated on the basis of a year of 360 days with 12 30-day months) divided by 360.

Determination Period means each period from (and including) a Determination Date to (but excluding) the next Determination Date (including, where either the Interest Commencement Date or the final Interest Payment Date is not a Determination Date, the period commencing on the first Determination Date prior to, and ending on the first Determination Date falling after, such date); and

sub-unit means, with respect to any currency other than euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, with respect to euro, one cent.

5.2 Interest on Floating Rate Notes

(a) Interest Payment Dates

Each Floating Rate Note bears interest from (and including) the Interest Commencement Date and such interest will be payable in arrear on either:

- (i) the Specified Interest Payment Date(s) in each year specified in the applicable Final Terms; or
- (ii) if no Specified Interest Payment Date(s) is/are specified in the applicable Final Terms, each date (each such date, together with each Specified Interest Payment Date, an **Interest Payment Date**) which falls the number of months or other period specified as the Specified Period in the applicable Final Terms after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date.

Such interest will be payable in respect of each Interest Period. In these Conditions, **Interest Period** means the period from (and including) an Interest Payment Date (or the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date.

If a Business Day Convention is specified in the applicable Final Terms and (x) if there is no numerically corresponding day in the calendar month in which an Interest Payment Date should occur or (y) if any Interest Payment Date would otherwise fall on a day which is not a Business Day, then, if the Business Day Convention specified is:

- (A) in any case where Specified Periods are specified in accordance with Condition 5.2(a)(ii) above, the Floating Rate Convention, such Interest Payment Date (a) in the case of (x) above, shall be the last day that is a Business Day in the relevant month and the provisions of (ii) below shall apply *mutatis mutandis* or (b) in the case of (y) above, shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event (i) such Interest Payment Date shall be brought forward to the immediately preceding Business Day and (ii) each subsequent Interest Payment Date shall be the last Business Day in the month which falls the Specified Period after the preceding applicable Interest Payment Date occurred; or
- (B) the Following Business Day Convention, such Interest Payment Date shall be postponed to the next day which is a Business Day; or
- (C) the Modified Following Business Day Convention, such Interest Payment Date shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event such Interest Payment Date shall be brought forward to the immediately preceding Business Day; or
- (D) the Preceding Business Day Convention, such Interest Payment Date shall be brought forward to the immediately preceding Business Day.

In these Conditions, **Business Day** means:

- (a) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in London and each Additional Business Centre (other than TARGET2 System) specified in the applicable Final Terms;
- (b) if TARGET2 System is specified as an Additional Business Centre in the applicable Final Terms, a day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET2) System (the **TARGET2 System**) is open; and
- (c) either (1) in relation to any sum payable in a Specified Currency other than euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Specified Currency (which if the Specified Currency is Australian dollars or New Zealand dollars shall be Sydney and Auckland, respectively) or (2) in relation to any sum payable in euro, a day on which the TARGET2 System is open.

(b) Rate of Interest

The Rate of Interest payable from time to time in respect of Floating Rate Notes will be determined in the manner specified in the applicable Final Terms.

(i) ISDA Determination for Floating Rate Notes

Where ISDA Determination is specified in the applicable Final Terms as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Period will (subject to Condition 5.2(e) below) be the relevant ISDA Rate plus or minus (as indicated in the applicable Final Terms) the Margin (if any). For the purposes of this subparagraph (i), **ISDA Rate** for an Interest Period means a rate equal to the Floating Rate that would be determined by the Principal Paying Agent under an interest rate swap transaction if the Principal Paying Agent were acting as Calculation Agent for that swap transaction under the terms of an agreement incorporating the 2006 ISDA Definitions, as published by the International Swaps and Derivatives Association, Inc. and as amended and updated as at the Issue Date of the first Tranche of the Notes (the **ISDA Definitions**) and under which:

- (A) the Floating Rate Option is as specified in the applicable Final Terms;
- (B) the Designated Maturity is a period specified in the applicable Final Terms; and
- (C) the relevant Reset Date is the day specified in the applicable Final Terms.

For the purposes of this subparagraph (i), **Floating Rate, Calculation Agent, Floating Rate Option, Designated Maturity** and **Reset Date** have the meanings given to those terms in the ISDA Definitions.

Unless otherwise stated in the applicable Final Terms the Minimum Rate of Interest shall be deemed to be zero.

(ii) Screen Rate Determination for Floating Rate Notes

Where Screen Rate Determination is specified in the applicable Final Terms as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Period will, subject as provided below, be either:

- (A) the offered quotation; or
- (B) the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) of the offered quotations,

(expressed as a percentage rate per annum) for the Reference Rate (being either LIBOR, EURIBOR, CIBOR, STIBOR or NIBOR, as specified in the applicable Final Terms) which appears or appear, as the case may be, on the Relevant Screen Page (or such replacement page on that service which displays the information) as at 11.00 a.m. (London time, in the case of LIBOR, Brussels time, in the case of EURIBOR, Copenhagen time, in the case of CIBOR or Stockholm time, in the case of STIBOR) or 12.00 noon (Oslo time, in the case of NIBOR) (the **Specified Time**) on the Interest Determination Date in question plus or minus (as indicated in the applicable Final Terms) the Margin (if any), all as determined by the Principal Paying Agent. If five or more of such offered quotations are available on the Relevant Screen Page, the highest (or, if there is more than one such highest quotation, one only of such quotations) and the lowest (or, if there is more than one such lowest quotation, one only of such quotations) shall be disregarded by the Principal Paying Agent for the purpose of determining the arithmetic mean (rounded as provided above) of such offered quotations.

If the Relevant Screen Page is not available or if, in the case of subparagraph (A) above, no offered quotation appears or, in the case of subparagraph (B) above, fewer than three offered quotations appear, in each case as at the Specified Time, the Principal Paying Agent shall request each of the Reference Banks (as defined below) to provide the Principal Paying Agent with its offered quotation (expressed as a percentage rate per annum) for the Reference Rate at approximately the Specified Time on the Interest Determination Date in question. If two or more of the Reference Banks provide the Principal Paying Agent with offered quotations, the Rate of Interest for the Interest Period shall be the arithmetic mean (rounded if necessary to the fifth decimal place with 0.000005 being rounded upwards) of the offered quotations plus or minus (as appropriate) the Margin (if any), all as determined by the Principal Paying Agent.

If on any Interest Determination Date one only or none of the Reference Banks provides the Principal Paying Agent with an offered quotation as provided in the preceding paragraph, the Rate of Interest for the relevant Interest Period shall be the rate per annum which the Principal Paying Agent determines as being the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) of the rates, as communicated to (and at the request of) the Principal Paying Agent by the Reference Banks or any two or more of them, at which such banks were offered, at approximately the Specified Time on the relevant Interest Determination Date, deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate by leading banks in the London inter-bank market (if the Reference Rate is LIBOR), the Euro-zone inter-bank market (if the Reference Rate is EURIBOR), the Danish inter-bank market (if the Reference Rate is CIBOR), the Swedish inter-bank market (if the Reference Rate is STIBOR) or the Norwegian inter-bank market (if the Reference Rate is NIBOR) plus or minus (as appropriate) the Margin (if any) or, if fewer than two of the Reference Banks provide the Principal Paying Agent with offered rates, the offered rate for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, or the arithmetic mean (rounded as provided above) of the offered rates for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, at which, at approximately the Specified Time on the relevant Interest Determination Date, any one or more banks (which bank or banks is or are in the opinion of the Issuer suitable for the purpose) informs the Principal Paying Agent it is quoting to leading banks in the London inter-bank market (if the Reference Rate is LIBOR), the Euro-zone inter-bank market (if the Reference Rate is EURIBOR), the Danish inter-bank market (if the Reference Rate is CIBOR), the Swedish inter-bank market (if the Reference Rate is STIBOR) or the Norwegian inter-bank market (if the Reference Rate is NIBOR) plus or minus (as appropriate) the Margin (if any), provided that, if the Rate of Interest cannot be determined in accordance with the foregoing provisions of this paragraph, the Rate of Interest shall be determined as at the last preceding Interest Determination Date (though substituting, where a different Margin is to be applied to the relevant Interest Period from that which applied to the last preceding Interest Period, the Margin relating to the relevant Interest Period in place of the Margin relating to that last preceding Interest Period).

Reference Banks means (i) in the case of a determination of LIBOR, the principal London office of four major banks in the London inter-bank market, (ii) in the case of a determination of EURIBOR, the principal Euro-zone office of four major banks in the Euro-zone inter-bank market, (iii) in the case of a determination of CIBOR, the principal Copenhagen office of four major banks in the Danish inter-bank market, (iv) in the case of a determination of STIBOR, the principal Stockholm office of four major banks in the Swedish inter-bank market and (v) in the case of a determination of NIBOR, the principal Oslo office of four major banks in the Norwegian inter-bank market, in each case selected by the Issuer.

(c) **Minimum Rate of Interest and/or Maximum Rate of Interest**

If the applicable Final Terms specifies a Minimum Rate of Interest for any Interest Period, then, in the event that the Rate of Interest in respect of such Interest Period determined in accordance with the provisions of paragraph (b) above is less than such Minimum Rate of Interest, the Rate of Interest for such Interest Period shall be such Minimum Rate of Interest.

If the applicable Final Terms specifies a Maximum Rate of Interest for any Interest Period, then, in the event that the Rate of Interest in respect of such Interest Period determined in accordance with the provisions of paragraph (b) above is greater than such Maximum Rate of Interest, the Rate of Interest for such Interest Period shall be such Maximum Rate of Interest.

(d) **Determination of Rate of Interest and calculation of Interest Amounts**

The Principal Paying Agent will at or as soon as practicable after each time at which the Rate of Interest is to be determined, determine the Rate of Interest for the relevant Interest Period.

The Principal Paying Agent will calculate the amount of interest (the **Interest Amount**) payable on the Floating Rate Notes for the relevant Interest Period by applying the Rate of Interest to:

- (i) in the case of Floating Rate Notes which are represented by a Global Note, the aggregate outstanding nominal amount of the Notes represented by such Global Note; or
- (ii) in the case of Floating Rate Notes in definitive form, the Calculation Amount,

and, in each case, multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention. Where the Specified Denomination of a Floating Rate Note in definitive form is a multiple of the Calculation Amount, the Interest Amount payable in respect of such Note shall be the product of the amount (determined in the manner provided above) for the Calculation Amount and the amount by which the Calculation Amount is multiplied to reach the Specified Denomination without any further rounding.

Day Count Fraction means, in respect of the calculation of an amount of interest in accordance with this Condition 5.2 (*Interest on Floating Rate Notes*):

- (i) if "Actual/Actual (ISDA)" or "Actual/Actual" is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365 (or, if any portion of that Interest Period falls in a leap year, the sum of (I) the actual number of days in that portion of the Interest Period falling in a leap year divided by 366 and (II) the actual number of days in that portion of the Interest Period falling in a non-leap year divided by 365);
- (ii) if "Actual/365 (Fixed)" is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365;
- (iii) if "Actual/365 (Sterling)" is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365 or, in the case of an Interest Payment Date falling in a leap year, 366;
- (iv) if "Actual/360" is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 360;

- (v) if "30/360", "360/360" or "Bond Basis" is specified in the applicable Final Terms, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{\lfloor 360 \times (Y_2 - Y_1) \rfloor + \lfloor 30 \times (M_2 - M_1) \rfloor + (D_2 - D_1)}{360}$$

where:

Y₁ is the year, expressed as a number, in which the first day of the Interest Period falls;

Y₂ is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

M₁ is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

M₂ is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

D₁ is the first calendar day, expressed as a number, of the Interest Period, unless such number is 31, in which case D1 will be 30; and

D₂ is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless such number would be 31 and D1 is greater than 29, in which case D2 will be 30;

- (vi) if "30E/360" or "Eurobond Basis" is specified in the applicable Final Terms, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{\lfloor 360 \times (Y_2 - Y_1) \rfloor + \lfloor 30 \times (M_2 - M_1) \rfloor + (D_2 - D_1)}{360}$$

where:

Y₁ is the year, expressed as a number, in which the first day of the Interest Period falls;

Y₂ is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

M₁ is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

M₂ is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

D₁ is the first calendar day, expressed as a number, of the Interest Period, unless such number would be 31, in which case D1 will be 30; and

D₂ is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless such number would be 31, in which case D2 will be 30;

- (vii) if "30E/360 (ISDA)" is specified in the applicable Final Terms, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

Y₁ is the year, expressed as a number, in which the first day of the Interest Period falls;

Y₂ is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

M₁ is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

M₂ is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

D₁ is the first calendar day, expressed as a number, of the Interest Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case D1 will be 30; and

D₂ is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless (i) that day is the last day of February but not the Maturity Date or (ii) such number would be 31, in which case D2 will be 30.

(e) **Linear Interpolation**

Where Linear Interpolation is specified as applicable in respect of an Interest Period in the applicable Final Terms, the Rate of Interest for such Interest Period shall be calculated by the Principal Paying Agent by straight line linear interpolation by reference to two rates based on the relevant Reference Rate (where Screen Rate Determination is specified as applicable in the applicable Final Terms) or the relevant Floating Rate Option (where ISDA Determination is specified as applicable in the applicable Final Terms), one of which shall be determined as if the Designated Maturity were the period of time for which rates are available next shorter than the length of the relevant Interest Period and the other of which shall be determined as if the Designated Maturity were the period of time for which rates are available next longer than the length of the relevant Interest Period provided however that if there is no rate available for a period of time next shorter or, as the case may be, next longer, then the Principal Paying Agent shall determine such rate at such time and by reference to such sources as it determines appropriate.

Designated Maturity means, in relation to Screen Rate Determination, the period of time designated in the Reference Rate.

(f) **Benchmark Event**

Notwithstanding the provisions above in this Condition 5.2, if a Benchmark Event occurs in relation to an Original Reference Rate, then the following provisions shall apply:

- (i) the Issuer shall use reasonable endeavours to appoint an Independent Adviser to determine a Successor Rate, failing which an Alternative Rate and in either case, an Adjustment Spread (if any) and any Benchmark Amendments (each as defined and as further described below) no later than 5 Business Days prior to the Interest Determination Date relating to the next succeeding Interest Period (the **IA Determination Cut-off Date**) for purposes of determining the Rate of Interest applicable to the Notes for all future Interest Periods (subject to the subsequent operation of this Condition 5.2(f));

- (ii) if the Issuer, following consultation with the Independent Adviser and acting in good faith, determines that:
 - (A) there is a Successor Rate, then such Successor Rate shall (subject to adjustment as provided in Condition 5.2(f)(iv)) subsequently be used in place of the Original Reference Rate to determine the Rate of Interest (or the relevant component part thereof) for all future payments of interest on the Notes (subject to the operation of this Condition 5.2(f)); or
 - (B) there is no Successor Rate but that there is an Alternative Rate, then such Alternative Rate shall (subject to adjustment as provided in Condition 5.2(f)(iv)) subsequently be used in place of the Original Reference Rate to determine the Rate of Interest (or the relevant component part thereof) for all future payments of interest on the Notes (subject to the operation of this Condition 5.2(f));
- (iii) if the Issuer is unable to appoint an Independent Adviser, or the Independent Adviser appointed by it fails to determine a Successor Rate or, failing which, an Alternative Rate prior to the IA Determination Cut-off Date, the Rate of Interest applicable to the next succeeding Interest Period shall be equal to the Rate of Interest last determined in relation to the Notes in respect of the immediately preceding Interest Period (though substituting, where a different Margin or Maximum or Minimum Rate of Interest is to be applied to the relevant Interest Period from that which applied to the last preceding Interest Period, the Margin or Maximum or Minimum Rate of Interest relating to the relevant Interest Period, in place of the Margin or Maximum or Minimum Rate of Interest relating to that last preceding Interest Period);
- (iv) if the Independent Adviser acting in good faith determines (x) that an Adjustment Spread is required to be applied to the Successor Rate or the Alternative Rate (as the case may be) and (y) the quantum of, or a formula or methodology for determining, such Adjustment Spread, then such Adjustment Spread shall be applied to the Successor Rate or the Alternative Rate (as the case may be);
- (v) if any Successor Rate, Alternative Rate or Adjustment Spread is determined in accordance with this Condition 5.2(f) and the Independent Adviser acting in good faith determines (i) that amendments to these Conditions are necessary to ensure the proper operation of such Successor Rate, Alternative Rate and/or Adjustment Spread (such amendments, the **Benchmark Amendments**) and (ii) the terms of the Benchmark Amendments, then the Issuer may also, following consultation with the Principal Paying Agent (or the person specified in the applicable Final Terms as the party responsible for calculating the Rate of Interest and the Interest Amount(s)), take necessary action to effect such Benchmark Amendments (and for the avoidance of doubt, the Principal Paying Agent shall, at the direction and expense of the Issuer, consent to and effect such consequential amendments to the Agency Agreement and these Conditions as may be required in order to give effect to this Condition 5.2(f)). No Noteholder consent shall be required in connection with effecting such Benchmark Amendments; and
- (vi) the Issuer shall promptly following the determination of any Successor Rate, Alternative Rate or Adjustment Spread give notice thereof and of any Benchmark Amendments to the Principal Paying Agent and the Noteholders.

Without prejudice to the obligations of the Issuer under Conditions 5.2(f)(i), (ii), (iii) and (iv), the Original Reference Rate and the fallback provisions provided for in Conditions 5.2(b)(ii) will continue to apply unless and until the Principal Paying Agent has been notified of the Successor Rate

or the Alternative Rate (as the case may be), any Adjustment Spread (if applicable) and Benchmark Amendments (if applicable), in accordance with Condition 5.2(f)(vi).

For the purposes of this Condition 5.2(f):

Adjustment Spread means either a spread (which may be positive or negative), or the formula or methodology for calculating a spread, in either case, which the Independent Adviser acting in good faith determines is required to be applied to the Successor Rate or the Alternative Rate (as the case may be) to reduce or eliminate, to the extent reasonably practicable in the circumstances, any economic prejudice or benefit (as the case may be) to Noteholders and Couponholders as a result of the replacement of the Original Reference Rate with the Successor Rate or the Alternative Rate (as the case may be) and is the spread, formula or methodology which:

- (a) in the case of a Successor Rate, is formally recommended in relation to the replacement of the Original Reference Rate with the Successor Rate by any Relevant Nominating Body; or
- (b) (if no such recommendation has been made, or in the case of an Alternative Rate) the Independent Adviser acting in good faith determines is recognised or acknowledged as being in customary usage in international debt capital markets transactions which reference the Original Reference Rate, where such rate has been replaced by the Successor Rate or the Alternative Rate (as the case may be); or
- (c) (if no such customary market usage is recognised or acknowledged) the Independent Adviser acting in good faith determines to be appropriate;

Alternative Rate means an alternative to the Reference Rate which the Independent Adviser acting in good faith determines in accordance with Condition 5.2(f)(ii) has replaced the Original Reference Rate in customary market usage in the international debt capital markets for the purposes of determining rates of interest (or the relevant component part thereof) for the same interest period and in the same Specified Currency as the Notes or, if the Independent Adviser determines there is no such rate, such other rate as the Independent Adviser acting in good faith determines is most comparable to the relevant Reference Rate;

Benchmark Amendments has the meaning given to it in Condition 5.2(f)(iv);

Benchmark Event means:

- (a) the Original Reference Rate ceasing to be published for a period of at least 5 Business Days or ceasing to exist; or
- (b) a public statement by the administrator of the Original Reference Rate that it will, by a specified date within the following six months, cease publishing the Original Reference Rate permanently or indefinitely (in circumstances where no successor administrator has been appointed that will continue publication of the Original Reference Rate); or
- (c) a public statement by the supervisor of the administrator of the Original Reference Rate that the Original Reference Rate has been or will, by a specified date within the following six months, be permanently or indefinitely discontinued; or
- (d) a public statement by the supervisor of the administrator of the Original Reference Rate that means the Original Reference Rate will be prohibited from being used or that its use will be subject to restrictions or adverse consequences, in each case within the following six months; or

- (e) it has become unlawful for any Paying Agent, Calculation Agent, the Issuer or other party to calculate any payments due to be made to any Noteholder using the Original Reference Rate;

Independent Adviser means an independent financial institution of international repute or other independent financial adviser experienced in the international capital markets, in each case appointed by the Issuer at its own expense. For the avoidance of doubt, an Independent Adviser appointed pursuant to this Condition 5.2(f) shall act in good faith as an expert and (in the absence of bad faith or fraud) shall have no liability whatsoever to the Issuer, the Paying Agents, the Noteholders or the Couponholders for any determination made by it pursuant to this Condition 5.2(f);

Original Reference Rate means the originally-specified Reference Rate used to determine the Rate of Interest (or any component part thereof) on the Notes;

Relevant Nominating Body means, in respect of a Reference Rate:

- (a) the central bank for the currency to which the Reference Rate relates, or any central bank or other supervisory authority which is responsible for supervising the administrator of the Reference Rate; or
- (b) any working group or committee sponsored by, chaired or co-chaired by or constituted at the request of (a) the central bank for the currency to which the Reference Rate relates, (b) any central bank or other supervisory authority which is responsible for supervising the administrator of the Reference Rate, (c) a group of the aforementioned central banks or other supervisory authorities or (d) the Financial Stability Board or any part thereof; and

Successor Rate means a successor to or replacement of the Original Reference Rate which is formally recommended by any Relevant Nominating Body.

