

Fabege AB Green Bond Framework

28th of April, 2016

Important notice

This document is a summary of the terms and conditions in Fabege AB's ("**Fabege**") Medium Term Note programme ("**MTN**") dated April 21st 2016 as pertains to green investment and financing activities (the "**Green Terms**") as described therein. As a service to investors the Green Terms are gathered and summarized in this document (the "**Green Bond Framework**") to provide clarity and ease of comparison with other green bond frameworks as well as an English translation of the Green Terms. Investors should always review the legal documentation (the MTN) together with this document (the Green Bond Framework). Please note that in the event of any discrepancy between the two language versions, the Swedish version is the prevailing version.

Background

Fabege is highly committed to sustainability and strive to continuously improve our operations and real estate assets. We are currently prioritizing decreasing the total energy usage in our property portfolio, increasing the proportion of green leases and certifying all new properties according to BREEAM-SE and all existing properties according to BREEAM-in-use. More information about our sustainability goals and progress can be found at our website (www.fabege.se).

All bonds issued by Fabege will have to comply with the Green Terms in the MTN, which means that they will be subject to specific criteria regarding use of proceeds, project evaluation and selection, applicable criteria for each use of proceeds category, management of proceeds and transparency and reporting. Any issuance under the MTN will be referred to as a Green Bond ("**Green Bond**").

We will monitor the development of the green bond market and, from time to time, evaluate whether to update the Green Terms in the MTN. In establishing the Green Terms we have sought to comply with the Green Bond Principles (March, 2015) and current best market practice.

We have worked together with Handelsbanken and Mannheimer Swartling to develop sustainable criteria's and terms and to integrate those terms into the MTN. Sustainability has provided a second opinion on the Green Terms in the MTN, which is publicly available at Fabege's website.

The Green Bond Framework will be updated from time to time to reflect any changes to the Green Terms in the MTN.

Solna, 2016-04-28

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Green Bond Framework

This is a summary of the Green Terms in the MTN. Please refer to the section “Important notice” on the previous page for additional information.

Eligible Projects and Assets (Use of Proceeds)

- Eligible Project and Asset categories are (1) development of new real estate assets owned and managed by subsidiaries of Fabege and (2) existing real estate assets owned and managed by subsidiaries of Fabege. For both investment categories the Eligible Projects and Assets must comply with the Applicable Criteria, as set out in the Green Terms.

Process for Project Evaluation and Selection

- Fabege uses a structured process to identify Eligible Projects and Assets and ensure that the Applicable Criteria, as set out below, are met.
- The selection of Eligible Projects and Assets will be handled by a committee consisting of members from the finance department and the sustainability department, whose decision will be documented.
- To ensure legitimacy in this process an updated list of all Eligible Projects and Assets that meet the Applicable Criteria will be kept by Fabege. The list will be used as a work tool to determine if there is headroom to issue a Green Bond under the MTN. Such issuance will require that there is an existing or estimated capacity, within reasonable time after the issuance, to utilize the net proceeds in accordance to the Green Terms and Fabege’s financial policy.

Applicable Criteria

- The net proceeds from the issuance of each Green Bond may only be allocated to Eligible Projects and Assets if the following criteria are met:
 - The development of new real estate assets will require either (i) an interim BREEAM-certification or (ii) will obtain a certification after completion of at least either (a) Miljöbyggnad Silver or (b) BREEAM-SE Very Good.
 - Existing real estate assets will require a certification of at least either (a) Miljöbyggnad Silver, (b) BREEAM-SE Very Good or (c) BREEAM-SE in-use Very Good.

“**Miljöbyggnad Silver**” means the rating Silver within the Miljöbyggnad building certification scheme administered by the Sweden Green Building Council (SGBC), pursuant to its definition at the time of receipt of the relevant certification.

“**BREEAM-SE Very Good**” means the rating Very Good within BREEAM, a grading scheme for the real estate sector developed by Sweden Green Building Council in cooperation with BRE Global, pursuant to its definition at the time of receipt of the relevant certification.

“**BREEAM in-use Very Good**” means the rating Very Good within BREEAM, a grading scheme for the real estate sector developed by BRE Global, pursuant to its definition at the time of receipt of the relevant certification.

Management of Proceeds

- The net proceeds from the issuance of Green Bonds shall be credited to one or more accounts in Fabege's name at a financial institute (the "**Green Accounts**"). The Green Accounts disallow fungibility with other funds and ensures strong monitoring and tracking of the Use of Proceeds. If there is a positive balance on the Green Account the residual amount is allowed to be invested in short term financial instruments in accordance with Fabege's investment criteria, which require that such investments shall only be made with creditworthy counterparties rated at least A- by Standard & Poor's or a similar credit rating institute.
- A transfer is allowed from the Green Accounts up to an amount corresponding to the residual of (1) the market value of Eligible Projects and Assets less existing external debt of such assets, minus (2) the sum of outstanding Green Bonds less the sum of the balance of the Green Accounts (including any short term investments).
- Fabege will document the transfers to and from the Green Accounts, to ensure tracking and simplify review.

Reporting and Transparency

- Fabege will annually publish on its website, at the latest in conjunction with its annual report, a report of the allocation of the net proceeds from the issuance of Green Bonds and confirm its compliance with the Green Terms (the "Reporting"). If the Green Terms have not been complied with, any non-compliance shall be explained in the Reporting. The Reporting will be published both in Swedish and English and will be published for the first time in 2017.
- The Reporting shall contain a list of all Eligible Projects and Assets that have been financed with Green Bonds, the aggregated share of net proceeds allocated to new assets and existing assets respectively and any issuance of Green Bonds that took place during the previous year (the "List"). The List will also disclose the sum of the market value of Eligible Projects and Assets, the sum of the nominal existing debt of Eligible Projects and Assets, the sum of outstanding Green Bonds, the sum of the balance on the Green Accounts and the sum of allowed investments, in each case per the 31st of December in the previous year.
- Fabege's accountant, or similar external party with the relevant experience selected by Fabege, (the "External Reviewer") shall investigate and report whether the information that is available in the Reporting regarding the List is correct. The External Reviewer shall also investigate if the Eligible Projects and Assets that are disclosed in the Reporting have met the Applicable Criteria. The report by the External Reviewer will be publicly available on Fabege's website in proximity to the publication of the Reporting.
- For each Eligible Project and Asset that have been financed with Green Bonds the Reporting shall, to the extent data is available, also disclose the following indicators:
 - (i) certification level in BREEAM and/or Miljöbyggnad;
 - (ii) total energy usage (kWh per year) and energy usage per sqm (kWh per sqm per year);
 - (iii) total carbon dioxide emissions (ton per year) and carbon dioxide emissions per sqm (ton per sqm per year);
 - (iv) share (%) of renewable energy in relation to the total energy usage of the real estate asset; and
 - (v) share (%) of green leases (based on total let area) signed with tenants.

Regarding ii), iii) and iv): For assets under development the estimated metrics will be disclosed until the actual *usage*, *emissions* and *share* respectively is available.

Regarding iii): Fabege discloses carbon dioxide emissions including climate compensation according to the Global Reporting Initiative guidelines (GRI) G4, scope 2.

Regarding v): Green leases are a platform for the landlord and the tenant to jointly reduce the environmental impact of the building. The green lease means that both parties agree on a joint environmental agenda for the let area through effective resource usage and sustainable real estate management. The purpose of the green lease is to put focus and collaborate to reduce both the climate impact and cost. No data will be reported regarding green leases until the asset is complete and leases have been signed.

- If the Reporting has shown deviations from the