(g) Notification of Rate of Interest and Interest Amounts

The Principal Paying Agent will cause the Rate of Interest and each Interest Amount for each Interest Period and the relevant Interest Payment Date to be notified to the Issuer and any stock exchange on which the relevant Floating Rate Notes are for the time being listed and notice thereof to be published in accordance with Condition 14 (*Notices*) as soon as possible after their determination but in no event later than the fourth London Business Day thereafter. Each Interest Amount and Interest Payment Date so notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without prior notice in the event of an extension or shortening of the Interest Period. Any such amendment will promptly be notified to each stock exchange on which the relevant Floating Rate Notes are for the time being listed and to the Noteholders in accordance with Condition 14 (*Notices*). For the purposes of this paragraph, the expression **London Business Day** means a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets are open for general business in London.

(h) Certificates to be final

All certificates, communications, opinions, determinations, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 5.2 (*Interest on Floating Rate Notes*) by the Principal Paying Agent shall (in the absence of wilful default, bad faith or manifest error) be binding on the Issuer, the Principal Paying Agent, the other Agents and all Noteholders and Couponholders and (in the absence of wilful default or bad faith) no liability to the Issuer, the Noteholders or the Couponholders shall attach to the Principal Paying Agent in

connection with the exercise or non exercise by it of its powers, duties and discretions pursuant to such provisions.

5.3 Accrual of interest

Each Note (or in the case of the redemption of part only of a Note, that part only of such Note) will cease to bear interest (if any) from the date for its redemption unless payment of principal is improperly withheld or refused. In such event, interest will continue to accrue until whichever is the earlier of:

- (a) the date on which all amounts due in respect of such Note have been paid; and
- (b) five days after the date on which the full amount of the moneys payable in respect of such Note has been received by the Principal Paying Agent or the Registrar, as the case may be, and notice to that effect has been given to the Noteholders in accordance with Condition 14 (*Notices*).

5.4 Adjustment of Rate of Interest for Fixed Rate Notes and Floating Rate Notes

If a Step Up Rating Change and/or Step Down Rating Change is specified as being applicable in the applicable Final Terms, the following terms relating to the Rate of Interest for the Notes shall apply:

- (a) The Rate of Interest payable on the Notes will be subject to adjustment from time to time in the event of a Step Up Rating Change and/or a Step Down Rating Change, as the case may be.
- (b) Subject to Condition 5.4(d) and 5.4(h) below, from and including the first Interest Payment Date falling on or after the date of a Step Up Rating Change, the Rate of Interest (in the case of Fixed Rate Notes) or the Margin (in the case of Floating Rate Notes) payable on the Notes shall be increased by the Step Up Margin.
- (c) Subject to Condition 5.4(d) and 5.4(h) below, in the event of a Step Down Rating Change following a Step Up Rating Change, with effect from and including the first Interest Payment Date falling on or after the date of such Step Down Rating Change, the Rate of Interest (in the case of Fixed Rate Notes) or the Margin (in the case of Floating Rate Notes) payable on the Notes shall be decreased by the Step Up Margin back to the initial Rate of Interest (in the case of Fixed Rate Notes) or the initial Margin (in the case of Floating Rate Notes).
- (d) If a Step Up Rating Change and, subsequently, a Step Down Rating Change occur during the same Fixed Interest Period (in the case of Fixed Rate Notes) or the same Interest Period (in the case of Floating Rate Notes), the Rate of Interest (in the case of Fixed Rate Notes) or the Margin (in the case of Floating Rate Notes) on the Notes shall be neither increased nor decreased as a result of either such event.
- (e) The Issuer shall use all reasonable efforts to maintain credit ratings for its senior unsecured long-term debt from Moody's and, if an additional Rating Agency is appointed to rate the Issuer's senior unsecured long-term debt by or with the consent of the Issuer, such additional Rating Agency. If, notwithstanding such reasonable efforts, any Rating Agency fails or ceases to assign a credit rating to the Issuer's senior unsecured long-term debt, the Issuer shall use all reasonable efforts to obtain a credit rating of its senior unsecured long-term debt from a Substitute Rating Agency, and references herein to such Rating Agency or the credit ratings thereof, shall be to such Substitute Rating Agency or, as the case may be, the equivalent credit ratings thereof as specified in or determined in accordance with the remainder of this Condition 5.4.

- (f) The Issuer will cause the occurrence of a Step Up Rating Change or a Step Down Rating Change giving rise to an adjustment to the Rate of Interest (in the case of Fixed Rate Notes) or the Margin (in the case of Floating Rate Notes) payable on the Notes pursuant to this Condition 5.4 to be notified to the Principal Paying Agent and (in accordance with Condition 14 (*Notices*)) the Noteholders as soon as reasonably practicable after the occurrence of such Step Up Rating Change or Step Down Rating Change, but in no event later than the fifth London Business Day thereafter.
- (g) If the rating designations employed by any Rating Agency are changed from those which are described in this Condition or if a rating is procured from a Substitute Rating Agency other than S&P or Fitch, the Issuer shall determine the rating designations of such Rating Agency or Substitute Rating Agency (as the case may be) as are most equivalent to the prior rating designations of the existing Rating Agency (or Rating Agencies, as the case may be).
- (h) Notwithstanding any other provision contained herein, there shall be no limit on the number of times that the Rate of Interest may be adjusted pursuant hereto during the term of the Notes provided that at no time during the term of the Notes will the Rate of Interest be (i) less than the initial Rate of Interest or (ii) more than the initial Rate of Interest plus the Step Up Margin specified hereon.

Where:

Rating Agency, Fitch, Moody's, S&P and Substitute Rating Agency have the meanings given to such terms in Condition 7.6 (*Redemption at the option of the Noteholders upon a Change of Control (Change of Control Put)*);

Step Down Rating Change means the first public announcement by Moody's and, if applicable, each other Rating Agency appointed by or with the consent of the Issuer, after a Step Up Rating Change, that the credit rating of the Issuer's senior unsecured long-term debt is at least Baa3 in the case of Moody's and, if applicable, at least BBB- in the case of S&P and at least BBB- in the case of Fitch with the result that, following such public announcement, no Rating Agency assigns a credit rating below the aforementioned levels or any equivalent rating. For the avoidance of doubt, any further increase in the credit rating of the Issuer's senior unsecured long-term debt above Baa3 in the case of Moody's and, if applicable, at least BBB- in the case of S&P and at least BBB- in the case of Fitch and in respect of any other Substitute Rating Agency, an equivalent rating or above shall not constitute a further Step Down Rating Change;

Step Up Margin means the rate per annum specified in the applicable Final Terms; and

Step Up Rating Change means the first public announcement by Moody's or, if applicable, any other Rating Agency appointed by or with the consent of the Issuer of a decrease in the credit rating of the Issuer's senior unsecured long-term debt to below Baa3 (in the case of Moody's) or below BBB- (in the case of S&P) or below BBB- (in the case of Fitch). For the avoidance of doubt, any further decrease in the credit rating of the Issuer's senior unsecured long-term debt below Baa3 in the case of Moody's or, if applicable, below BBB- in the case of S&P or below BBB- in the case of Fitch and in respect of any other Substitute Rating Agency, an equivalent rating or below shall not constitute a further Step Up Rating Change.

6. PAYMENTS

6.1 Method of payment

Subject as provided below:

- (a) payments in a Specified Currency other than euro will be made by credit or transfer to an account in the relevant Specified Currency maintained by the payee with a bank in the principal financial centre of the country of such Specified Currency (which, if the Specified Currency is Australian dollars or New Zealand dollars, shall be Sydney and Auckland, respectively); and
- (b) payments will be made in euro by credit or transfer to a euro account (or any other account to which euro may be credited or transferred) specified by the payee.

Payments will be subject in all cases to (i) any fiscal or other laws and regulations applicable thereto in the place of payment, but without prejudice to the provisions of Condition 8 (Taxation) and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 (the **Code**) or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof, or any law implementing an intergovernmental approach thereto (any such withholding or deduction, a **FATCA Withholding**).

6.2 Presentation of definitive Bearer Notes and Coupons

Payments of principal in respect of definitive Bearer Notes will (subject as provided below) be made in the manner provided in Condition 6.1 above only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of definitive Bearer Notes, and payments of interest in respect of definitive Bearer Notes will (subject as provided below) be made as aforesaid only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of Coupons, in each case at the specified office of any Paying Agent outside the United States (which expression, as used herein, means the United States of America (including the States and the District of Columbia and its possessions)).

Fixed Rate Notes in definitive bearer form (other than Long Maturity Notes (as defined below)) should be presented for payment together with all unmatured Coupons appertaining thereto (which expression shall for this purpose include Coupons falling to be issued on exchange of matured Talons), failing which the amount of any missing unmatured Coupon (or, in the case of payment not being made in full, the same proportion of the amount of such missing unmatured Coupon as the sum so paid bears to the sum due) will be deducted from the sum due for payment. Each amount of principal so deducted will be paid in the manner mentioned above against surrender of the relative missing Coupon at any time before the expiry of 10 years after the Relevant Date (as defined in Condition 8 (Taxation)) in respect of such principal (whether or not such Coupon would otherwise have become void under Condition 9 (*Prescription*) or, if later, five years from the date on which such Coupon would otherwise have become due, but in no event thereafter).

Upon any Fixed Rate Note in definitive bearer form becoming due and repayable prior to its Maturity Date, all unmatured Talons (if any) appertaining thereto will become void and no further Coupons will be issued in respect thereof.

Upon the date on which any Floating Rate Note or Long Maturity Note in definitive bearer form becomes due and repayable, unmatured Coupons and Talons (if any) relating thereto (whether or not attached) shall become void and no payment or, as the case may be, exchange for further Coupons shall be made in respect thereof. A **Long Maturity Note** is a Fixed Rate Note (other than a Fixed Rate Note which on issue had a Talon attached) whose nominal amount on issue is less than the aggregate interest payable thereon provided that such Note shall cease to be a Long Maturity Note on the Interest Payment Date on which the aggregate amount of interest remaining to be paid after that date is less than the nominal amount of such Note.

If the due date for redemption of any definitive Bearer Note is not an Interest Payment Date, interest (if any) accrued in respect of such Note from (and including) the preceding Interest Payment Date

or, as the case may be, the Interest Commencement Date shall be payable only against surrender of the relevant definitive Bearer Note.

6.3 Payments in respect of Bearer Global Notes

Payments of principal and interest (if any) in respect of Notes represented by any Global Note in bearer form will (subject as provided below) be made in the manner specified above in relation to definitive Bearer Notes or otherwise in the manner specified in the relevant Global Note, where applicable against presentation or surrender, as the case may be, of such Global Note at the specified office of any Paying Agent outside the United States. A record of each payment made, distinguishing between any payment of principal and any payment of interest, will be made either on such Global Note by the Paying Agent to which it was presented or in the records of Euroclear and Clearstream, Luxembourg, as applicable.

6.4 Payments in respect of Registered Notes

Payments of principal in respect of each Registered Note (whether or not in global form) will be made against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of the Registered Note at the specified office of the Registrar or any of the Paying Agents. Such payments will be made by transfer to the Designated Account (as defined below) of the holder (or the first named of joint holders) of the Registered Note appearing in the register of holders of the Registered Notes maintained by the Registrar (the **Register**) (i) where in global form, at the close of the business day (being for this purpose a day on which Euroclear and Clearstream, Luxembourg are open for business) before the relevant due date, and (ii) where in definitive form, at the close of business on the third business day (being for this purpose a day on which banks are open for business in the city where the specified office of the Registrar is located) before the relevant due date. For these purposes, **Designated Account** means the account (which, in the case of a payment in Japanese yen to a non-resident of Japan, shall be a non-resident account) maintained by a holder with a Designated Bank and identified as such in the Register and **Designated Bank** means (in the case of payment in a Specified Currency other than euro) a bank in the principal financial centre of the country of such Specified Currency (which, if the Specified Currency is Australian dollars or New Zealand dollars, shall be Sydney and Auckland, respectively) and (in the case of a payment in euro) any bank which processes payments in euro.

Payments of interest in respect of each Registered Note (whether or not in global form) will be made by transfer on the due date to the Designated Account of the holder (or the first named of joint holders) of the Registered Note appearing in the Register (i) where in global form, at the close of the business day (being for this purpose a day on which Euroclear and Clearstream, Luxembourg are open for business) before the relevant due date, and (ii) where in definitive form, at the close of business on the fifteenth day (whether or not such fifteenth day is a business day) before the relevant due date (the **Record Date**). Payment of the interest due in respect of each Registered Note on redemption will be made in the same manner as payment of the principal amount of such Registered Note.

No commissions or expenses shall be charged to the holders by the Registrar in respect of any payments of principal or interest in respect of Registered Notes.

None of the Issuer or the Agents will have any responsibility or liability for any aspect of the records relating to, or payments made on account of, beneficial ownership interests in the Registered Global Notes or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

6.5 General provisions applicable to payments

The holder of a Global Note shall be the only person entitled to receive payments in respect of Notes represented by such Global Note and the Issuer will be discharged by payment to, or to the order of, the holder of such Global Note in respect of each amount so paid. Each of the persons shown in the records of Euroclear or Clearstream, Luxembourg as the beneficial holder of a particular nominal amount of Notes represented by such Global Note must look solely to Euroclear or Clearstream, Luxembourg, as the case may be, for his share of each payment so made by the Issuer to, or to the order of, the holder of such Global Note.

Notwithstanding the foregoing provisions of this Condition, if any amount of principal and/or interest in respect of Bearer Notes is payable in U.S. dollars, such U.S. dollar payments of principal and/or interest in respect of such Notes will be made at the specified office of a Paying Agent in the United States if:

- (a) the Issuer has appointed Paying Agents with specified offices outside the United States with the reasonable expectation that such Paying Agents would be able to make payment in U.S. dollars at such specified offices outside the United States of the full amount of principal and interest on the Bearer Notes in the manner provided above when due;
- (b) payment of the full amount of such principal and interest at all such specified offices outside the United States is illegal or effectively precluded by exchange controls or other similar restrictions on the full payment or receipt of principal and interest in U.S. dollars; and
- (c) such payment is then permitted under United States law without involving, in the opinion of the Issuer, adverse tax consequences to the Issuer.

6.6 Payment Day

If the date for payment of any amount in respect of any Note or Coupon is not a Payment Day, the holder thereof shall not be entitled to payment until the next following Payment Day in the relevant place and shall not be entitled to further interest or other payment in respect of such delay. For these purposes, **Payment Day** means any day which (subject to Condition 9 (*Prescription*)) is:

- (a) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits):
 - (i) in the case of Notes in definitive form only, in the relevant place of presentation; and
 - (ii) in each Additional Financial Centre (other than TARGET2 System) specified in the applicable Final Terms;
- (b) if TARGET2 System is specified as an Additional Financial Centre in the applicable Final Terms, a day on which the TARGET2 System is open; and
- (c) either (1) in relation to any sum payable in a Specified Currency other than euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Specified Currency (which if the Specified Currency is Australian dollars or New Zealand dollars shall be Sydney and Auckland, respectively) or (2) in relation to any sum payable in euro, a day on which the TARGET2 System is open.

6.7 Interpretation of principal and interest

Any reference in the Conditions to principal in respect of the Notes shall be deemed to include, as applicable:

- (a) any additional amounts which may be payable with respect to principal under Condition 8 (*Taxation*);
- (b) the Final Redemption Amount of the Notes;
- (c) the Early Redemption Amount of the Notes;
- (d) the Optional Redemption Amount(s) (if any) of the Notes;
- (e) the Change of Control Redemption Amount (if any) of the Notes; and
- (f) any premium and any other amounts (other than interest) which may be payable by the Issuer under or in respect of the Notes.

Any reference in the Conditions to interest in respect of the Notes shall be deemed to include, as applicable, any additional amounts which may be payable with respect to interest under Condition 8 (*Taxation*).

7. REDEMPTION AND PURCHASE

7.1 Redemption at maturity

Unless previously redeemed or purchased and cancelled as specified below, each Note will be redeemed by the Issuer at its Final Redemption Amount specified in the applicable Final Terms in the relevant Specified Currency on the Maturity Date specified in the applicable Final Terms.

7.2 Redemption for tax reasons

The Notes may be redeemed at the option of the Issuer in whole, but not in part, at any time (if this Note is not a Floating Rate Note) or on any Interest Payment Date (if this Note is a Floating Rate Note), on giving not less than the minimum period nor more than the maximum period of notice each as specified in the applicable Final Terms to the Principal Paying Agent and, in accordance with Condition 14 (*Notices*), the Noteholders (which notice shall be irrevocable), if:

- (a) on the occasion of the next payment due under the Notes, the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 8 (*Taxation*) as a result of any change in, or amendment to, the laws or regulations of a Tax Jurisdiction (as defined in Condition 8 (*Taxation*)) or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the date on which agreement is reached to issue the first Tranche of the Notes; and
- (b) such obligation cannot be avoided by the Issuer taking reasonable measures available to it,

provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such additional amounts were a payment in respect of the Notes then due.

Prior to the publication of any notice of redemption pursuant to this Condition, the Issuer shall deliver to the Principal Paying Agent to make available for inspection at its specified office to the Noteholders (i) a certificate signed by two Authorised Signatories of the Issuer stating that the Issuer

is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred and (ii) an opinion of independent legal advisers of recognised standing to the effect that the Issuer has or will become obliged to pay such additional amounts as a result of such change or amendment.

Notes redeemed pursuant to this Condition 7.2 (*Redemption for tax reasons*) will be redeemed at their Early Redemption Amount referred to in Condition 7.7 (*Early Redemption Amounts*) below together with any interest accrued to (but excluding) the date of redemption.

7.3 Redemption at the option of the Issuer (Issuer Call)

If Issuer Call is specified as being applicable in the applicable Final Terms, the Issuer may, having given not less than the minimum period nor more than the maximum period of notice each as specified in applicable Final Terms to the Noteholders in accordance with Condition 14 (*Notices*) (which notice shall be irrevocable and shall specify the date fixed for redemption), redeem all or some only of the Notes then outstanding on any Optional Redemption Date and at the Optional Redemption Amount(s) each as specified in the applicable Final Terms together, if appropriate, with interest accrued to (but excluding) the relevant Optional Redemption Date. Any such redemption must be of a nominal amount not less than the Minimum Redemption Amount and not more than the Maximum Redemption Amount, in each case as may be specified in the applicable Final Terms.

The Optional Redemption Amount will either be the specified percentage of the nominal amount of the Notes stated in the applicable Final Terms or, if either Spens Amount or Make-whole Amount is specified in the applicable Final Terms, will be:

- (a) if Spens Amount is specified as being applicable in the applicable Final Terms, the higher of (i) 100 per cent. of the nominal amount outstanding of the Notes to be redeemed and (ii) the nominal amount outstanding of the Notes to be redeemed multiplied by the price, as reported to the Issuer by the Determination Agent, at which the Gross Redemption Yield on such Notes on the Reference Date is equal to the Gross Redemption Yield (determined by reference to the middle market price) at the Quotation Time on the Reference Date of the Reference Bond, plus the Redemption Margin; or
- (b) if Make-whole Amount is specified as applicable in the applicable Final Terms, the higher of (i) 100 per cent. of the nominal amount outstanding of the Notes to be redeemed and (ii) the sum of the present values of the nominal amount outstanding of the Notes to be redeemed and the Remaining Term Interest on such Notes (exclusive of interest accrued to the date of redemption) and such present values shall be calculated by discounting such amounts to the date of redemption on an annual basis (assuming a 360-day year consisting of twelve 30-day months or, in the case of an incomplete month, the number of days elapsed) at the Reference Bond Rate, plus the Redemption Margin, all as determined by the Determination Agent.

In this Condition:

DA Selected Bond means a government security or securities (which if the Specified Currency is euro, will be a German *Bundesobligationen*) selected by the Determination Agent as having an actual or interpolated maturity comparable with the remaining term of the Notes, that would be utilised, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities denominated in the Specified Currency and of a comparable maturity to the remaining term of the Notes;

Determination Agent means a leading investment bank or financial institution of international standing selected by the Issuer;

Gross Redemption Yield means, with respect to a security, the gross redemption yield on such security, expressed as a percentage and calculated by the Determination Agent on the basis set out by the United Kingdom Debt Management Office in the paper "Formulae for Calculating Gilt Prices from Yields", page 5, Section One: Price/Yield Formulae "Conventional Gilts; Double-dated and Undated Gilts with Assumed (or Actual) Redemption on a Quasi-Coupon Date" (published 8 June 1998 and updated on 15 January 2002, 16 March 2005 and as further amended or updated from time to time) on a semi-annual compounding basis (converted to an annualised yield and rounded up (if necessary) to four decimal places) or, if such formula does not reflect generally accepted market practice at the time of redemption, a gross redemption yield calculated in accordance with generally accepted market practice at such time as determined by the Determination Agent;

Make-whole Amount has the meaning given to it in Condition 7.3(b) above;

Quotation Time shall be as set out in the applicable Final Terms;

Redemption Margin shall be as set out in the applicable Final Terms;

Reference Bond shall be as set out in the applicable Final Terms or the DA Selected Bond;

Reference Bond Price means, with respect to any date of redemption, (a) the arithmetic average of the Reference Government Bond Dealer Quotations for such date of redemption, after excluding the highest and lowest such Reference Government Bond Dealer Quotations, or (b) if the Determination Agent obtains fewer than four such Reference Government Bond Dealer Quotations, the arithmetic average of all such quotations;

Reference Bond Rate means, with respect to any date of redemption, the rate per annum equal to the annual or semi-annual yield (as the case may be) to maturity or interpolated yield to maturity (on the relevant day count basis) of the Reference Bond, assuming a price for the Reference Bond (expressed as a percentage of its nominal amount) equal to the Reference Bond Price for such date of redemption;

Reference Date will be set out in the relevant notice of redemption;

Reference Government Bond Dealer means each of five banks selected by the Issuer, or their affiliates, which are (A) primary government securities dealers, and their respective successors, or (B) market makers in pricing corporate bond issues;

Reference Government Bond Dealer Quotations means, with respect to each Reference Government Bond Dealer and any date of redemption, the arithmetic average, as determined by the Determination Agent, of the bid and offered prices for the Reference Bond (expressed in each case as a percentage of its nominal amount) at the Quotation Time on the Reference Date quoted in writing to the Determination Agent by such Reference Government Bond Dealer;

Remaining Term Interest means, with respect to any Note, the aggregate amount of scheduled payment(s) of interest on such Note for the remaining term of such Note determined on the basis of the rate of interest applicable to such Note from and including the date on which such Note is to be redeemed by the Issuer pursuant to this Condition 7.3 (Redemption at the option of the Issuer (Issuer Call)); and

Spens Amount has the meaning given to it in Condition 7.3(a) above.

In the case of a partial redemption of Notes, the Notes to be redeemed (**Redeemed Notes**) will (i) in the case of Redeemed Notes represented by definitive Notes, be selected individually by lot, not more than 30 days prior to the date fixed for redemption and (ii) in the case of Redeemed Notes

represented by a Global Note, be selected in accordance with the rules of Euroclear and/or Clearstream, Luxembourg, (to be reflected in the records of Euroclear and Clearstream, Luxembourg as either a pool factor or a reduction in nominal amount, at their discretion). In the case of Redeemed Notes represented by definitive Notes, a list of the serial numbers of such Redeemed Notes will be published in accordance with Condition 14 (Notices) not less than 15 days prior to the date fixed for redemption.

7.4 Redemption at the option of the Issuer (Issuer Par Call)

If Issuer Par Call is specified as being applicable in the applicable Final Terms, the Issuer may, having given not less than the minimum period nor more than the maximum period of notice specified in applicable Final Terms to the Noteholders in accordance with Condition 14 (*Notices*) (which notice shall be irrevocable and specify the date fixed for redemption), redeem the Notes then outstanding in whole, but not in part, at any time during the Par Call Period specified as being applicable in the applicable Final Terms, at the Final Redemption Amount specified in the applicable Final Terms, together (if appropriate) with interest accrued but unpaid to (but excluding) the date fixed for redemption.

7.5 Redemption at the option of the Noteholders (Investor Put)

If Investor Put is specified as being applicable in the applicable Final Terms, upon the holder of any Note giving to the Issuer in accordance with Condition 14 (*Notices*) not less than the minimum period nor more than the maximum period of notice specified in the applicable Final Terms, the Issuer will, upon the expiry of such notice, redeem such Note on the Optional Redemption Date and at the Optional Redemption Amount together, if appropriate, with interest accrued to (but excluding) the Optional Redemption Date.

To exercise the right to require redemption of this Note the holder of this Note must, if this Note is in definitive form and held outside Euroclear and Clearstream, Luxembourg, deliver, at the specified office of any Paying Agent (in the case of Bearer Notes) or the Registrar (in the case of Registered Notes) at any time during normal business hours of such Paying Agent or, as the case may be, the Registrar falling within the notice period, a duly completed and signed notice of exercise in the form (for the time being current) obtainable from any specified office of any Paying Agent or, as the case may be, the Registrar (a **Put Notice**) and in which the holder must specify a bank account to which payment is to be made under this Condition and, in the case of Registered Notes, the nominal amount thereof to be redeemed and, if less than the full nominal amount of the Registered Notes so surrendered is to be redeemed, an address to which a new Registered Note in respect of the balance of such Registered Notes is to be sent subject to and in accordance with the provisions of Condition 2.2 (*Transfers of Registered Notes in definitive form*). If this Note is in definitive bearer form, the Put Notice must be accompanied by this Note or evidence satisfactory to the Paying Agent concerned that this Note will, following delivery of the Put Notice, be held to its order or under its control.

If this Note is represented by a Global Note or is in definitive form and held through Euroclear or Clearstream, Luxembourg, to exercise the right to require redemption of this Note the holder of this Note must, within the notice period, give notice to the Principal Paying Agent of such exercise in accordance with the standard procedures of Euroclear and Clearstream, Luxembourg (which may include notice being given on his instruction by Euroclear, Clearstream, Luxembourg, or any common depository or common safekeeper, as the case may be for them to the Principal Paying Agent by electronic means) in a form acceptable to Euroclear and Clearstream, Luxembourg from time to time.

Any Put Notice or other notice given in accordance with the standard procedures of Euroclear and Clearstream, Luxembourg by a holder of any Note pursuant to this Condition 7.5 (*Redemption at the*

option of the Noteholders (Investor Put)) shall be irrevocable except where, prior to the due date of redemption, an Event of Default has occurred and is continuing, in which event such holder, at its option, may elect by notice to the Issuer to withdraw the notice given pursuant to this Condition 7.5 (*Redemption at the option of the Noteholders (Investor Put)*) and instead to declare such Note forthwith due and payable pursuant to Condition 10 (*Events of Default and Enforcement*).

7.6 Redemption at the option of the Noteholders upon a Change of Control (Change of Control Put)

If a Change of Control Put is specified in the applicable Final Terms, upon the occurrence of a Change of Control Put Event (as defined below), each Noteholder will have the option (the **Change of Control Put Option**) to require the Issuer to redeem or, at the Issuer's option, purchase (or procure the purchase of) that Noteholder's Notes on the Change of Control Put Date (as defined below) at the Change of Control Redemption Amount together with interest accrued to but excluding the date of redemption or purchase.

Promptly upon the Issuer becoming aware that a Change of Control Put Event has occurred and, in any event, within 5 days of the Issuer becoming aware that such Change of Control Put Event has occurred, the Issuer shall, give notice (a **Change of Control Put Event Notice**) to the Noteholders in accordance with Condition 14 (*Notices*) specifying the nature of the Change of Control Put Event and the procedure for exercising the Change of Control Put Option.

To exercise the Change of Control Put Option, the holder of this Note must, if this Note is in definitive form and held outside Euroclear and Clearstream, Luxembourg, deliver, at the specified office of any Paying Agent (in the case of Bearer Notes) or the Registrar (in the case of Registered Notes) at any time during normal business hours of such Paying Agent or, as the case may be, the Registrar, on any Payment Day (as defined in Condition 6.6 (Payment Day)) at the place of such specified office falling within the Change of Control Put Period (as defined below), a duly signed and completed notice of exercise in the form (for the time being current obtainable from any specified office of any Paying Agent or, as the case may be, the Registrar (a **Change of Control Put Exercise Notice**) and in which the holder must specify a bank account (or, if payment is to be made by cheque, an address) to which payment is to be made under this Condition 7.6 (Redemption at the option of the Noteholders upon a Change of Control (Change of Control Put)) and, in the case of Registered Notes, the nominal amount thereof to be redeemed and, if less than the full nominal amount of the Registered Notes so surrendered is to be redeemed, an address to which a new Registered Note in respect of the balance of such Registered Notes is to be sent subject to and in accordance with the provisions of Condition 2.2 (*Transfers of Registered Notes in definitive form*). If this Note is in definitive bearer form, the Change of Control Put Exercise Notice must be accompanied by this Note or evidence satisfactory to the Paying Agent concerned that this Note will, following the delivery of the Change of Control Put Exercise Notice, be held to its order or under its control.

If this Note is represented by a Global Note or is in definitive form and held through Euroclear or Clearstream, Luxembourg, to exercise the right to require redemption or, as the case may be, purchase of this Note under this Condition 7.6 (*Redemption at the option of the Noteholders upon a Change of Control (Change of Control Put)*) the holder of this Note must, within the Change of Control Put Period, give notice to the Principal Paying Agent (in the case of Bearer Notes) or the Registrar (in the case of Registered Notes) of such exercise in accordance with the standard procedures of Euroclear and/or Clearstream, Luxembourg (which may include notice being given on his instruction by Euroclear and/or Clearstream, Luxembourg or any common depositary or common safekeeper, as the case may be, for them to the Principal Paying Agent (in the case of Bearer Notes) or the Registrar (in the case of Registered Notes) by electronic means) in a form acceptable to Euroclear and/or Clearstream, Luxembourg from time to time.

A Change of Control Put Exercise Notice given by a holder of any Note shall be irrevocable except where, prior to the due date of redemption or purchase, an Event of Default has occurred and is continuing, in which event such holder, at its option, may elect by notice to the Issuer to withdraw the Change of Control Put Exercise Notice given pursuant to this Condition 7.6 (*Redemption at the option of the Noteholders upon a Change of Control (Change of Control Put)*) and instead treat its Notes as being forthwith due and payable pursuant to Condition 10 (*Events of Default and Enforcement*).

Any Note which is the subject of a Change of Control Put Exercise Notice which has been delivered as described above prior to the expiry of the Change of Control Put Period shall be redeemed or, as the case may be, purchased by (or on behalf of) the Issuer on the date which is the seventh Business Day as defined in Condition 5.2(a) (*Interest Payment Dates*) immediately following the last day of the Change of Control Put Period (the **Change of Control Put Date**).

If 80 per cent. or more in nominal amount of the Notes outstanding on the date on which the Change of Control Put Exercise Notice is given have been redeemed pursuant to this Condition 7.6 (*Redemption at the option of the Noteholders upon a Change of Control (Change of Control Put)*), the Issuer may on not less than 30 or more than 60 days' notice to the Noteholders given within 30 days after the Change of Control Put Date, redeem or purchase all outstanding Notes at the Change of Control Redemption Amount together with interest accrued to but excluding the date of such redemption.

In these Conditions:

a **Change of Control Put Event** will be deemed to occur if:

- (a) any Person or any Persons acting in concert shall acquire (A) shares in the issued or allotted share capital of the Issuer carrying more than 50 per cent. of the voting rights normally exercisable at a general meeting of the Issuer or (B) the power to appoint or remove the majority of the members of the board of directors of the Issuer (each such event being, a **Change of Control**); and
- (b) on the date (the **Relevant Announcement Date**) that is the earlier of (1) the date of the earliest Potential Change of Control Announcement (as defined below) (if any) and (2) the date of the first public announcement of the relevant Change of Control, the Notes carry:
 - (i) an investment grade credit rating (*Baa3/BBB-/BBB-, or equivalent, or better*) (an **Investment Grade Rating**) from any Rating Agency (provided by such Rating Agency at the invitation or with the consent of the Issuer) and, within the Change of Control Period, any such Rating Agency downgrades its rating of the Notes to a non-investment grade credit rating (*Ba1/BB+/BB+ or equivalent, or worse*) or withdraws its rating of the Notes and such rating is not within the Change of Control Period (in the case of a downgrade) upgraded or (in the case of a withdrawal) reinstated to an Investment Grade Rating by such Rating Agency; or
 - (ii) a non-investment grade credit rating (*Ba1/BB+/BB+ or equivalent or worse*) from any Rating Agency (provided by such Rating Agency at the invitation or with the consent of the Issuer) and such rating from any Rating Agency is within the Change of Control Period downgraded by one or more notches (*for illustration, Ba1/BB+/BB+ to Ba2/BB/BB being one notch*) or withdrawn and is not within the Change of Control Period subsequently (in the case of a downgrade) upgraded or (in the case of a withdrawal) reinstated to its earlier credit rating or better by such Rating Agency; or

- (iii) no credit rating from any Rating Agency and a Negative Rating Event also occurs within the Change of Control Period,

and

- (c) in making the relevant decision(s) referred to above, the relevant Rating Agency announces publicly or confirms in writing to the Issuer that such downgrading and/or withdrawal resulted, directly or indirectly, from the Change of Control or the Potential Change of Control Announcement (whether or not the Change of Control shall have occurred at the time such rating is downgraded and/or withdrawn). Upon receipt by the Issuer of any such written confirmation, the Issuer shall forthwith give notice of such written confirmation to the Noteholders in accordance with Condition 14 (*Notices*)

If the rating designations employed by Moody's, S&P or Fitch are changed from those which are described in paragraph (b) of the definition of "Change of Control Put Event" above, or if a rating is procured from a Substitute Rating Agency, the Issuer shall determine the rating designations of Moody's, S&P or Fitch or such Substitute Rating Agency (as appropriate) as are most equivalent to the prior rating designations of Moody's, S&P or Fitch and this Condition 7.6 (*Redemption at the option of the Noteholders upon a Change of Control (Change of Control Put)*) shall be construed accordingly.

Change of Control Period means the period commencing on the Relevant Announcement Date and ending 120 days after the occurrence of the Change of Control or, where a Rating Agency has publicly announced that the Notes are under consideration for rating review or, as the case may be, rating (such public announcement being within the period ending 120 days after the Change of Control), the later of (i) such 120th day after the Change of Control and (ii) the date falling 60 days after such public announcement;

Change of Control Put Period means the period from, and including, the date of a Change of Control Put Event Notice to, but excluding, the 45th day following the date of the Change of Control Put Event Notice or, if earlier, the eighth day immediately preceding the Maturity Date;

Fitch means Fitch Ratings Limited;

Moody's means Moody's Investors Service Ltd;

Negative Rating Event shall be deemed to have occurred if (i) the Issuer does not, prior to or not later than 21 days after the occurrence of the relevant Change of Control, seek, and thereafter throughout the Change of Control Period use all reasonable endeavours to obtain, a rating of the Notes or (ii) if the Issuer does so seek and use all such reasonable endeavours, it is unable to obtain such rating of at least investment grade (*Baa3/BBB-/BBB- or equivalent or better*) by the end of the Change of Control Period and the relevant Rating Agency announces publicly or confirms in writing to the Issuer that the failure to issue a rating of at least investment grade (*Baa3/BBB-/BBB- or equivalent or better*) was as a result, directly or indirectly, of the Change of Control or the Potential Change of Control Announcement (whether or not the Change of Control had occurred at such time);

Potential Change of Control Announcement means any public announcement or statement by or on behalf of the Issuer, any actual or potential bidder or any adviser acting on behalf of any actual or potential bidder relating to any potential Change of Control where within 180 days following the date of such announcement or statement, a Change of Control occurs; and

Rating Agency means Moody's, S&P or Fitch or any of their respective successors or any other rating agency (a **Substitute Rating Agency**) of equivalent international standing specified by the Issuer from time to time; and

S&P and Standard & Poor's means S&P Global Ratings Europe Limited.

7.7 Early Redemption Amounts

For the purpose of Condition 7.2 (*Redemption for tax reasons*) and Condition 10 (*Events of Default and Enforcement*):

- (a) each Note (other than a Zero Coupon Note) will be redeemed at its Early Redemption Amount as specified in the applicable Final Terms; or
- (b) each Zero Coupon Note will be redeemed at its Early Redemption Amount being an amount calculated in accordance with the following formula:

$$\text{Early Redemption Amount} = \text{RP} \times (1 + \text{AY})^y$$

where:

RP means the Reference Price;

AY means the Accrual Yield (as specified in the applicable Final Terms) expressed as a decimal; and

y is the Day Count Fraction specified in the applicable Final Terms which will be either (i) 30/360 (in which case the numerator will be equal to the number of days (calculated on the basis of a 360-day year consisting of 12 months of 30 days each) from (and including) the Issue Date of the first Tranche of the Notes to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such Note becomes due and repayable and the denominator will be 360) or (ii) Actual/360 (in which case the numerator will be equal to the actual number of days from (and including) the Issue Date of the first Tranche of the Notes to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such Note becomes due and repayable and the denominator will be 360) or (iii) Actual/365 (in which case the numerator will be equal to the actual number of days from (and including) the Issue Date of the first Tranche of the Notes to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such Note becomes due and repayable and the denominator will be 365).

7.8 Purchases

The Issuer, or any Subsidiary of the Issuer may at any time purchase Notes (provided that, in the case of definitive Bearer Notes, all unmatured Coupons and Talons appertaining thereto are purchased therewith) at any price in the open market or otherwise. Such Notes may be held, reissued, resold or, at the option of the Issuer, surrendered to any Paying Agent and/or the Registrar for cancellation.

7.9 Cancellation

All Notes which are redeemed will forthwith be cancelled (together with all unmatured Coupons and Talons attached thereto or surrendered therewith at the time of redemption). All Notes so cancelled and any Notes purchased and cancelled pursuant to Condition 7.8 above (together with all

unmatured Coupons and Talons cancelled therewith) shall be forwarded to the Principal Paying Agent and cannot be reissued or resold.

7.10 Late payment on Zero Coupon Notes

If the amount payable in respect of any Zero Coupon Note upon redemption of such Zero Coupon Note pursuant to Condition 7.1 (*Redemption at maturity*), 7.2 (*Redemption for tax reasons*), 7.3 (*Redemption at the option of the Issuer (Issuer Call)*) or 7.4 (*Redemption at the option of the Issuer (Issuer Par Call)*) or upon its becoming due and repayable as provided in Condition 10 (*Events of Default and Enforcement*) is improperly withheld or refused, the amount due and repayable in respect of such Zero Coupon Note shall be the amount calculated as provided in Condition 7.7(b) as though the references therein to the date fixed for the redemption or the date upon which such Zero Coupon Note becomes due and payable were replaced by references to the date which is the earlier of:

- (a) the date on which all amounts due in respect of such Zero Coupon Note have been paid; and
- (b) five days after the date on which the full amount of the moneys payable in respect of such Zero Coupon Notes has been received by the Principal Paying Agent or the Registrar and notice to that effect has been given to the Noteholders in accordance with Condition 14 (*Notices*).

8. TAXATION

All payments of principal and interest in respect of the Notes and Coupons by or on behalf of the Issuer will be made without withholding or deduction for or on account of any present or future taxes or duties of whatever nature imposed or levied by or on behalf of any Tax Jurisdiction unless such withholding or deduction is required by law. In such event, the Issuer will pay such additional amounts as shall be necessary in order that the net amounts received by the holders of the Notes or Coupons after such withholding or deduction shall equal the respective amounts of principal and interest which would otherwise have been receivable in respect of the Notes or Coupons, as the case may be, in the absence of such withholding or deduction; except that no such additional amounts shall be payable with respect to any Note or Coupon:

- (a) presented for payment in a Tax Jurisdiction; or
- (b) the holder of which is liable for such taxes or duties in respect of such Note or Coupon by reason of his having some connection with a Tax Jurisdiction other than the mere holding of such Note or Coupon; or
- (c) presented for payment more than 30 days after the Relevant Date (as defined below) except to the extent that the holder thereof would have been entitled to an additional amount on presenting the same for payment on such thirtieth day assuming that day to have been a Payment Day (as defined in Condition 6.6 (*Payment Day*)).

Notwithstanding any other provision of these Conditions, in no event will the Issuer or any other person be required to pay any additional amounts in respect of the Notes and Coupons for, or on account of, any FATCA Withholding.

As used herein:

- (i) **Tax Jurisdiction** means the Kingdom of Sweden (or any political subdivision or any authority thereof or therein having power to tax) or any other jurisdiction (or any political subdivision or any authority thereof or therein having power to tax) to which payments made by the Issuer of principal and interest on the Notes become generally subject; and

- (ii) the **Relevant Date** means the date on which such payment first becomes due, except that, if the full amount of the moneys payable has not been duly received by the Principal Paying Agent or the Registrar, as the case may be, on or prior to such due date, it means the date on which, the full amount of such moneys having been so received, notice to that effect is duly given to the Noteholders in accordance with Condition 14 (*Notices*).

9. PRESCRIPTION

The Notes (whether in bearer or registered form) and Coupons will become void unless claims in respect of principal and/or interest are made within a period of 10 years (in the case of principal) and five years (in the case of interest) after the Relevant Date (as defined in Condition 8 (*Taxation*)) therefor.

There shall not be included in any Coupon sheet issued on exchange of a Talon any Coupon the claim for payment in respect of which would be void pursuant to this Condition or Condition 6.2 (*Presentation of definitive Bearer Notes and Coupons*) or any Talon which would be void pursuant to Condition 6.2 (*Presentation of definitive Bearer Notes and Coupons*).

10. EVENTS OF DEFAULT AND ENFORCEMENT

10.1 Events of Default

If any one or more of the following events (each an **Event of Default**) occurs and is continuing:

- (a) if default is made in the payment in the Specified Currency of any principal or interest due in respect of the Notes or any of them and the default continues for a period of seven days in the case of principal and 14 days in the case of interest; or
- (b) if the Issuer fails to maintain the Consolidated Coverage Ratio in accordance with Condition 4.2(b) (*Financial Covenants*) and such breach continues for 90 days;
- (c) if the Issuer fails to perform or observe any of its other obligations under these Conditions and (except in any case where the failure is incapable of remedy when no such continuation or notice as is hereinafter mentioned will be required) the failure continues unremedied for the period of 30 days next following the service by a Noteholder on the Issuer of written notice requiring the same to be remedied; or
- (d) if (i) any Financial Indebtedness of the Issuer or any of its Subsidiaries becomes due and repayable prior to its stated maturity by reason of an event of default (however described); (ii) the Issuer or any of its Subsidiaries fails to make any payment in respect of any Financial Indebtedness on the due date for payment (as extended by any originally applicable grace period); (iii) any security given by the Issuer or any of its Subsidiaries for any Financial Indebtedness becomes enforceable and steps are taken to enforce the same; or (iv) default is made by the Issuer or any of its Subsidiaries in making any payment due under any guarantee and/or indemnity given by it in relation to any Financial Indebtedness of any other person; provided that no event described in this subparagraph 10.1(d) shall constitute an Event of Default unless the relevant amount of Financial Indebtedness, either alone or when aggregated (without duplication) with other amounts of Financial Indebtedness in respect of which one or more of the events set out in this Condition 10.1(d) occurs amounts to at least 1 per cent. of the Consolidated Total Assets; or
- (e) if any order is made by any competent court or resolution passed for the winding up or dissolution of the Issuer or any of its Material Subsidiaries, save for the purposes of reorganisation, amalgamation, adjustment or restructuring of the Group whilst solvent on terms previously approved by an Extraordinary Resolution; or

- (f) if the Issuer or any of its Material Subsidiaries ceases or threatens to cease to carry on the whole or a substantial part of its business, save for the purposes of any reorganisation, amalgamation, adjustment or restructuring of the Group whilst solvent or on terms previously approved by an Extraordinary Resolution, or the Issuer or any of its Material Subsidiaries becomes insolvent or is unable to, or admits inability to, pay its debts (or any class of its debts) as they fall due, or is deemed unable to pay its debts pursuant to or for the purposes of any applicable law, or is adjudicated or found bankrupt or insolvent; or
- (g) if (i) proceedings are initiated against the Issuer or any of its Material Subsidiaries under any applicable liquidation, insolvency, composition, reorganisation or other similar laws, or an application is made (or documents filed with a court) for the appointment of an administrative or other receiver, manager, administrator or other similar official, or an administrative or other receiver, manager, administrator or other similar official is appointed, in relation to the Issuer or any of its Material Subsidiaries or, as the case may be, in relation to the whole or any part of the undertaking or assets of any of them, or an encumbrancer takes possession of the whole or any part of the undertaking or assets of any of them, or a distress, execution, attachment, sequestration or other process is levied, enforced upon, sued out or put in force against the whole or any part of the undertaking or assets of any of them and (ii) in any case (other than the appointment of an administrator) is not discharged within 60 days; or
- (h) if the Issuer or any of its Material Subsidiaries (or their respective directors or shareholders) initiates or consents to judicial proceedings relating to itself under any applicable liquidation, insolvency, composition, reorganisation or other similar laws (including the obtaining of a moratorium) or makes a conveyance or assignment for the benefit of, or enters into any composition or other arrangement with, its creditors generally (or any class of its creditors) or any meeting is convened to consider a proposal for an arrangement or composition with its creditors generally (or any class of its creditors),

then any holder of a Note may, by written notice to the Issuer at the specified office of the Principal Paying Agent, effective upon the date of receipt thereof by the Principal Paying Agent, declare any Note held by it to be forthwith due and payable whereupon the same shall become forthwith due and payable at its Early Redemption Amount, together with accrued interest (if any) to the date of repayment, without presentment, demand, protest or other notice of any kind.

10.2 Definitions

For the purposes of the Conditions:

Material Subsidiary means, at any particular time, a Subsidiary of the Issuer:

- (a) whose total assets (consolidated in the case of a Subsidiary which itself has Subsidiaries) or whose rental revenue (consolidated in the case of a Subsidiary which itself has Subsidiaries) represent in each case not less than 10 per cent. of the consolidated total assets or, as the case may be, consolidated rental revenue of the Group, all as calculated respectively by reference to the then latest audited financial statements (consolidated or, as the case may be, unconsolidated) of such Subsidiary and the then latest audited consolidated financial statements of the Group, *provided that* in the case of a Subsidiary of the Issuer acquired after the end of the financial period to which the then latest audited consolidated financial statements of the Group relate, the reference to the then latest audited consolidated financial statements of the Group for the purposes of the calculation above shall, until consolidated financial statements for the financial period in which the acquisition is made have been prepared and audited as aforesaid, be deemed to be a reference to such first-mentioned financial statements as if such Subsidiary had been shown in such accounts by reference to its then latest relevant audited financial statements, adjusted as deemed appropriate by the Issuer;

- (b) to which is transferred the whole or substantially the whole of the undertaking and assets of a Subsidiary of the Issuer which immediately prior to such transfer is a Material Subsidiary pursuant to (a) above, provided that the transferor Subsidiary shall upon such transfer forthwith cease to be a Material Subsidiary and the transferee Subsidiary shall cease to be a Material Subsidiary pursuant to this subparagraph (b) on the date on which the consolidated financial statements of the Group for the financial period current at the date of such transfer have been prepared and audited as aforesaid but so that such transferor Subsidiary or such transferee Subsidiary may be a Material Subsidiary on or at any time after the date on which such consolidated financial statements have been prepared and audited as aforesaid by virtue of the provisions of subparagraph (a) above or, prior to or after such date, by virtue of any other applicable provision of this definition; or
- (c) to which is transferred an undertaking or assets which, taken together with the undertaking or assets of the transferee Subsidiary, generated (or, in the case of a transferee Subsidiary being acquired after the end of the financial period to which the then latest audited consolidated financial statements of the Group relate, generate rental revenue equal to) not less than 10 per cent. of the consolidated rental revenue, or represent (or, in the case aforesaid, are equal to) not less than 10 per cent. of the consolidated total assets, of the Group, all as calculated as referred to in subparagraph (a) above, provided that the transferor Subsidiary (if a Material Subsidiary) shall upon such transfer forthwith cease to be a Material Subsidiary unless immediately following such transfer its undertaking and assets generate (or, in the case aforesaid, generate rental revenue equal to) not less than 10 per cent. of the consolidated rental revenue, or its assets represent (or, in the case aforesaid, are equal to) not less than 10 per cent. of the consolidated total assets, of the Group, all as calculated as referred to in subparagraph (a) above, and the transferee Subsidiary shall cease to be a Material Subsidiary pursuant to this subparagraph (c) on the date on which the consolidated financial statements of the Group for the financial period current at the date of such transfer have been prepared and audited but so that such transferor Subsidiary or such transferee Subsidiary may be a Material Subsidiary on or at any time after the date on which such consolidated accounts have been prepared and audited as aforesaid by virtue of the provisions of subparagraph (a) above or, prior to or after such date, by virtue of any other applicable provision of this definition,

all as more particularly defined in the Agency Agreement.

A report by two Authorised Signatories (as defined in the Agency Agreement) that in their opinion a Subsidiary of the Issuer is or is not or was or was not at any particular time or throughout any specified period a Material Subsidiary of the Issuer, shall, in the absence of manifest error, be conclusive and binding on all parties.

11. REPLACEMENT OF NOTES, COUPONS AND TALONS

Should any Note, Coupon or Talon be lost, stolen, mutilated, defaced or destroyed, it may be replaced at the specified office of the Principal Paying Agent (in the case of Bearer Notes or Coupons) or the Registrar (in the case of Registered Notes) upon payment by the claimant of such costs and expenses as may be incurred in connection therewith and on such terms as to evidence and indemnity as the Issuer may reasonably require. Mutilated or defaced Notes, Coupons or Talons must be surrendered before replacements will be issued.

12. AGENTS

The initial Agents are set out above. If any additional Paying Agents are appointed in connection with any Series, the names of such Paying Agents will be specified in Part B of the applicable Final Terms.

The Issuer is entitled to vary or terminate the appointment of any Agent and/or appoint additional or other Agents and/or approve any change in the specified office through which any Agent acts, provided that:

- (a) there will at all times be a Principal Paying Agent and a Registrar;
- (b) so long as the Notes are listed on any stock exchange or admitted to listing by any other relevant authority, there will at all times be a Paying Agent (in the case of Bearer Notes) and a Transfer Agent (in the case of Registered Notes) with a specified office in such place as may be required by the rules and regulations of the relevant stock exchange or other relevant authority; and
- (c) there will at all times be a Paying Agent in a jurisdiction within Europe, other than the jurisdiction in which the Issuer is incorporated.

In addition, the Issuer shall forthwith appoint a Paying Agent having a specified office in New York City in the circumstances described in Condition 6.5 (*General provisions applicable to payments*). Notice of any variation, termination, appointment or change in Paying Agents will be given to the Noteholders promptly by the Issuer in accordance with Condition 14 (*Notices*).

In acting under the Agency Agreement, the Agents act solely as agents of the Issuer and do not assume any obligation to, or relationship of agency or trust with, any Noteholder or Couponholder. The Agency Agreement contains provisions permitting any entity into which any Agent is merged or converted or with which it is consolidated or to which it transfers all or substantially all of its assets to become the successor agent.

13. EXCHANGE OF TALONS

On and after the Interest Payment Date on which the final Coupon comprised in any Coupon sheet matures, the Talon (if any) forming part of such Coupon sheet may be surrendered at the specified office of any Paying Agent in exchange for a further Coupon sheet including (if such further Coupon sheet does not include Coupons to (and including) the final date for the payment of interest due in respect of the Note to which it appertains) a further Talon, subject to the provisions of Condition 9 (*Prescription*).

14. NOTICES

All notices regarding the Bearer Notes will be deemed to be validly given if published in a leading English language daily newspaper of general circulation in London. It is expected that any such publication in a newspaper will be made in the *Financial Times* in London. The Issuer shall also ensure that notices are duly published in a manner which complies with the rules of any stock exchange or other relevant authority on which the Bearer Notes are for the time being listed or by which they have been admitted to trading including publication on the website of the relevant stock exchange or relevant authority if required by those rules. Any such notice will be deemed to have been given on the date of the first publication or, where required to be published in more than one newspaper, on the date of the first publication in all required newspapers.

All notices regarding the Registered Notes will be deemed to be validly given if sent by first class mail or (if posted to an address overseas) by airmail to the holders (or the first named of joint holders) at their respective addresses recorded in the Register and will be deemed to have been given on the fourth day after mailing and, in addition, for so long as any Registered Notes are listed on a stock exchange or are admitted to trading by another relevant authority and the rules of that stock exchange or relevant authority so require, such notice will be published on the website of the relevant stock exchange or relevant authority and/or in a daily newspaper of general circulation in the place or places required by those rules.

Until such time as any definitive Notes are issued, there may, so long as any Global Notes representing the Notes are held in their entirety on behalf of Euroclear and/or Clearstream, Luxembourg, be substituted for such publication in such newspaper(s) or such mailing the delivery of the relevant notice to Euroclear and/or Clearstream, Luxembourg for communication by them to the holders of the Notes and, in addition, for so long as any Notes are listed on a stock exchange or are admitted to trading by another relevant authority and the rules of that stock exchange or relevant authority so require, such notice will be published on the website of the relevant stock exchange or relevant authority and/or in a daily newspaper of general circulation in the place or places required by those rules. Any such notice shall be deemed to have been given to the holders of the Notes on the day after the day on which the said notice was given to Euroclear and/or Clearstream, Luxembourg.

Notices to be given by any Noteholder shall be in writing and given by lodging the same, together (in the case of any Note in definitive form) with the relative Note or Notes, with the Principal Paying Agent (in the case of Bearer Notes) or the Registrar (in the case of Registered Notes). Whilst any of the Notes are represented by a Global Note, such notice may be given by any holder of a Note to the Principal Paying Agent or the Registrar through Euroclear and/or Clearstream, Luxembourg, as the case may be, in such manner as the Principal Paying Agent, the Registrar and Euroclear and/or Clearstream, Luxembourg, as the case may be, may approve for this purpose.

15. MEETINGS OF NOTEHOLDERS AND MODIFICATION

15.1 Meetings of Noteholders

The Agency Agreement contains provisions for convening meetings of the Noteholders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of the Notes, the Coupons or any of the provisions of the Agency Agreement. Such a meeting may be convened by the Issuer and shall be convened by the Issuer if required in writing by Noteholders holding not less than five per cent. in nominal amount of the Notes for the time being remaining outstanding. The quorum at any such meeting for passing an Extraordinary Resolution is one or more persons holding or representing not less than 50 per cent. in nominal amount of the Notes for the time being outstanding, or at any adjourned meeting one or more persons being or representing Noteholders whatever the nominal amount of the Notes so held or represented, except that at any meeting the business of which includes the modification of certain provisions of the Notes or the Coupons (including modifying the date of maturity of the Notes or any date for payment of interest thereon, reducing or cancelling the amount of principal or the rate of interest payable in respect of the Notes or altering the currency of payment of the Notes or the Coupons or amending the Deed of Covenant in certain respects), the quorum shall be one or more persons holding or representing not less than two-thirds in nominal amount of the Notes for the time being outstanding, or at any adjourned such meeting one or more persons holding or representing not less than one-third in nominal amount of the Notes for the time being outstanding. The Agency Agreement provides that (i) a resolution passed at a meeting duly convened and held in accordance with the Agency Agreement by a majority consisting of not less than three-fourths of the votes cast on such resolution, (ii) a resolution in writing signed by or on behalf of the holders of not less than three-fourths in nominal amount of the Notes for the time being outstanding or (iii) consent given by way of electronic consents through the relevant clearing system(s) (in a form satisfactory to the Principal Paying Agent) by or on behalf of the holders of not less than three-fourths in nominal amount of the Notes for the time being outstanding, shall, in each case, be effective as an Extraordinary Resolution of the Noteholders. An Extraordinary Resolution passed by the Noteholders will be binding on all Noteholders, whether or not they are present at any meeting and whether or not they voted on the resolution, and on all Couponholders.

15.2 Modification

The Principal Paying Agent and the Issuer may agree, without the consent of the Noteholders or Couponholders, to:

- (a) any modification (except such modifications in respect of which an increased quorum is required as mentioned above) of the Notes, the Coupons, the Deed of Covenant or the Agency Agreement which is not prejudicial to the interests of the Noteholders; or
- (b) any modification of the Notes, the Coupons, the Deed of Covenant or the Agency Agreement which is of a formal, minor or technical nature or is made to correct a manifest error or to comply with mandatory provisions of the law.

Any such modification shall be binding on the Noteholders and the Couponholders and any such modification shall be notified to the Noteholders in accordance with Condition 14 (*Notices*) as soon as practicable thereafter.

16. FURTHER ISSUES

The Issuer shall be at liberty from time to time without the consent of the Noteholders or the Couponholders to create and issue further notes having terms and conditions the same as the Notes or the same in all respects save for the amount and date of the first payment of interest thereon and the date from which interest starts to accrue and so that the same shall be consolidated and form a single Series with the outstanding Notes.

17. CONTRACTS (RIGHTS OF THIRD PARTIES) ACT 1999

No person shall have any right to enforce any term or condition of this Note under the Contracts (Rights of Third Parties) Act 1999, but this does not affect any right or remedy of any person which exists or is available apart from that Act.

18. GOVERNING LAW AND SUBMISSION TO JURISDICTION

18.1 Governing law

The Agency Agreement, the Deed of Covenant, the Notes and the Coupons and any non-contractual obligations arising out of or in connection with the Agency Agreement, the Deed of Covenant, the Notes and the Coupons are governed by, and construed in accordance with, English law.

18.2 Submission to jurisdiction

- (a) Subject to Condition 18.2(c) below, the English courts have exclusive jurisdiction to settle any dispute arising out of or in connection with the Notes and/or the Coupons, including any dispute as to their existence, validity, interpretation, performance, breach or termination or the consequences of their nullity and any dispute relating to any non-contractual obligations arising out of or in connection with the Notes and/or the Coupons (a **Dispute**) and accordingly each of the Issuer and any Noteholders or Couponholders in relation to any Dispute submits to the exclusive jurisdiction of the English courts.
- (b) For the purposes of this Condition 18.2 (Submission to jurisdiction), the Issuer waives any objection to the English courts on the grounds that they are an inconvenient or inappropriate forum to settle any Dispute.

- (c) To the extent allowed by law, the Noteholders and the Couponholders may, in respect of any Dispute or Disputes, take (i) proceedings in any other court with jurisdiction; and (ii) concurrent proceedings in any number of jurisdictions.

18.3 Appointment of Process Agent

The Issuer irrevocably appoints Business Sweden – The Swedish Trade and Invest Council at 5 Upper Montagu Street, London W1H2AG as its agent for service of process in any proceedings before the English courts in relation to any Dispute and agrees that, in the event of Business Sweden – The Swedish Trade and Invest Council being unable or unwilling for any reason so to act, it will immediately appoint another person as its agent for service of process in England in respect of any Dispute. The Issuer agrees that failure by a process agent to notify it of any process will not invalidate service. Nothing herein shall affect the right to serve process in any other manner permitted by law.

18.4 Other documents

The Issuer has in the Agency Agreement and the Deed of Covenant submitted to the jurisdiction of the English courts and appointed an agent for service of process in terms substantially similar to those set out above.

USE OF PROCEEDS

The net proceeds from each issue of Notes will be applied by the Issuer for its general corporate purposes, which include making a profit, unless otherwise specified in the applicable Final Terms.

DESCRIPTION OF THE ISSUER

General

Castellum AB (publ) (**Castellum**) was incorporated on 24 September 1993 as a public limited liability company under the laws of the Kingdom of Sweden (**Sweden**) pursuant to the Swedish Companies Act (Sw. *aktiebolagslagen 2005:551*) and registered in Sweden with registration number 556475-5550. The address of its registered office and domicile is Östra Hamngatan 16, Gothenburg, Sweden and its telephone number is +46 31 60 74 00. Castellum was listed on the Stockholm stock exchange (**Stockholm NASDAQ**) on 23 May 1997.

Castellum is one of the largest listed real estate companies in Sweden by reported property market value. As at 30 June 2018, Castellum's property values amounted to SEK 84 billion. Castellum and its subsidiaries (the **Group**) owns, develops and manages a real estate portfolio comprising office, warehousing/logistics and public sector properties. The property portfolio is owned and managed under the Castellum brand through a decentralised organisation with a strong and clear local presence in 20 cities in Sweden and also in Copenhagen and Helsinki. As at 30 June 2018 Castellum's property portfolio comprised 683 properties with a total leasable area of 4.4 million square metres generating total income of SEK 2,740 million over the prior six month period.

Ownership structure

As at 30 June 2018 Castellum had approximately 41,000 shareholders, with 51 per cent. of shares registered to non-Swedish international investors. In Sweden, the lowest threshold for disclosure of holdings (so called 'flagging') is five per cent. of all shares or votes in a company. Two foreign shareholders, Stichting Pensioensfonds ABP and Blackrock have disclosed holdings of over five per cent. Castellum has no direct registered shareholders with holdings exceeding ten per cent.

The following tables provide a summary of the consolidated statement of comprehensive income, balance sheet and key performance indicators of the Group for the year ended and as at 31 December 2016 and 31 December 2017 and for the six months ended and as at 30 June 2017 and 30 June 2018:

Consolidated statement of comprehensive income in summary

SEK million	Jan-June 2018	Jan-June 2017	Jan-Dec 2017	Jan-Dec 2016
Rental income	2,557	2,313	4,783	4,216
Service income	183	250	399	317
Income	2,740	2,563	5,182	4,533
Operating expenses	– 380	– 369	– 699	– 671
Maintenance	– 76	– 74	– 194	– 189
Ground rent	– 13	– 11	– 23	– 24
Property tax	– 153	– 152	– 305	– 262
Leasing and property administration	– 178	– 180	– 384	– 351

Net operating income	1,940	1,777	3,577	3,036
Central administrative expenses	– 84	– 83	– 162	– 143
Acquisition and restructuring costs	–	– 5	– 5	– 163
Result from joint venture	–	–	–	3
<i>-of which income from property management</i>	–	–	–	4
<i>-of which tax</i>	–	–	–	– 1
Net interest expenses	<u>– 436</u>	<u>– 446</u>	<u>– 885</u>	<u>– 832</u>
Result from property management incl. result from joint venture	1,420	1,243	2,525	1,901
<i>-of which income from property management*</i>	<i>1,420</i>	<i>1,248</i>	<i>2,530</i>	<i>2,065</i>
Revaluation results of incremental acquisitions	–	–	–	27
Write-down goodwill	–	–	–	– 373
<i>Changes in value</i>				
Properties	827	1,824	4,540	4,085
Derivatives	<u>25</u>	<u>152</u>	<u>247</u>	<u>82</u>
Income before tax	2,272	3,219	7,312	5,722
Current tax	– 3	– 82	– 96	– 23
Deferred tax	<u>156</u>	<u>– 490</u>	<u>– 1,340</u>	<u>– 727</u>
Net income for the period/year	2,425	2,647	5,876	4,972
Other total net income				
Items that can be reclassified to net income	–	–	–	–
Translation difference of currencies	315	– 15	72	63
Change in value derivatives, currency hedge	<u>– 181</u>	<u>54</u>	<u>– 80</u>	<u>– 57</u>
Total net income for the period/year**	<u>2,559</u>	<u>2,686</u>	<u>5,868</u>	<u>4,978</u>

* For calculation of key performance indicators see “Alternative Performance Measures and other Key Performance Indicators”, below.

** Net income and total net income for the period/year is entirely assignable to the parent company’s shareholders.

Consolidated balance sheet

SEK million	30 June 2018	30 June 2017	31 Dec 2017	31 Dec 2016
ASSETS				
Investment properties	84,298	76,490	81,078	70,757
Goodwill	1,659	1,659	1,659	1,659
Share in joint venture				
Other fixed assets	121	85	107*	93*
Current assets	746	1,078	665	5,547
Cash and bank	84	323	203	257
Total assets	86,908	79,635	83,712	78,313

*Contain both Other fixed assets and Tangible fixed assets.

SHAREHOLDERS' EQUITY AND LIABILITIES

Shareholders' equity	34,847	30,554	33,736	29,234
Deferred tax liabilities	8,257	7,555	8,405	7,065
Other provisions	3	7	5	9
Interest-bearing liabilities	39,992	37,213	38,226	38,467
Derivatives	1,323	1,431	1,352	1,582
Non-interest-bearing liabilities	2,486	2,875	1,988	1,956
Total shareholders' equity and liabilities	86,908	79,635	83,712	78,313
Pledged assets (property mortgages)	28,717	31,699	32,397	33,130
Pledged assets (chattel mortgages)	–	–	–	838
Contingent liabilities	–	–	–	–

Key performance indicators

For definitions of key performance indicators please see “*Alternative Performance Measures and other Key Performance Indicators*”, below.

	Jan-June 2018	Jan-June 2017	Jan-Dec 2017	Jan-Dec 2016
EPRA NAV (SEK million)	42,768	37,881	41,834	36,222
EPRA NAV SEK/share	157	138	153	133
EPRA NNNNAV SEK/share	142	124	138	121
EPRA Vacancy Rate	7%	10%	9%	9%
Financial				
Net operating income margin	71%	69%	69%	67%
Interest coverage ratio	426%	380%	386%	348%
Net investments (SEK million)	2,069	3,849	5,613	24,737
Loan-to-value ratio	47%	48%	47%	50%
Property related				
Rental value, SEK/square metre	1,377	1,335	1,341	1,304
Economic occupancy rate	93.0%	89.9%	90.9%	91.3%
Property costs, SEK/square metre	368	358	364	376
Property value, SEK/square metre	18,762	17,395	18,268	16,558

History

1997	Castellum listed on the Stockholm NASDAQ's O-list.
2014	Castellum relocated its property portfolio through divestment of the entire property portfolio in Värnamo and Växjö and the shopping mall Hansa in Malmö.
2015	Castellum restructured the Group's property portfolio in the Stockholm area to shift its focus to the central parts of Stockholm. Castellum acquired (i) 50 per cent. of the shares in CORHEI Fastighets AB, and thereby a property portfolio in central Linköping and Norrköping, and (ii) a property portfolio in central Örebro.

	Castellum doubled the size of its property portfolio in Copenhagen.
2016	Castellum acquired Norrporten AB and divested properties in northern parts of Sweden. Castellum acquired the remaining 50 per cent. of the shares in CORHEI Fastighets AB.
2017	Castellum completed an exchange transaction with Klövern to acquire 14 properties in Borås, Sweden in exchange for nine properties located in Mölndal and Partille, Sweden. Castellum won a city development project near the Ericsson Globe in Stockholm. Castellum invested in an innovation lab called Next20 to further develop the Group's customer offers e.g. through digital platforms and new technology.
2018	Castellum acquired the first property in Helsinki, Finland for EUR 81 million. Castellum was granted Moody's investment grade rating: Baa3, positive outlook. Castellum launched the Beambox storage service for consumers and announced the launch of "co-working concept", as described below. Castellum announced plans to build a new head office for E.ON in Malmö. A project development with an expected investment amount of some SEK 1.1 billion once finalised. Castellum announced plans to build new premises for the Swedish courts in Malmö. A project development with an expected investment amount of around SEK 1.2 billion once finalised.

Business model and Strategic Plan

The Group's operations comprise the ownership, management, development of and investment in commercial premises through a decentralised and customer focused organisation with a focus on ensuring stable cash flow and operating with low financial risk.

Castellum's strategic plan, which is reviewed annually by the Board of Directors, consists of a number of building blocks designed to achieve the overall objective of ten per cent. annual growth in income from property management on a SEK per share basis in order to create shareholder value.

Castellum's objective is to create successful and sustainable workplaces in Nordic growth regions by keeping close to its customers and their needs, while at the same time being at the forefront of innovation in terms of expertise and service offerings to customers.

Castellum has sought to implement the strategic plan through various means, in particular by ensuring that its sustainability work is an integrated part of the Group's daily operations, for example, ensuring that processes become more energy efficient and that less water is used across the Group's portfolio, as well as choosing renewable energy sources over non-renewable ones. Castellum also certifies all new developments

according to various environmental standards (both international (e.g. BREEAM³) and domestic (e.g. Miljöbyggnad⁴)), as well as carrying out ecosystem surveys.

Business strategy and operations

At an operational level, Castellum's business strategy consists of five core elements:

Product strategy

The growth of e-commerce has had, and continues to have, a significant impact on the retail and logistics sectors. Castellum has partly pre-empted and also been actively responding to this evolution. Castellum has for a number of years been reducing the proportion of pure retail space in its portfolio and simultaneously invested in the expansion of its logistics portfolio which is now one of Sweden's largest. In total, the logistics portfolio was valued at SEK 12 billion as at 30 June 2018. The logistics portfolio's annual rental income is approximately SEK 950 million, which as of 30 June 2018 has generated income from property management of SEK 230 million. Castellum considers itself to be well positioned to take a leading role in the e-commerce logistics chain, due to its well-located buildings and land, including major hubs along the key logistics routes down to consumer handling in the major cities.

Customer strategy

Castellum's customers consist primarily of tenants from the following sectors: public sector agencies and authorities; commercial services, consultants and retail, including wholesalers. Castellum aims to tailor its offering to existing and potential customers by offering premises that meet the customers' specific needs and objectives. Castellum seeks to maintain a broad customer base that provides risk diversification across industry, lease maturity and the individual tenants.

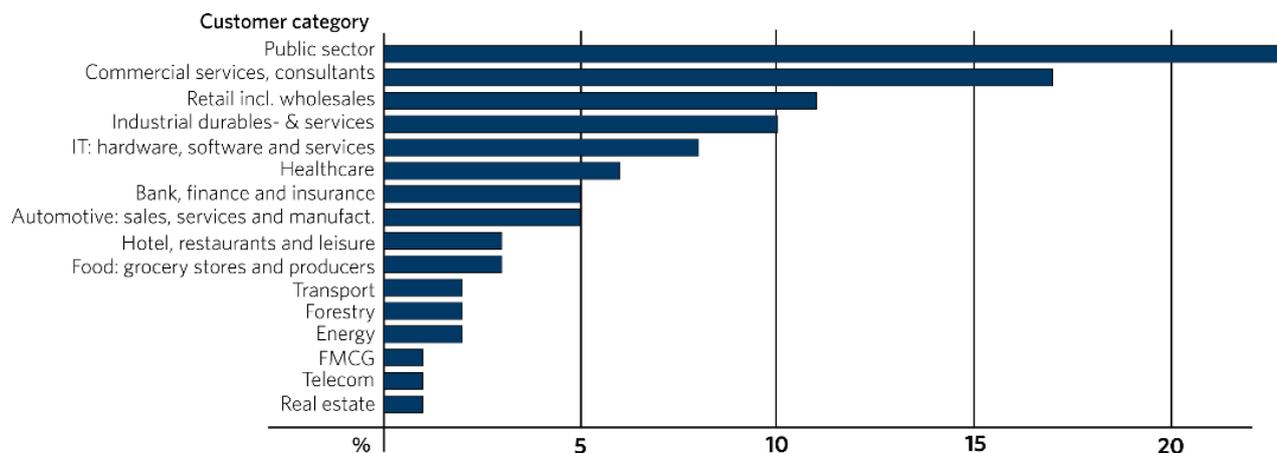
A clear customer focus is achieved through building long-term relationships, maintaining a local presence and providing high service levels in order to meet customer expectations. Customer requirements change over time and Castellum's property portfolio offers energy efficient, versatile and sustainable premises to meet customer requirements. In addition, Castellum aims to provide innovative solutions to changing customer demands. Through its customer focussed offering, Castellum's goal is to position the Group as the first choice for Nordic enterprises, authorities and municipalities.

More specifically, Castellum has sought to establish an active dialogue with customers through the Group's team of property managers and maintenance teams who are typically employed directly by Castellum rather than by third party service providers. This allows Castellum both to collect data and intelligence about its customers' needs and to be proactive in meeting those needs. This knowledge and experience of customer behaviours, needs and demands provides useful insights for Castellum's innovation lab, Next20.

³ BREEAM is a leading sustainability assessment method for projects, infrastructure and buildings. It recognises and reflects the value in higher performing assets across the built environment lifecycle, from new construction to in-use and refurbishment.

⁴ The Sweden Green Building Council is a non-profit organisation owned by its members, open to all companies and organisations within the Swedish construction and real estate sector who wish to develop and influence environmental and sustainability work in the industry. It has been an established member of the World Green Building Council since 2011.

The table below shows the breakdown of Castellum's commercial leases distributed by sector as at 30 June 2018:



Portfolio strategy

Castellum develops and manages its property portfolio to support growth in income from property management. Castellum initiates and implements transactions locally, regionally, nationally and internationally throughout the Nordic region. Castellum's properties are located in cities with strong economic growth in Sweden as well as Copenhagen and Helsinki, and the property portfolio is well-diversified in terms of regions, cities, tenants and use of premises. For example, Castellum has acquired properties in Stockholm, where Castellum now owns centrally located properties, which on 30 June 2018 were valued at approximately SEK 9.3 billion. Since acquiring its first properties in Copenhagen in 2011, Castellum's Copenhagen property portfolio has continued to grow and as at 30 June 2018 had a market value of approximately SEK 6 billion. In June 2018, Castellum also entered the Helsinki market with the acquisition of a well-located office property for approximately EUR 81 million. Castellum aims to increase its office property portfolio in Helsinki over the medium-long term.

As a result of strategic investments and divestments that Castellum has made over the last 3-4 years, as at 30 June 2018 the market value of Castellum's total property portfolio was SEK 84 billion. The acquisition of Norrporten AB in 2016 increased the share of centrally located office properties in the portfolio and the share of public-sector tenants.

Castellum's strategy is to improve the quality of its portfolio through the development of new modern properties and also through the refurbishment and extension of its existing properties in an economically efficient manner while also maintaining its sustainability commitment which enables it to command rent increases.

Castellum's aim is for such investments to contribute to achieving its overall growth target for income from property management within three years. More specifically, acquisitions should have a value potential of at least five to ten per cent. above the acquisition cost, while development and refurbishment projects should have a value potential of some 15 to 20 per cent. above the development or refurbishment cost. Investments are normally financed with internally generated funds and external loan financing from banks as well as from the money and capital markets.

Growth strategy

In order to achieve the goal of ten per cent. growth in income from property management per share, annual net investments should amount to approximately five per cent. of the property value. Castellum's operations focus on growth in cash flow which, together with low financial risk are what Castellum believes to be the

preconditions for healthy value growth in the Group alongside competitive dividends to its shareholders. To improve its cash flow and quality, the intention is that the property portfolio should continually be refined and improved through new investments as well as divestments in order to raise the quality and density of the portfolio. The Group aims to create sustained growth through increased rental levels, higher rents, and cost efficiency measures, as well as new construction, extensions and reconstructions that provide a high return and increase the quality of the property portfolio. In order to achieve its overall growth objective, as described above, Castellum has pursued investment opportunities outside Sweden, in Copenhagen and Helsinki.

Funding strategy

Castellum's goal is to maintain low financial risk. The chosen main key ratios for risk measurement are the loan-to-value ratio and the interest-coverage ratio. The funding strategy is further addressed in the section entitled "*Financing and capital structure*", below.

Research & Development (R&D)

Castellum's project orientated Research & Development (**R&D**) division was formed in 2017 and is responsible for the Group's strategic development initiatives. The Group's intention is to continuously add new projects to the R&D function in order to be able to capitalise on trends that can have an impact across any aspect of Castellum's business. Through Castellum's "Next20 innovation lab", (the first development lab established in the real estate industry in Sweden, Castellum seeks to deliver continued technological development. Castellum hopes to increase its attractiveness to customers by utilising technology to create efficient and effective processes and tools for employees, customers as well as the customers' customer (i.e. the end-user), thereby contributing to overall increased customer satisfaction. The ambition is that this should help to retain customers as well as contributing to positive business development. Castellum's objective is to become an industry leader in digitalisation by 2020, for example through developing ITt-connected buildings which use sensors to collect information tracking tenant behaviour in order to enhance the effective use of office space, as well as through additional new services such as Handly and Beambox (described below).

Below is a brief description of three innovative projects which have been initiated as a result of work done by the R&D division to create profitability and thereby increase shareholder value.

"Co-working concept"

In 2019 Castellum plans to launch its own co-working concept that will create new opportunities for tenants in terms of flexibility. The concept allows customers access to shared workplaces across different cities in the Nordic region. This enables and encourages collaboration and networking with other companies and people through membership on a newly developed digital platform.

"Handly"

The Handly service is a convenience offering for those who work in any of Castellum's buildings, which enables the delivery of all e-commerce items to a smart locker at the workplace. Via this system, employees can save time by avoiding travelling to various parcel delivery depots to pick up ordered goods.

"Beambox"

This service matches big-city residents' demand for storage space with society's unused resources in the form of Castellum's available warehouse storage space and resources in the logistics chain. Beambox is a storage service where items are collected from the customer's home and returned at a time when the customer chooses. Everything stored through Beambox can be monitored and managed through a digital interface. The service focuses on promoting a sustainable and circular society by utilising unused resources in the form of existing storage space.

Development portfolio

In order to promote long-term and sustainable growth Castellum aims to continuously refine and develop its real estate portfolio by investing in new developments, extensions and redevelopments, as well as making new acquisitions. Castellum ensures that investments must be sustainable, while meeting customer demand and matching tenants' requirements for premises and workplaces. New developments are gradually added to Castellum's real estate portfolio through the acquisition of suitable properties as well as unutilised building rights.

Enhancement of the real estate portfolio requires annual investments in new developments, extensions and redevelopments of properties in the existing portfolio. These often result in higher profit yields than acquisition investments. Between 2008 and 2017 Castellum's total such investments amounted to SEK 15 billion, corresponding to an average of SEK 1.5 billion per year.

Below are some examples of current development projects.

Smygmaskan 1, Malmö

Location: Hyllie, city district in Malmö

Area: 9,600 square metres

Time plan: to be completed Q2, 2019

Investment: SEK 353 million

Certification: Expected Miljöbyggnad level Gold and WELL Platinum⁵

In the area of Hyllie, a city district of Malmö, Castellum is developing modern and highly sustainable office space totalling close to 9,600 square metres. The project, entitled "Eminent" will be one of the first office buildings in the Nordic countries to be certified according to WELL. Eminent is centrally placed with easy access to Kastrup (outside Copenhagen, the largest airport in the Nordics), central Copenhagen and Lund, each being just a few train stops away.

Tibble, 1:647, Brunna

Location: Brunna, just north of Stockholm

Area: 8,894 square metres

Time plan: to be completed Q2, 2019

Investment: SEK 140 million

Certification: Miljöbyggnad level Silver

In Brunna, in the municipality of Upplands-Bro, in the Arlanda region just outside Stockholm, Castellum has begun construction of a modern building suitable for logistics operations. The building is located next to the large E18 motorway and close to the E4 motorway. This offers excellent distribution routes – and the new E4 route, the Stockholm Bypass, will further increase accessibility.

Sabbatsberg 24, Stockholm

Location: Central Stockholm, five minutes' walk from the Stockholm Central station

Area: 9,092 square metres

Time plan: to be completed Q2, 2019

⁵ WELL building standards are issued by the International WELL Building Institute and are an international construction standard that factors in workplace wellbeing for people.

Investment: SEK 329 million

Certification: Expected WELL Gold and BREAAAM "very good"

Castellum acquired the Sabbatsberg 24 property in 2017. The building is a well-known landmark in central Stockholm which served as Stockholm Vatten's headquarters from the early 1900s. Reconstruction of Sabbatsberg 24 began during spring 2018 and is scheduled for completion during the second quarter of 2019. The reconstruction is part of the ongoing development of Torsgatan, a street which is located in central Stockholm, a few streets from the central station. Castellum has owned a number of neighbouring properties as a result of earlier acquisitions and is forging long-term plans with the City of Stockholm and other property-owners to develop and create a comprehensive concept for the entire Torsgatan area.

Phase one of the reconstruction is now underway, with the aim of transforming approximately 9,000 square metres into modern workplaces. Fully leased, the investment is expected to generate yearly revenues of SEK 40 million.

New Nordic head quarter for E.ON

Location: Nyhamnen district, central Malmö

Area: 24,500 square metres

Time plan: to be completed summer 2021

Investment: SEK 1,100 million

Certification: Expected BREAAAM "outstanding" and WELL Platinum

Castellum plans to begin construction of a new office building in the popular Nyhamnen district of Malmö, with E.ON Energy Group as the anchor tenant. The investment establishes Castellum as one of the major city-developers in the Malmö region. This is an important element of Castellum's strategy to grow as a community-builder in the Öresund region. The 12-year tenancy agreement between Castellum and E.ON will become effective at the same time. Fully leased, this investment is expected to generate yearly revenues of SEK 68.5 million.

Development: Söderstaden, Stockholm

Location: Söderstaden, a major development area just south of Stockholm's city centre

Area: 30,000 square metres

Time plan: earliest possible start during 2020

Investment: SEK 1,200-1,400 million

Certification: TBD

At the end of 2017 it was announced that Castellum had won the City of Stockholm's land allocation competition for Söderstaden, located just south of Stockholm city centre. The city development project is one of Castellum's largest and has been taken on by a consortium also including the companies Wallenstam AB and Åke Sundvall AB. The project includes a total of approximately 100,000 square metres, and Castellum's 30,000 square metres share will comprise commercial properties, such as office space, hotels and restaurants. The remaining 70,000 square metres will be designated as residential premises and space for new hockey-training rinks.

Depending on the final design and volume, and on condition that the proposal is implemented, Castellum estimates that the total investment, after the acquisition of building rights as well as property development, will amount to about SEK 1,200–1,400 million. Through the site registration, Castellum and the other parties gain the exclusive right to negotiate with SGA Properties, the City of Stockholm's wholly owned subsidiary, about how the site is to be exploited – followed by the opportunity to purchase building rights. It is still too

early to comment in detail on a time schedule for the project, but the consortium estimates the implementation period to be six to eight years, with the earliest possible start in 2020.

New premises for the Swedish Courts in Malmö

Location: Nyhamnen, Malmö

Area: 25,000 square metres

Time plan: to be completed 2021

Investment: SEK 1,200 million

Certification: Expected Miljöbyggnad level Gold

The government has approved the Swedish Court (*Domstolsverket*) tenancy application and a rental agreement has been signed between the Swedish Courts and Castellum. Castellum is planning new construction of 25,000 square metres of modern courtroom premises in the centrally situated Nyhamnen area of Malmö. The investment, calculated at SEK 1.2 billion, constitutes a significant part of Castellum's strategy towards further growth in the Öresund area, and is one of Castellum's largest projects of all time. Construction time has been calculated to approximately two years and preliminary occupancy for the Malmö District Court and the Swedish National Courts Administration in Malmö is slated for 2021. The 20-year leasing agreement between Castellum and the Swedish Courts will take effect from occupancy date. Fully leased, the investment is assessed to generate an annual leasing income of approximately SEK 78 million.

Transaction Activities and Investments

Property acquisitions and the reallocation of capital through divestments of property has been an important strategy for Castellum's portfolio growth and continues to be a central part of the Group's strategy, particularly in terms of realising its portfolio strategy. Between 2008 and 2017, Castellum's total acquisitions amounted to SEK 41 billion, corresponding to an average of SEK 4.1 billion per year. During the same period Castellum disposed of properties with a total value of approximately SEK 13 billion.

Normally annual net investments amount to approximately five per cent. of the Group's total property value (on a rolling basis though typically with reference to the latest calendar year-end).

Sustainability

Castellum seeks to promote sustainable development and strives to integrate its sustainability initiatives into its operations. It is Castellum's aim that sustainability should characterise its entire business from ownership, property management and property portfolio development to customer relationships, employees and financing. Corporate social responsibility is crucial to Castellum's short and long-term success. Castellum's commitment to this goal is intended to increase profitability through having an offering with a clear sustainable focus (e.g. environmental certified buildings, sustainable building materials, renewable energy sources, nearly zero energy buildings, ecosystem services and incentives for entrepreneurs to create job opportunities in Castellum developments).

In 2017, new sustainability goals were adopted by the Board of Directors and incorporated into the current sustainability policy. Castellum's "agenda for the sustainable city" consists of a number of on-going goals and sub-goals until 2030. The table below sets out the goals which are divided into four sections and which are measured on a quarterly or annual basis. The four sections are: future-proofing, the planet, social responsibility and well-being. Castellum's agenda is ambitious and includes challenging objectives such as achieving net-zero CO2 emissions by 2030 and reaching a gender-equal organisation for all occupational categories at all levels of seniority by 2030.

Future-proofing

Goal	Current status
50 per cent. of the real estate portfolio in square metres will be environmentally certified by 2025.	29 per cent. of the real estate portfolio in square metres is environmentally certified. Castellum owns more environmentally certified building than any other listed real estate company in Sweden (Q2, 2018)
100 per cent. in all new developments and in larger redevelopments to be environmentally certified	Achieved (Q2, 2018)
Ecosystem services shall be evaluated in new developments and in larger redevelopments	Achieved (Q2, 2018)
100 per cent. of the properties which are retained for more than one year are to be environmentally inventoried, and these will be updated at least every tenth year.	82 per cent. (31 December 2017)

The Planet

Goal	Current status
1 per cent. water-use reduction per year	+0.9 per cent. like-for-like portfolio compared to previous year (Q2, 2018)
1.5 per cent. energy-efficiency improvement per year	3 per cent. reduction compared to 2015 (31 December 2017)
100 per cent. non-fossil fuel powered vehicles by 2020	43 per cent. non-fossil fuel powered vehicles (Q2, 2018)
15 per cent. lower energy consumption compared with 2015	+1.6 per cent. like-for-like portfolio compared to previous year due to the long and warm summer (Q2, 2018)
Net-zero carbon dioxide emissions by 2030	78 per cent. lower carbon dioxide emissions compared with 2007 (31 December 2017)
100 per cent. non-fossil fuel energy by 2030	95 per cent. non-fossil fuel energy (31 December 2017)

Social responsibility

Goal	Current status
4 per cent. of Castellum's workforce are to be apprentices on an annual basis	A total of 57 young people had internship or holiday work at Castellum in 2017. 14 of these were

	apprentices, equivalent to approximately 4 per cent. of Castellum's employees, of which 5 were created through projects. (31 December 2017)
Bonus to entrepreneurs who hire apprentices for our projects	Achieved (Q2, 2018)
100 per cent. of Castellum's employees to undergo training in Castellum's code of conduct	Achieved (Q2, 2018)

Well-being

Goal	Current status
Equality among all occupational categories by 2025 (representing women and men, 40-60 per cent.)	Management team: 55 per cent. women Customer relations/property management: 26 per cent. women Marketing/leasing: 78 per cent. women Finance/admin/IT: 67 per cent. women Business & project development: 38 per cent. women (31 December 2017)
20 per cent. employees with international background by 2025	Ongoing mapping where the result will be integrated in Castellum's recruitment process (Q2, 2018)
Short-term absenteeism (<2 per cent.)	1.2 per cent. (31 December 2017)
Long-term absenteeism (<3 per cent.)	0.8 per cent. (31 December 2017)

In 2018, Castellum received two awards for its sustainability efforts: (i) Designated number one in the world by GRESB (the *Global ESG Benchmark for Real Assets*) for the offices-and-logistics sector for the third consecutive year, and (ii) the Level Gold award for sustainability reporting from the EPRA (the *European Public Real Estate Association*) for the second year in a row. During 2017 Castellum was the only Nordic real-estate and construction company elected to the DJSI (the *Dow Jones Sustainability Index*), joining a select group of companies in the world who are recognised for their performance in relation to sustainability issues.

Castellum is also the first Nordic real estate company to have its climate objectives approved by the SBT (the *Science Based Targets*) initiative. Castellum's goal is to reach 100 per cent. climate neutrality throughout company operations by 2030, thereby supporting the United Nations Framework Convention on Climate Change, as well as national ambitions for a fossil-free Sweden.

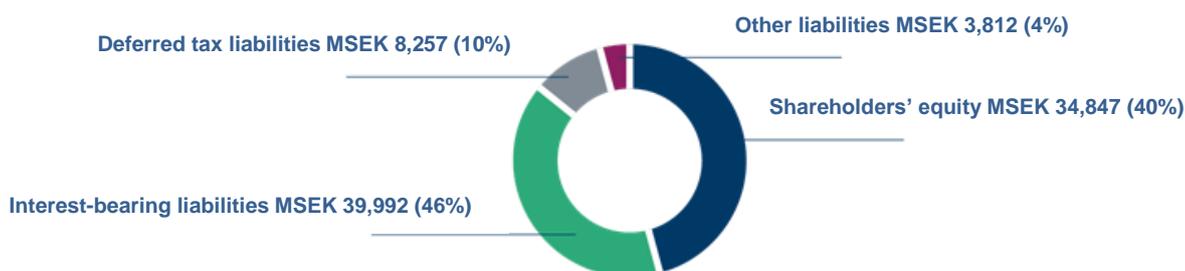
Environmental inventories are to be carried out for all properties to identify and address environmental and health risks. By 31 December 2017 inventories had already been performed for 82 per cent. of the properties in Castellum's portfolio and is planned or has been carried out for the remaining 18 per cent. in the near future. When a property is acquired, it is analysed both in terms of energy utilisation and environmental risk. All new constructions are environmentally certified. The environmental risks in Castellum's real estate portfolio are considered small, and no material fines have ever been imposed or paid for environmental offences.

One way of future-proofing the real estate portfolio is to environmentally certify the properties. Castellum owns the highest number of environmentally certified properties among Swedish listed real estate

companies⁶ and by 31 December 2017 29 per cent. of Castellum's 676 buildings (1,269,000 square metres) were environmentally certified. Further certification is on-going for an additional 311,000 square metres, corresponding to seven per cent. of the portfolio. The purpose of certification is to reduce the portfolio's climate impact and risks, reduce costs, create premises that are attractive to customers and their businesses, and to improve safety and working environment for customers.

FINANCING AND CAPITAL STRUCTURE

Castellum's overarching goal is to maintain a low level of financial risk which is reflected in a target average loan to value ratio not exceeding 50 per cent. and an interest coverage ratio of at least 200 per cent. as stipulated in Castellum's financial policy, which is set out below. As at 30 June 2018, the loan to value ratio was 47 per cent and the interest coverage ratio was 426 per cent.



Castellum's funding strategy is designed to support the business operations and manage the Group's financial risks. This strategy is reflected in a finance policy, which is set and reviewed annually by the Board of Directors. The policy governs the allocation of responsibilities and risk mandates and establishes principles regarding monitoring, reporting, and control of financing activities and sources.

There are five pillars to Castellum's funding strategy:

Diversification

Castellum shall have a diversified loan portfolio and avoid dependence on both individual counterparties and sources of financing. In addition, the maturity of various kinds of funding sources and individual loans shall be distributed over time.

Castellum will monitor and follow developments in the financial markets, enabling us to act quickly and to match business requirements.

Liquidity

Castellum will keep unutilised credit facilities available, in order to respond rapidly to business needs and opportunities that arise. Moreover, Castellum has revolving credit facilities available which act as liquidity reserves as well as a tool to facilitate daily financial cash management.

Strength

The Group's financial key ratios shall be strong, with a loan-to-value ratio not exceeding 50 per cent. and an interest coverage ratio of at least 200 per cent. The strength of the Group's real estate portfolio is enhanced by the quality of the Group's cash flow as well as by the composition of its debt and interest rate portfolio.

Castellum shall maintain a sufficient average interest rate duration on its debt portfolio to reduce the risk of a sudden negative impact on net financial items – resulting from interest rate changes and/or the assessment of

⁶ Source: Sweden Green Building Council www.sgbc.se/statistik

Castellum as borrower – that cannot be adjusted by offsetting effects on income related to business operations.

Transparency

Castellum will encourage long-term relationships with both banks and other lenders/investors and aim to be transparent in order to increase stakeholder understanding of the Group's operations and, consequently, credit exposure.

Flexibility

Castellum shall maintain flexible financing for the purpose of supporting business developments regarding acquisitions, sales and project development. Credit facilities are intended to provide Castellum with high flexibility to withdraw and repay with short notice in a cost efficient manner. Furthermore, Castellum shall maintain flexibility, both in terms of pricing (fixed and floating) and debt maturities.

The following table sets out the key requirements contained in the finance policy as at 30 September 2018 and Castellum's performance in respect of each as at 30 June 2018.

	Policy	Covenant Commitment	Performance
	<i>as at 30 September 2018</i>		<i>as at 30 June 2018</i>
Loan to value ratio	Not exceeding 50 per cent.	Not exceeding 65 per cent.	47 per cent.
Interest coverage ratio	At least 200 per cent.	At least 150 per cent.	426 per cent.
Funding risk - average capital tied up - proportion maturing within 1 year - average maturing credit price - liquidity reserve	At least 2 years No more than 30 per cent. of outstanding loans and unutilised credit agreements At least 1.5 years Committed credit agreements corresponding to SEK 750 million and 4.5 months upcoming loan maturities		2.9 years 26 per cent. 2.4 years Achieved
Interest rate risk - average interest duration - proportion maturing within 6 months	1.5-3.5 years No more than 50 per cent.		2.2 years 41 per cent.
Credit and counterparty risk - rating restriction	Credit institutions with high ratings, at least S&P BBB+		Achieved
Currency risk - translation exposure - transaction exposure	Shareholders' equity is not secured Should be hedged if exceeding SEK 25 million		Not secured Below SEK 25 million

Castellum's financial activities are conducted in accordance with the finance policy to meet long and short-term funding requirements and ensure liquidity while maintaining low and stable net interest costs. Castellum's current external borrowing includes a combination of bank lending through revolving credit facilities and term-loans, and bonds as well as commercial paper issued in the domestic Swedish capital markets. In addition to external borrowing, Castellum manages its capital structure through share

repurchases, sales of treasury shares and issuances of new shares to provide finance for investments as required.

The Group manages financial risks through close control and monitoring. Financial risks are managed through ongoing monitoring of Castellum's financing activities which are reported quarterly to both the Audit and Finance Committee as well as the Board of Directors. Castellum regularly monitors future funding needs based on assumptions about earnings, net investment volume, property value growth and maturity profile of the existing debt portfolio, as well as covenants in loan agreements and interest-rate risk exposure. Furthermore, sensitivity analyses are conducted to understand how changes in the real estate portfolio, as well as movements in market interest rates and property values, affect the balance sheet and earnings.

Interest bearing liabilities

As at 30 June 2018, Castellum had available credit facilities totalling SEK 54,509 million* (31 December 2017: SEK 57,240 million), of which SEK 34,040 million (31 December 2017: SEK 45,120 million) was long-term and SEK 20,469 million (31 December 2017: SEK 12,120 million) was short-term. As at 30 June 2018 the average duration of Castellum's credit agreements was 2.9 years (2.7 years as at 31 December 2017).

The table below shows the structure of Castellum's interest bearing liabilities as at 30 June 2018:

CREDIT MATURITY STRUCTURE as at 30 June 2018

Credit agreements	Total available*	Bank	MTN/CP**	Total
(SEK million)				
0 - 1 year	20,469	2,631	11,727	14,358
1 - 2 years	6,624	2,159	3,825	5,984
2 - 3 years	11,895	2,020	2,575	4,595
3 - 4 years	6,869	4,120	2,199	6,319
4 - 5 years	6,136	2,638	3,498	6,136
> 5 years	2,516	1,322	1,194	2,516
Total	54,509	14,890	25,018	39,908

* Total available bank credit facilities plus utilised issuance under the domestic commercial paper programme and domestic medium term note programme.

** Total issuances under the domestic commercial paper programme and domestic medium term note programme.

The charts below show the composition of Castellum's interest bearing debt as at 30 June 2018.

Distribution of Interest bearing liabilities, 30 June 2018



Utilised Credit facilities, 30 June 2018



Interest rate maturity structure

In order to secure a stable and low net interest cash flow, the interest rate maturity schedule is distributed over time. As at 30 June 2018 the average fixed interest term was 2.2 years (2.3 years as at 31 December 2017) and the average effective interest rate was 2.1 per cent. (2.4 per cent. as at 31 December 2017). Castellum utilises interest rate derivatives to achieve the desired interest rate maturity structure. Castellum sees interest rate derivatives as cost efficient and flexible tools to achieve the desired fixed interest term.

In the table below, showing Castellum's interest rate maturity structure, interest rate derivatives are accounted for in the earliest time segment in which they can mature. Credit margins and fees are included in the table in the same time segment as the underlying loans.

INTEREST RATE MATURITY as at 30 June 2018

	Credit (SEK million)	Closing average interest rate	Volume fixed interest rate (SEK million)	Closed fixed interest rate**	Volume variable interest rate (SEK million)***	Closing variable interest rate***	Closing interest rate	Average fixed interest rate term
0 - 1 year	31,910	0.9%*	2,350	1.5%	- 16,498	- 0.4%	2.1%	0.3 year
1 - 2 years	2,050	0.9%	3,948	1.8%	-	-	1.5%	1.7 years
2 - 3 years	3,400	1.7%	1,800	3.1%	-	-	2.2%	2.7 years
3 - 4 years	949	2.0%	2,050	1.3%	-	-	1.5%	3.5 years
4 - 5 years	1,299	1.9%	1,500	3.0%	-	-	2.5%	4.6 years
5-10 years	300	2.3%	4,850	2.9%	-	-	2.8%	6.9 years

Total 39,908 1.0% 16,498 2.2% - 16,498 - 0.4% 2.1% 2.2 years

* Including credit-agreement fees and exchange rate differences for MTNs

** Castellum pays fixed interest rates

*** Castellum receives interest rates

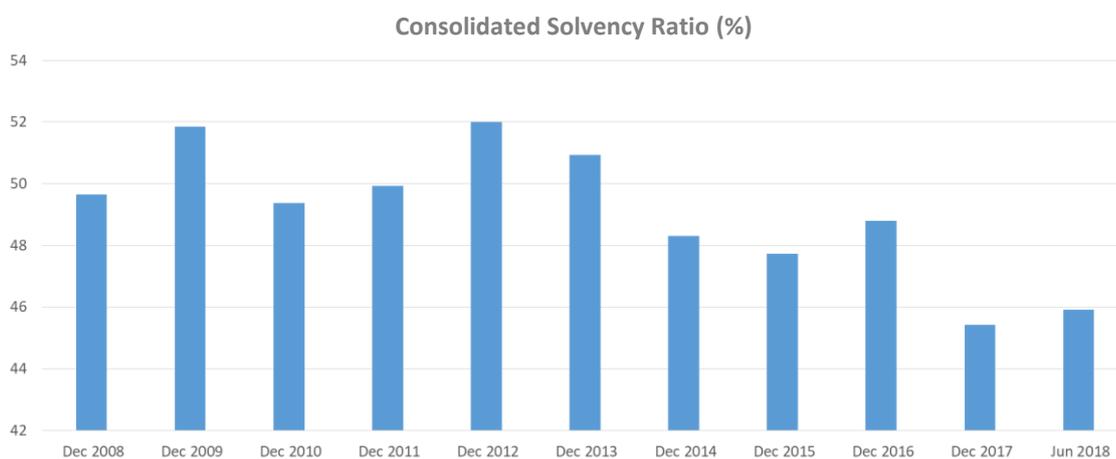
Loan to Value Ratio

The following graph sets out Castellum's loan to value ratio as at 30 June 2018 and as at 31 December in each of the years between 2008 and 2017.



Consolidated Solvency Ratio

The following graph sets out Castellum's consolidated total debt to total assets ratio as at 30 June 2018 and as at 31 December in each of the years between 2008 and 2017.



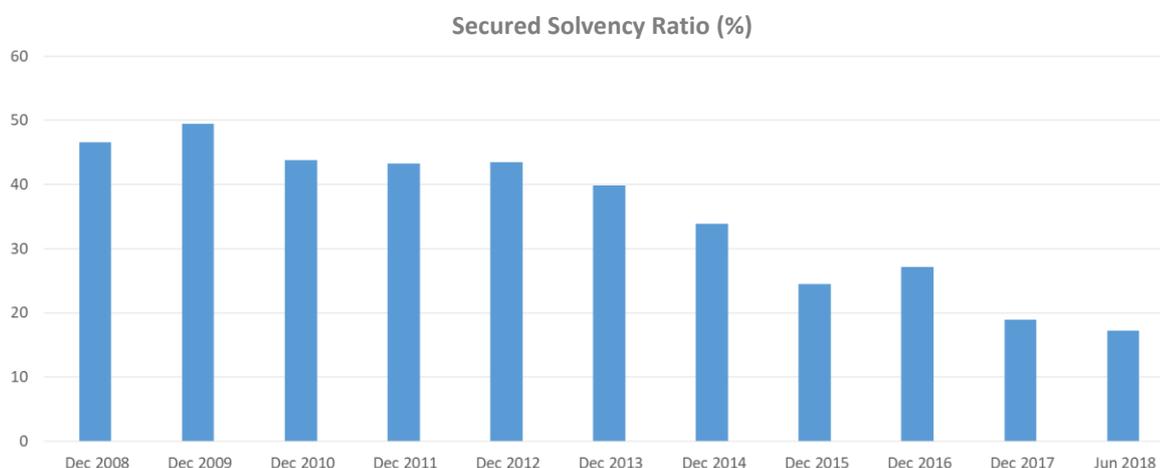
Interest coverage ratio (Consolidated Coverage Ratio)

The following graph sets out Castellum's interest coverage ratio as at 30 June 2018 and historical levels as at 31 December in each of the years between 2008 and 2017.



Secured debt in relation to total assets

The following graph sets out Castellum's consolidated secured debt to total assets ratio as at 30 June 2018 and as at 31 December in each of the years between 2008 and 2017.



Unencumbered assets

As at 30 September 2018 Castellum had an Unencumbered Assets Ratio (as defined in "Alternative Performance Measures and other Key Performance Indicators", below) equivalent to 40 per cent.

MARKET OVERVIEW

The Group's operations are affected by macroeconomic trends, particularly in Sweden, Denmark and Finland and by the development of the local property markets in those jurisdictions. Castellum considers that big cities provide the greatest growth potential, due to their larger population relative to other parts of the country, which generates and supports a larger labour market, a more diversified trade and industry structure and thus opportunities for research and a greater range of trade, entertainment and culture.

The local property markets in medium-sized cities may also offer opportunities for growth as they often show a positive correlation with increasing economic activity, which is influenced by factors such as well-developed infrastructure, well trained manpower, population growth and low unemployment. The recent macroeconomic trends in Castellum's relevant geographies have been supportive of growth. Positive GDP-growth, higher employment-levels and new trends in e-commerce have contributed to increased demand for offices as well as logistic facilities. Those trends have had a favourable impact on Castellum's ability to reduce vacancy-levels as well as to enhance rent levels.

Competition

Market share

In Sweden, Castellum's market share amounts to approximately four to five per cent. for office, logistics and public sector properties in terms of value of the real estate assets (according to Castellum's estimates based on publicly available information). Apart from the dozen or so Swedish listed companies, the largest real estate owners in Sweden are public corporations and Swedish and foreign institutional investors. In addition, there are also a number of smaller real estate owners such as real estate and construction companies, and individuals. Competition in the transaction market for properties is considerable. The competition in Sweden differs from Helsinki and Copenhagen, where the competition mainly consists of institutions and larger funds. Castellum's market share in Copenhagen for offices is between 1.5-3 per cent. by value based on Castellum's calculations for the CBD or Greater Copenhagen area. Castellum's market share for the office market in Helsinki is less than one per cent. by value. Historically the transaction volume in the Nordic region has been high. This has particularly been the case in Sweden over the last 4-5 years and there has been considerable competition for attractive properties.

Rental market

Office properties

During 2017 and in the first half of 2018 the office rental market continued to show a stable or positive trend in all of Castellum's markets. The supply of office space was low, and within the Gothenburg CBD and Stockholm CBD record low vacancy levels and continued high demand were noted. Limited availability in the CBDs means that demand in nearby suburbs has increased significantly, which has led to a positive rental trend in these submarkets as well. In 2017–2018, new developments as a percentage of the total office stock by value were stable at around 0.5–1 per cent. in Stockholm, Gothenburg and Malmö, which was insufficient to meet the high levels of demand. As a result, Castellum anticipates that new development will increase in these three Swedish cities during 2019–2020. This is balanced by strong demand and provides the overall preconditions for expected continued rental growth in the office segment.

At a macro-economic level (according to data published by the Finnish Ministry of Finance) the Finnish economy has struggled in the aftermath of the financial crisis, however in 2017 and into 2018 GDP growth was around 2.5 per cent. This, together with falling unemployment and an inflation rate of just over 1 per cent. and steadily rising has led to a higher demand in the Helsinki area for office space. This combined with low supply and declining vacancy rates is in turn expected to lead to higher rental levels.

In Copenhagen, Castellum expects the demand for office space to remain robust, given the high recent population growth and increase in student enrolments. However rental potential is limited by the large amount of available building rights and new construction is expected to be completed in the Copenhagen CBD in 2019 with a relatively low degree of speculative construction.

Logistics and warehouse facilities

Interest in the warehouse and logistics segment in Sweden for properties in semi-central locations with good means of transportation and sorting yards has been high and Castellum does not expect it to decline. This

continued interest is mainly driven by the growth in e-commerce. Demand for logistics facilities has historically been and is still highest in the Greater Stockholm and Greater Gothenburg areas. While logistics segment rents differ depending on specific usage, some have shown a stable rent trend whereas others, particularly in suburbs close to Stockholm noted growth. Generally, rents for warehouse and logistics properties in Greater Gothenburg increased slightly during the year to 30 June 2018. With a strategic location considered to be one of the best in Sweden, and with a strong demand, relatively high levels of new construction are considered likely to occur within this segment in the next few years. Market conditions for warehouse and logistics premises as a whole are considered stable in Malmö, Lund and Helsingborg. However, with the emergence of e-commerce, warehouses in out of town locations are also expected to see increased interest.

In Sweden, demand for city-proximate logistics facilities has historically been, and continues to be, highest in the Greater Stockholm and Greater Gothenburg areas. Logistics segment rents differ depending on the specific usage. Larger, general purposes logistic facilities which do not need to be city-proximate have shown a stable rent trend over the past three or four years while the "last mile-segment" (i.e. city-proximate logistics facilities based near the end-consumer) have seen growth in rent levels due to an increase in demand (driven primarily by e-commerce growth) combined with a lack of available land for building new logistic facilities close to the bigger cities. Generally, rents for city-proximate warehouse and logistics properties in Sweden increased by around 10 per cent. in the last 12-18 months. With a strategic location and strong demand, relatively high levels of new construction close to the major cities in Sweden are considered likely to occur within this segment in the next few years. Market conditions for warehouse and logistics premises as a whole are considered by Castellum to be stable in Malmö, Lund and Helsingborg. With the emergence and increasing growth of e-commerce however, Castellum expects warehouses in city-proximate locations to see increased interest and upward pressure on rent levels.⁷

Transaction market

In 2017 domestic players dominated property transactions on the Swedish market. Foreign investors accounted for just over 23 per cent. by value of the total transaction volume, but carried out some of the largest transactions in office, warehouse and logistics and retail properties during the year. The transaction volume remained concentrated in the Stockholm area, which accounted for 38 per cent. by value of the total volume in Sweden. Together, Gothenburg and Malmö accounted for around 19 per cent. by value of the transaction volume. In most of Castellum's cities, the market yield continued to decrease during 2017 compared with 2016, which continues the broader trend seen in recent years. This was mainly due to a strong rental market, falling vacancy rates and continued favourable interest rates for real estate.

The table below shows the market yield in Castellum's key cities over the past ten years:

Year	Yield (per cent.)				
	Stockholm ⁽¹⁾	Gothenburg ⁽¹⁾	Malmö ⁽¹⁾	Copenhagen ⁽²⁾	Helsinki ⁽²⁾
2009	5.1	6.0	6	5.00	6.00
2010	5.2	5.5	6	5.00	5.00
2011	4.75	5.5	5.75	5.00	5.00
2012	4.7	5.5	5.75	5.00	5.00

⁷ Unless otherwise indicated, data included in the "Rental Market" section represents Castellum's assessment based on publicly available information.

2013	4.7	5.5	5.75	5.00	5.00
2014	4.4	5.25	5.5	4.75	4.75
2015	3.75	4.5	5	4.50	4.50
2016	3.5	4.25	4.25	4.25	4.25
2017	3.25	4.00	4.25	4.00	4.00
2018	3.25	3.8	4.25	3.75	3.60

⁽¹⁾ Source: Forum Fastighetsekonomi.

⁽²⁾ Source: Jones Lang Lasalle.

In the first half of 2018, transaction volumes in the Swedish real estate market totalled around SEK 57 billion, down approximately SEK 25 billion year-on-year. By value, international investors accounted for a higher share of volume in the first half of 2018, 32 per cent. compared with 22 per cent. for the same period in 2017. Modern office properties within the CBDs of Stockholm, Gothenburg and Malmö continued to be highly attractive to the investor market, resulting in a strong pricing trend for recently completed transactions. Larger office transactions in Stockholm have set new records of between SEK 110,000–130,000 per square metres. As at 30 June 2018, the yield for office premises in Castellum's growth markets in Sweden has posted a year-on-year decline, primarily for properties with safe cash flows; driven by a solid rental market, falling vacancy rates and continued favourable interest rates for investors.

In Copenhagen the transaction volumes during the first six months of 2018 remained on a high level with high demand for office properties both in prime and secondary locations. Danish domestic pension funds continue to dominate the market although Swedish property companies have begun to invest more actively in and around Copenhagen.

In Finland, transaction volumes have been steadily rising since 2012 and reached an all-time high level of approximately EUR 10 billion in 2017, however this was partly due to two particularly large transactions. In the first six months of 2018, the market was even more active than in 2017 when comparing the number of transactions finalised. Approximately one third of the buyers are foreign investors and all property sectors and regions have attracted investors.

Warehouse and logistics properties attract a growing number of both domestic and international investors, and demand is driven largely by the growth of e-commerce. Internationally as well as in Sweden, falling yield requirements have been the trend in recent years. In Sweden, yields for logistics properties are now at all-time low levels. This is especially the case for logistics properties in prime locations with long leases, exemplified by Aberdeen Standard Investment's acquisition of XXL's warehouse in Örebro from Pilängen Logistik in August 2018 at a yield slightly less than 5 per cent.⁸

PROPERTY PORTFOLIO

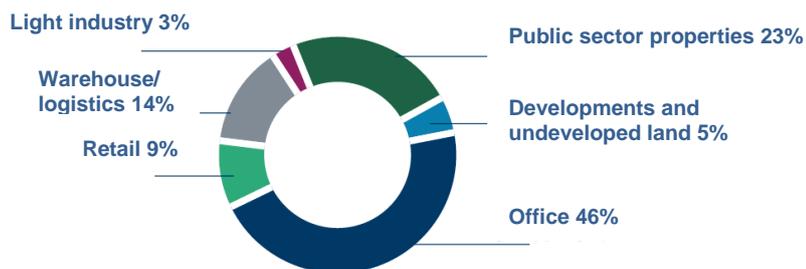
The Castellum property portfolio is located in expected growth areas in Sweden, Copenhagen and Helsinki. As at 30 June 2018 the commercial portfolio consisted of 46 per cent. offices, 23 per cent. public sector properties (customers that are directly or indirectly tax funded), 14 per cent. warehouse and logistics, 9 per cent. retail and 3 per cent. light industry. This refers to the property's primary rental value with regard to the type of premises.

⁸ All data in the "Transaction Market" section has been sourced from Newsec except for (i) data relating to Finland which has been sourced from KTI, Finland and (ii) the yield data contained in the table which is as per the footnotes below the table.

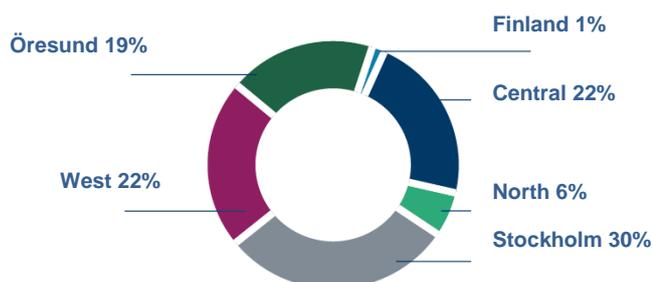
Property locations range from inner-city sites to well-situated working-areas with good public transportation and services. The remaining five per cent. consists of developments and undeveloped land. Castellum owns approximately 825,000 square metres of unutilised building rights and further ongoing developments with remaining investments of approximately SEK 1.8 billion (as at 30 June 2018).

The charts below show the composition of Castellum's property portfolio broken down by tenant/use category and by geographic region as at 30 June 2018.

Property value by category, at as 30 June 2018



Property value by geographic region, as at 30 June 2018



Castellum's property portfolio as at 30 June 2018

Below is a table illustrating Castellum's regions with focus on the distribution of properties.

Category	No. of properties	Area thousand sq.m.	Property value MSEK	Property value p/sq.m.	Rental value MSEK	Annual rental value p/sq.m.	Occupancy rate	Income MSEK	Property costs MSEK	Annual Property cost p/sq.m.	Net operation income MSEK
OFFICE											
Stockholm	31	290	9,718	33,455	301	2,071	93.7%	282	55	381	227
West	67	386	9,063	23,459	294	1,521	92.8%	272	63	324	209
Central	72	484	8,133	16,803	340	1,404	93.9%	319	89	366	230
Öresund	47	406	10,202	25,150	388	1,917	87.1%	339	87	430	252
North	11	66	1,240	18,914	51	1,572	85.5%	44	13	402	31
Finland/Helsinki	1	14	833	57,691	26	3,538	99.6%	26	5	725	21
Total Office	229	1,646	39,189	23,801	1,400	1,701	91.6%	1,282	312	379	970
RETAIL											
Stockholm	35	199	3,706	18,621	138	1,391	94.7%	131	21	208	110
West	17	78	1,074	13,772	47	1,196	95.9%	45	12	294	33
Central	21	97	1,579	16,195	62	1,276	97.1%	60	13	272	47
Öresund	11	47	828	17,783	34	1,451	92.4%	31	6	278	25

North	3	18	326	18,434	13	1,518	85.0%	12	4	426	8
Total Retail	87	439	7,513	17,124	294	1,342	94.7%	279	56	254	223
WAREHOUSE /LOGISTICS											
Stockholm	40	262	3,741	14,314	148	1,131	94.1%	139	24	187	115
West	73	556	4,943	8,889	207	746	89.8%	186	42	152	144
Central	35	215	1,685	7,841	86	797	91.3%	78	21	191	57
Öresund	30	209	1,682	8,037	81	774	88.6%	72	23	218	49
Total Warehouse/ Logistics	178	1,242	12,051	9,706	522	841	91.1%	475	110	177	365
LIGHT INDUSTRY											
Stockholm	13	53	756	14,207	31	1,157	93.0%	28	5	190	23
West	19	88	812	9,184	35	796	95.6%	34	7	156	27
Central	14	54	412	7,666	22	823	96.1%	21	5	205	16
Öresund	4	42	310	7,366	16	766	79.9%	13	3	120	10
Total Light industry	50	237	2,290	9,644	104	878	92.5%	96	20	168	76
PUBLIC SECTOR PROPERTIES											
Stockholm	14	99	5,133	51,948	132	2,663	97.8%	129	20	408	109
West	17	122	2,245	18,446	77	1,265	96.7%	74	14	236	60
Central	24	241	5,444	22,569	194	1,607	97.6%	189	39	323	150
Öresund	8	91	2,992	32,842	96	2,099	97.8%	94	10	213	84
North	14	176	3,694	20,961	138	1,567	96.2%	133	31	347	102
Total Public sector properties	77	729	19,508	26,757	637	1,745	97.3%	619	114	312	505
Total investment properties	621	4,293	80,551	18,762	2,957	1,377	93.0%	2,751	612	285	2,139
Leasing and property admin									178	83	-178
Total after leasing and property admin									790	368	1,961
Development	38	115	3,235	–	51	–	–	29	14	–	15
Undeveloped land	24	–	512	–	–	–	–	–	–	–	–
Total	683	4,408	84,298	–	3,008	–	–	2,780	804	–	1,976

Property valuation

Castellum undertakes internal valuations of the entire property portfolio on a quarterly basis. Castellum records the investment properties at fair value and had as of 31 December 2017 conducted internal valuations of all properties in its portfolio. The valuations were carried out in a uniform manner, based on a 10-year cash flow model and on an individual assessment for each property, reflecting both future earnings capacity and required market yield. In the valuation of a property's future earnings capacity, consideration is taken of potential changes in rental levels, occupancy rates and property costs as well as an assumed inflation level of

1.5 per cent. Property valuations are calculations performed according to accepted principles and on the basis of certain assumptions, including a value range of +/- 5-10 per cent. to reflect the uncertainty existing in the various assumptions and calculations.

In order to corroborate the internal valuations, Castellum arranges valuations by external providers of at least 50 per cent. by value of the portfolio each year, carried out pursuant to professional industry standards. As at 31 December 2017 (the date of the latest external valuation) Forum Fastighetsekonomi, CBRE and Cushman & Wakefield had between them valued 53 per cent. of Castellum's property portfolio and these reports valued the portfolio approximately SEK 130 million lower in aggregate than Castellum's internal valuations (a net deviation of 0.3 per cent.).

Portfolio and asset management initiatives

While Castellum has an overarching portfolio strategy, it also has more nuanced asset management initiatives in each of its geographic regions, driven by specific regional challenges and opportunities. The table below summarises the key initiatives in each region:

Stockholm	<ul style="list-style-type: none"> • Ongoing portfolio recycling to move the concentration of the portfolio to more central locations. • A focus on strong net leasing and renegotiating (due to the strong rental market). • Active role in urban development: looking for land and projects to develop.
Öresund	<ul style="list-style-type: none"> • Ongoing portfolio recycling to achieve a higher density in specific locations. • Active role in urban development: looking for land and projects to develop.
West	<ul style="list-style-type: none"> • Active role in urban development: looking for land and projects to develop. • A focus on strong net leasing and renegotiating (due to the strong rental market). • Ongoing portfolio recycling to achieve a higher density in specific locations.
North	<ul style="list-style-type: none"> • Active role in urban development: looking for land and projects to develop.
Central	<ul style="list-style-type: none"> • A focus on strong net leasing and renegotiating (due to the strong rental market). • Active role in urban development: looking for land and projects to develop.
Helsinki	<ul style="list-style-type: none"> • Grow the office and logistics segment and over time to become one of the biggest real estate owners in the Helsinki area.

Tenants and lease structure

Total income

The total income, including services income, as at 30 June 2018 amounted to SEK 2,740 million (31 December 2017: SEK 5,182 million). Total average rental level for the total portfolio, including charged heating, cooling and property tax amounted to SEK 1,377 per square metre as at 30 June 2018 (31 December 2017: SEK 1,341 million).

Rental levels have in the comparable portfolio increased by approximately three per cent. compared with 2016 levels, which has been driven by, *inter alia*, indexation and renegotiations carried out. The chart below shows the average rent per square metre across Castellum's property portfolio over the past ten years.

Rent per sq.m evolution (SEK/sq.m)



The chart below shows the rental income broken down by geographic region as at 30 June 2018.

Region	Total rental income (SEK million)
Central	716
West	606
Öresund	549
Stockholm-North	869
Total	2,740

Tenants and customers

Castellum's property portfolio is well distributed over various segments, with almost half comprising office buildings and a quarter comprising public sector properties. The latter provide a stable and secure income base, in the form of customers as well as longer contract durations. As at 30 June 2018 Castellum's exposure to the retail segment (including grocery stores and car dealerships) represented 9 per cent. of income value. Another type of retail exposure also occurs in the warehouse and logistics segment in the form of storage and distribution from the rapidly-growing e-commerce segment, which has had a positive effect on rental growth and contributes to the transformation of well-located properties for the "last mile segment" (see "*Competition – Rental Market – Logistics and warehouse facilities*", below). No industry sector is above 30 per cent. of lease value concentration and no single tenant is above 2 per cent. of lease value concentration.

Lease structure

Castellum's contract portfolio, comprising approximately 6,300 commercial contracts and 465 residential leases consists of a well-diversified and large customer base. Castellum has a balanced risk diversification in the contract portfolio regarding geography, type of premises, size, term to maturity and customer industry. Castellum's customers represent a broad segment of Swedish, Danish and Finnish trade and industry. The single largest lease as well as the single largest customer account for approximately two per cent. of the Group's total rental income, meaning that Castellum's exposure to a single customer credit risk is very low.

The table below presents Castellum's lease size structure for the following categories: Commercial, Residential and Parking spaces and other.

LEASE SIZE

<u>(SEK million)</u>	<u>No. of leases</u>	<u>Share (%)</u>	<u>Lease value (SEK million)</u>	<u>Share (%)</u>
Commercial				
< 0.25	3,061	24	247	4
0.25-0.5	1,045	8	379	7
0.5-1.0	854	7	601	11
1.0-3.0	766	6	1,304	24
< 3.0	542	4	2,875	52
Total	6,268	49	5,406	98
Residential	465	4	41	1
Parking spaces and other	6,118	47	70	1
Total	12,851	100	5,517	100

Castellum's rental agreements are based on standard agreements produced by the Swedish Property Federation in cooperation with the Federation of Swedish Merchants. Commercial leases are generally signed for three to five years, with a nine-month notice period, and rents are paid quarterly, in advance. The rental level can change when the lease in question is due for renegotiation. As at 31 December 2017 the average remaining lease duration in the portfolio was 4.0 years (2016: 3.8 years).

The table below shows the average remaining lease duration in Castellum's property portfolio by geographic region as at 30 June 2018.

Region	Average remaining lease period (years)
Central	3.8
Helsinki	3.7
North	4.3
Öresund	3.8
Stockholm	4.4
West	3.6

Leases usually include a base rent i.e. the rent agreed upon when signing the contract and an index clause that provides an annual adjustment of the rent: either as a certain percentage of the previous year's inflation or as a minimum upward adjustment of a set percentage. A lease usually contains an addendum for the tenant's share of the property's total heating, cooling and property tax costs.

Lease maturity structure

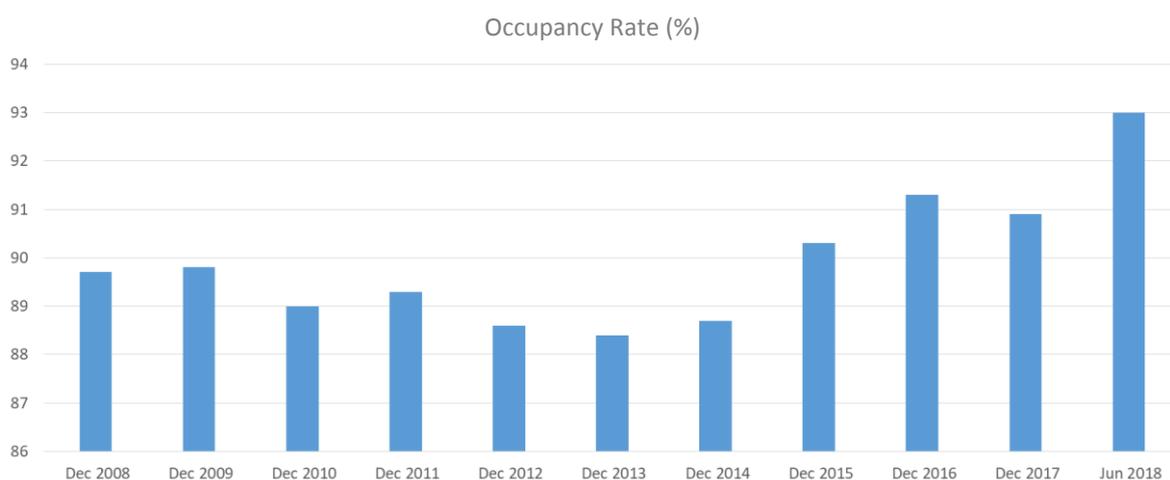
Contract maturity for Castellum's portfolio is shown in the table below. The relatively low proportion of contracts reaching maturity during 2018 is primarily due to the fact that most contracts have already been renegotiated.

LEASE MATURITY STRUCTURE as at 30 June 2018

SEK million	No. of leases	Lease value (SEK million)	Percentage of value (%)
Commercial, term			
2018	788	63	1
2019	1,971	924	17
2020	1,320	996	18
2021	1,176	1,018	18
2022	516	647	12
2023+	497	1,758	32
Total commercial	6,268	5,406	98
Residential	465	41	1
Parking spaces and other	6,118	70	1
Total	12,851	5,517	100

Occupancy rate

Castellum's occupancy rate was 93 per cent. as at 30 June 2018 (31 December 2017: 90.9 per cent.). The graph below shows the occupancy rate across all of Castellum's properties as at 30 June 2018 and 31 December 2017 and the years previous to that. In addition to market pressures generally, vacancy rates are also impacted by on-going new developments as Castellum from time to time initiates new projects without them being fully pre-let.



Economic Occupancy

The table below shows the occupancy rate for Castellum's property portfolio per property type and per region as at 30 June 2018.

	Offices	Public sector properties	Warehouse /logistics	Retail	Light industry	Total
Stockholm	93.7%	97.8%	94.1%	94.7%	93.0%	94.7%
West	92.8%	96.7%	89.8%	95.9%	95.6%	92.7%
Central	93.9%	97.6%	91.3%	97.1%	96.1%	95.0%
Öresund	87.1%	97.8%	88.6%	92.4%	79.9%	89.1%
North	85.5%	96.2%	-	85.0%	-	92.7%
Finland/Helsinki	99.6%	-	-	-	-	99.6%
Total	91.6%	97.3%	91.1%	94.7%	92.5%	93.0%

ORGANISATION

Employees and organisation

As at 30 June 2018, Castellum had a total of 398 full-time employees (compared to 384 at 31 December 2017). The parent company contains the corporate function for accounting and finance with a shared business system. Supporting corporate functions include: IT, Human Resources, Sustainability, Legal, Transaction and Communication. In a number of cases, these departments are also represented at a local level. Castellum's business is divided into the following regions: West, Stockholm-North, Central, Öresund and Finland/Helsinki. These include over 20 geographical business areas.

Board of Directors and Executive Group Management

Board of Directors

According to Castellum's articles of association, the Board of Directors (the **Board**) shall consist of no less than four and no more than eight members. Board members are elected at the annual general meeting (**AGM**) and will hold office from their appointment until the conclusion of the first AGM following their appointment. There are no limitations for how many times members of the Board can be re-elected, nor is there any maximum number of terms a member can serve.

As at the date of this Base Prospectus, Castellum's Board consists of seven members. The current members of the Board (elected at the 2018 annual general meeting held on 22 March 2018 for the period until the 2019 annual general meeting) are as follows:

Name	Year of birth	Board member since	Title	Other Board assignments
Charlotte Strömberg	1959	2012	Chairman of the Board	Director in Bonnier Holding AB, Clas Ohlson AB, Kinnevik AB (publ), Skanska AB (publ) and Sofina S.A. and member of Swedish Securities Council.
Per Berggren	1959	2007	Board member	Board member in Fasticon Kompetens Holding AB, Slättö Förvaltning AB and SSM Holding

Anna-Karin Hatt	1972	2015	Board member	AB. CEO in Almega AB. Chairman in Alecta, Almega AB, TRR Trygghetsrådet, Trygghetsfonden TSL and research institute Ratio and member in Advisory Council for Swedish higher education authority.
Christer Jacobsson	1946	2006	Board member	Own operations in Bergsrådet Kapital AB. Director in Global Challenges Foundation.
Nina Linander	1959	2014	Board member	Chairman of the Board of Awa Holding AB, Industrivärden AB (publ), Skanska AB (publ), Telia Company AB (publ) and OneMed AB.
Johan Skoglund	1962	2010	Board member	CEO in JM AB (publ). Board member in Infranord AB, Mentor Sverige and Svenskt Näringsliv (The Confederation of Swedish Enterprise).
Christina Karlsson Kazeem	1965	2016	Board member	CEO in Hilanders AB, which is part of the H&H communication group. Chairman of the Board of Tomorrow China which is part of the H&H communication group. Board member in Tempest Security AB (publ).

The business address of each of the Directors of the Issuer is Castellum AB, Box 2269 403 14 Gothenburg, Sweden.

There are no potential conflicts of interest between any duties of directors of the Issuer and their private interests and/or other duties.

Executive Group Management

Executive Group Management comprises the Chief Executive Officer, the Chief Financial Officer, the Chief Investment Officer, the HR Director, the Corporate Communications Director and the Managing Directors of each of the four main regions. Executive Group Management has joint responsibility for delivering on Group wide goals and strategies, and meetings mostly cover issues pertaining to overall operations. As at the date of this Base Prospectus Castellum's Executive Group Management consists of nine people.

Name	Year of birth	Member of Executive Group management since	Position
Henrik Saxborn	1964	2006 ⁽¹⁾	Chief Executive Officer, Castellum AB
Ulrika Danielsson	1972	2006 ⁽²⁾	Chief Financial Officer, Castellum AB
Erika Olsén	1976	2015 ⁽³⁾	Chief Investment Officer, Castellum AB
Olof Gertz	1963	2018 ⁽⁴⁾	HR Director, Castellum AB
Anna-Karin Nyman	1983	2018 ⁽⁵⁾	Corporate Communications Director, Castellum AB
Mariette Hilmersson	1971	2018 ⁽⁶⁾	Managing Director, Region West at Castellum
Per Gawelin	1978	2018 ⁽⁷⁾	Managing Director, Region Central at Castellum
Anders Nilsson	1967	2006	Managing Director Region Stockholm-North at Castellum
Ola Orsmark	1971	2014	Managing Director Region Öresund at Castellum

(1) Henrik Saxborn was appointed Chief Executive Officer 2013.

(2) Ulrika Danielsson was appointed Chief Financial Officer 2014.

- (3) Erika Olsén has decided to leave Castellum at her own request by 31 December 2018.
- (4) Olof Gertz was appointed HR-Director 17 September 2018.
- (5) Anna-Karin Nyman will join Castellum on 17 December 2018 as Corporate Communications Director. The previous Director, Ingalill Östman, left Castellum at her own request on 31 October 2018.
- (6) Mariette Hilmersson assumed her duties as Managing Director Region West on 1 February 2018.
- (7) Per Gawelin assumed his duties as Managing Director Region Central on 1 January 2018.

Recent Developments

In October 2018 Castellum sold properties in the city of Västerås and in the suburbs of Stockholm and Gothenburg for a total amount of SEK 2,013 million. The primary aim of these divestments is to achieve a quality-repositioning, as well as concentrating and reducing the proportion of smaller properties in the property portfolio, particularly in the industrial and retail segments, in line with Castellum's strategy.

ALTERNATIVE PERFORMANCE MEASURES AND OTHER KEY PERFORMANCE INDICATORS

Definitions

EPRA NAV - Long term net asset value

Reported equity according to the balance sheet, adjusted for interest rate derivatives and deferred tax.

EPRA NNAV - Actual net asset value

Reported equity according to the balance sheet, adjusted for actual deferred tax instead of nominal deferred tax.

EPRA vacancy rate

Estimated market rental value of vacant space as a percentage of rental value for properties owned at the end of the period. Properties acquired/completed during the period have been restated as if they had been owned or completed during the whole year, while properties disposed of during the period have been excluded entirely. Development projects and undeveloped land have been excluded.

Income from property management

Net income accounted for after reversal of transaction and restructuring costs, revaluation of results due to stepwise acquisition, changes in value and tax, both for the Group and for joint venture.

Net operating income margin

Net operating income as a percentage of rental income.

Rental income

Rents debited plus supplements such as reimbursement of heating costs and real estate tax.

Net investments

Investments in investment properties at fair value through business combinations plus direct investments in investment properties plus investments in new constructions, extensions and reconstructions less sales of investment properties.

Rental value

Rental income plus estimated market rent for vacant premises.

Economic occupancy rate

Rental income accounted for during the period as a percentage of rental value for properties owned at the end of the period. Properties acquired/completed during the period have been restated as if they had been owned or completed during the whole year, while properties disposed of have been excluded entirely. Development projects and undeveloped land have been excluded.

Interest coverage ratio

Income from property management after reversal of net financial items and income from property management in joint venture as a percentage of net interest items.

Loan to value ratio

Interest-bearing liabilities after deduction for liquid assets as a percentage of the properties' fair value with deduction for acquired properties not taken in possession, and with addition for properties disposed of, still in possession, at the year-end.

Unencumbered Asset Ratio

Total market value of investment properties over which no security is granted, divided by Consolidated Total Assets.

TAXATION

SWEDISH TAXATION

The following summary outlines certain Swedish tax consequences of the acquisition, ownership and disposal of Notes. The summary is based on the laws of the Kingdom of Sweden as currently in effect and is intended to provide general information only. The summary is not exhaustive and does thus not address all potential aspects of Swedish taxation that may be relevant for a potential investor in the Notes and is neither intended to be nor should be construed as legal or tax advice. In particular, the summary does not address the rules regarding reporting obligations for, among others, payers of interest. Specific tax consequences may be applicable to certain categories of corporations, e.g. investment companies and life insurance companies, not described below. Investors should consult their professional tax advisors regarding the Swedish and foreign tax consequences (including the applicability and effect of double taxation treaties) of acquiring, owning and disposing of Notes in their particular circumstances.

Non-resident holders of Notes

As used herein, a non-resident holder means a holder of Notes who is (a) an individual who is not a resident of Sweden for tax purposes and who has no connection to Sweden other than his/her investment in the Notes, or (b) an entity not organised under the laws of Sweden.

Payments of any principal amount or any amount that is considered to be interest for Swedish tax purposes to a non-resident holder of any Notes should not be subject to Swedish income tax provided that such holder does not carry out business activities from a permanent establishment in Sweden to which the Notes are effectively connected. Under Swedish tax law, no withholding tax is imposed on payments of principal or interest to a non-resident holder of any Notes.

Private individuals who are not resident in the Kingdom of Sweden for tax purposes may be liable to capital gains taxation in the Kingdom of Sweden upon disposal or redemption of certain financial instruments, depending on the classification of the particular financial instrument for Swedish income tax purposes, if they have been resident in the Kingdom of Sweden or have lived permanently in the Kingdom of Sweden at any time during the calendar year of disposal or redemption or the ten calendar years preceding the year of disposal or redemption.

Resident holders of Notes

As used herein, a resident holder means a holder of Notes who is (a) an individual who is a resident in Sweden for tax purposes or (b) an entity organised under the laws of Sweden.

Generally, all capital income (e.g. amounts that are considered to be interest for Swedish tax purposes and capital gains on the Notes) obtained by individuals (and estates by of deceased individuals) resident in Sweden for tax purposes will be taxable at a rate of 30 per cent.

Limited liability companies and other legal entities (except partnerships and estates of deceased persons) are normally taxed on all income (including income from the disposal of the Notes) as income from business operations at a flat rate of 22 per cent (reduced to 21.4 per cent. in 2019 and then further reduced to 20.6 per cent. in 2021).

Swedish tax law does not impose withholding tax on payments of principal or interest to a resident holder of Notes. However, if amounts that are considered to be interest for Swedish tax purposes are paid to a private individual (or an estate of a deceased individual) that is a resident holder of Notes, Swedish preliminary tax (Sw: *preliminärskatt*) is normally withheld on such payments at a rate of 30 per cent.

FATCA DISCLOSURE

Foreign Account Tax Compliance Act

Pursuant to certain provisions of the U.S. Internal Revenue Code of 1986, commonly known as FATCA, a **foreign financial institution** (as defined by FATCA) may be required to withhold on certain payments it makes (**foreign passthru payments**) to persons that fail to meet certain certification, reporting or related requirements. The Issuer may be a foreign financial institution for these purposes. A number of jurisdictions (including Sweden) have entered into, or have agreed in substance to, intergovernmental agreements with the United States to implement FATCA (**IGAs**), which modify the way in which FATCA applies in their jurisdictions. Under the provisions of IGAs as currently in effect, a foreign financial institution in an IGA jurisdiction would generally not be required to withhold under FATCA or an IGA from payments that it makes. Certain aspects of the application of the FATCA provisions and IGAs to instruments such as Notes, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as Notes, are uncertain and may be subject to change. Even if withholding would be required pursuant to FATCA or an IGA with respect to payments on instruments such as Notes, such withholding would not apply prior to 1 January 2019 and Notes that are characterised as debt (or which are not otherwise characterised as equity and have a fixed term) for U.S. federal tax purposes that are issued on or prior to the date that is six months after the date on which final regulations defining foreign passthru payments are filed with the U.S. Federal Register generally would be “grandfathered” for purposes of FATCA withholding unless materially modified after such date. However, if additional Notes (as described under Condition 16 (*Further Issues*)) that are not distinguishable from previously issued Notes are issued after the expiration of the grandfathering period and are subject to withholding under FATCA, then withholding agents may treat all Notes, including the Notes offered prior to the expiration of the grandfathering period, as subject to withholding under FATCA. Holders should consult their own tax advisers regarding how these rules may apply to their investment in the Notes. In the event any withholding would be required pursuant to FATCA or an IGA with respect to payments on the Notes, no person will be required to pay additional amounts as a result of the withholding.

The proposed financial transactions tax (FTT)

On 14 February 2013, the European Commission published a proposal (the **Commission's Proposal**) for a Directive for a common FTT in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the **participating Member States**). However, Estonia has since stated that it will not participate.

The Commission's Proposal has very broad scope and could, if introduced, apply to certain dealings in Notes (including secondary market transactions) in certain circumstances. Primary market transactions referred to in Article 5(c) of Regulation (EC) No 1287/2006 are expected to be exempt.

Under the Commission's Proposal the FTT could apply in certain circumstances to persons both within and outside of the participating Member States. Generally, it would apply to certain dealings in Notes where at least one party is a financial institution, and at least one party is established in a participating Member State. A financial institution may be, or be deemed to be "established" in a participating Member State in a broad range of circumstances, including (a) by transacting with a person established in a participating Member State or (b) where the financial instrument which is subject to the dealings is issued in a participating Member State.

However, the FTT proposal remains subject to negotiation between participating Member States. It may therefore be altered prior to any implementation, the timing of which remains unclear. Additional EU Member States may decide to participate and/or certain of the participating Member States may decide to withdraw. Prospective holders of the Notes are advised to seek their own professional advice in relation to the FTT.

Prospective holders of Notes are advised to seek their own professional advice in relation to the FTT.

SUBSCRIPTION AND SALE

The Dealers have, in a Programme Agreement (such Programme Agreement as modified and/or supplemented and/or restated from time to time, the **Programme Agreement**) dated 2 November 2018, agreed with the Issuer a basis upon which they or any of them may from time to time agree to purchase Notes. Any such agreement will extend to those matters stated under "*Form of the Notes*" and "*Terms and Conditions of the Notes*". In the Programme Agreement, the Issuer has agreed to reimburse the Dealers for certain of their expenses in connection with the establishment and any future update of the Programme and the issue of Notes under the Programme and to indemnify the Dealers against certain liabilities incurred by them in connection therewith.

SELLING RESTRICTIONS

United States

The Notes have not been and will not be registered under the Securities Act or the securities laws of any state or other jurisdiction of the United States and may not be offered or sold within the United States to, or for the account or benefit of, U.S. persons except in certain transactions exempt from or not subject to, the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

The Notes in bearer form are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. Treasury regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986 and Treasury regulations promulgated thereunder. The applicable Final Terms will identify whether TEFRA C rules or TEFRA D rules apply or whether TEFRA is not applicable.

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it will not offer, sell or deliver Notes (a) as part of their distribution at any time or (b) otherwise until 40 days after the completion of the distribution, as determined and certified by the relevant Dealer or, in the case of an issue of Notes on a syndicated basis, the relevant lead manager, of all Notes of the Tranche of which such Notes are a part, within the United States or to, or for the account or benefit of, U.S. persons except in accordance with Regulation S of the Securities Act. Each Dealer has further agreed, and each further Dealer appointed under the Programme will be required to agree, that it will send to each dealer to which it sells any Notes during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

Until 40 days after the commencement of the offering of any Series of Notes, an offer or sale of such Notes within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with an available exemption from registration under the Securities Act.

Prohibition of sales to EEA Retail Investors

Unless the Final Terms in respect of any Notes specifies "Prohibition of Sales to EEA Retail Investors" as "Not Applicable", each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes which are the subject of the offering contemplated by the Base Prospectus as completed by the Final Terms in relation thereto to any retail investor in the European Economic Area. For the purposes of this provision:

- (a) the expression **retail investor** means a person who is one (or more) of the following:
- (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, **MiFID II**); or
 - (ii) a customer within the meaning of Directive 2002/92/EC (as amended or superseded, the **Insurance Mediation Directive**), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or
 - (iii) not a qualified investor as defined in Directive 2003/71/EC (as amended or superseded, the **Prospectus Directive**); and
- (b) the expression an **offer** includes the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes.

If the Final Terms in respect of any Notes specifies "Prohibition of Sales to EEA Retail Investors" as "Not Applicable", in relation to each Member State of the EEA which has implemented the Prospectus Directive (each, a **Relevant Member State**), each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the **Relevant Implementation Date**) it has not made and will not make an offer of Notes which are the subject of the offering contemplated by this Base Prospectus as completed by the final terms in relation thereto to the public in that Relevant Member State except that it may, with effect from and including the Relevant Implementation Date, make an offer of such Notes to the public in that Relevant Member State:

- (A) at any time to any legal entity which is a qualified investor as defined in the Prospectus Directive;
- (B) at any time to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive) subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or
- (C) at any time in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Notes referred to in (A) to (C) above shall require the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision:

- the expression **an offer of Notes to the public** in relation to any Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State; and
- the expression **Prospectus Directive** means Directive 2003/71/EC (as amended or superseded, including by Directive 2010/73/EU), and includes any relevant implementing measure in the Relevant Member State.

United Kingdom

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that:

- (a) in relation to any Notes which have a maturity of less than one year, (i) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business and (ii) it has not offered or sold and will not offer or sell any Notes other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or as agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Notes would otherwise constitute a contravention of Section 19 of the FSMA by the Issuer;
- (b) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer; and
- (c) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom.

Japan

The Notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended; the **FIEA**) and each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it will not offer or sell any Notes, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (as defined under Item 5, Paragraph 1, Article 6 of the Foreign Exchange and Foreign Trade Act (Act No. 228 of 1949, as amended)), or to others for re-offering or resale, directly or indirectly, in Japan or to, or for the benefit of, a resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEA and any other applicable laws, regulations and ministerial guidelines of Japan.

Belgium

Other than in respect of Notes for which "Prohibition of Sales to Belgian Consumers" is specified as "Not Applicable" in the applicable Final Terms, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that an offering of Notes may not be advertised to any individual in Belgium qualifying as a consumer within the meaning of Article I.1 of the Belgian Code of Economic Law, as amended from time to time (a **Belgian Consumer**) and that it has not offered, sold or resold, transferred or delivered, and will not offer, sell, resell, transfer or deliver, the Notes, and that it has not distributed, and will not distribute, any prospectus, memorandum, information circular, brochure or any similar documents in relation to the Notes, directly or indirectly, to any Belgian Consumer.

Sweden

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that no Notes will be offered to the public in Sweden nor admitted to trading on a regulated market in Sweden unless and until (a) a prospectus in relation to those Notes has been approved by the competent authority in Sweden or, where appropriate, approved in another Relevant Member State and such competent authority has certified to the competent authority in Sweden that the prospectus has been approved with respect to the Prospectus Directive and the Swedish Financial Instruments Trading Act; or (b) an exemption from the requirement to prepare a prospectus is available under the Swedish Financial Instruments Trading Act.

General

Each Dealer has agreed and each further Dealer appointed under the Programme will be required to agree that it will (to the best of its knowledge and belief) comply with all applicable securities laws and regulations

in force in any jurisdiction in which it purchases, offers, sells or delivers Notes or possesses or distributes this Base Prospectus and will obtain any consent, approval or permission required by it for the purchase, offer, sale or delivery by it of Notes under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, offers, sales or deliveries and neither the Issuer nor any of the other Dealers shall have any responsibility therefor.

None of the Issuer and the Dealers represents that Notes may at any time lawfully be sold in compliance with any applicable registration or other requirements in any jurisdiction, or pursuant to any exemption available thereunder, or assumes any responsibility for facilitating such sale.

GENERAL INFORMATION

Authorisation

The establishment of the Programme has been duly authorised by a resolution of the Board of Directors of the Issuer dated 14 June 2018 and the issue of Notes thereunder has been duly authorised by a resolution of the Board of Directors of the Issuer dated 16 October 2018.

Listing of Notes

Application has been made to Euronext Dublin for Notes issued under the Programme during the period of twelve months from the date of this Base Prospectus to be admitted to the Official List and trading on its regulated market. The approval of the Programme in respect of the Notes was granted on or about 2 November 2018.

Listing Agent

Arthur Cox Listing Services Limited is acting solely in its capacity as listing agent for the Issuer in connection with the Notes and is not itself seeking admission of the Notes to the Official List of Euronext Dublin or to trading on the Main Securities Market for the purposes of the Prospectus Directive.

Documents Available

For the period of 12 months following the date of this Base Prospectus, copies of the following documents will, when published, be available for inspection in electronic form at the registered office of the Issuer and the specified office of the Paying Agent for the time being in London:

- (a) the constitutional documents (with an English translation thereof) of the Issuer;
- (b) the consolidated audited financial statements of the Issuer in respect of the financial years ended 31 December 2017 and 31 December 2016 in each case together with the auditors' reports in connection therewith;
- (c) the Interim Report of the Issuer for the six months ended 30 June 2018 (which contains the unaudited reviewed consolidated financial statements of the Issuer for the six months ended 30 June 2018);
- (d) the most recently published audited annual financial statements of the Issuer and the most recently published unaudited interim financial statements (if any) of the Issuer, in each case together with any audit or review reports prepared in connection therewith. The Issuer currently prepares unaudited interim accounts on a quarterly basis;
- (e) the Agency Agreement, the Deed of Covenant and the forms of the Global Notes, the Notes in definitive form, the Coupons and the Talons;
- (f) a copy of this Base Prospectus; and
- (g) any future base prospectuses, prospectuses, information memoranda, supplements and Final Terms to this Base Prospectus and any other documents incorporated herein or therein by reference.

Clearing Systems

The Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg (which are the entities in charge of keeping the records). The appropriate Common Code and ISIN for each Tranche of

Notes allocated by Euroclear and/or Clearstream, Luxembourg, as applicable, will be specified in the applicable Final Terms. If the Notes are to clear through an additional or alternative clearing system the appropriate information will be specified in the applicable Final Terms.

The address of Euroclear is Euroclear Bank SA/NV, 1 Boulevard du Roi Albert II, B-1210 Brussels. The address of Clearstream, Luxembourg is Clearstream Banking, 42 Avenue JF Kennedy, L-1855 Luxembourg.

Conditions for determining price

The price and amount of Notes to be issued under the Programme will be determined by the Issuer and each relevant Dealer at the time of issue in accordance with prevailing market conditions.

Significant or Material Change

There has been no significant change in the financial or trading position of the Issuer or the Group since 30 September 2018 and there has been no material adverse change in the financial position or prospects of the Issuer or the Group since 31 December 2017.

Litigation

Neither the Issuer nor any other member of the Group is or has been involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware) in the 12 months preceding the date of this document which may have or have in such period had a significant effect on the financial position or profitability of the Issuer or the Group.

Auditors

The auditors of the Issuer are Deloitte AB, Södra Hamngatan 53, Box 33, Gothenburg, Sweden, Swedish authorised public accountants (authorised and regulated by the Supervisory Board of Public Accountants – Karlavägen 104, 115 26 Stockholm, Sweden) , who have audited the Issuer's accounts, without qualification, in accordance with IFRS for each of the two financial years ended on 31 December 2017 and 31 December 2016.

Dealers transacting with the Issuer

Certain of the Dealers and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform other services for the Issuer and its affiliates in the ordinary course of business. Certain of the Dealers and their affiliates may have positions, deal or make markets in the Notes issued under the Programme, related derivatives and reference obligations, including (but not limited to) entering into hedging strategies on behalf of the Issuer and its affiliates, investor clients, or as principal in order to manage their exposure, their general market risk, or other trading activities.

In addition, in the ordinary course of their business activities, the Dealers and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of the Issuer or its affiliates. Certain of the Dealers or their affiliates that have a lending relationship with the Issuer routinely hedge their credit exposure to the Issuer consistent with their customary risk management policies. Typically, such Dealers and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in securities, including potentially the Notes issued under the Programme. Any such positions could adversely affect future trading prices of Notes issued under the Programme. The Dealers and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or

financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

Language of this Base Prospectus

The language of this Base Prospectus is English. Certain legislative references and technical terms have been cited in their original language in order that the correct technical meaning may be ascribed to them under applicable law.

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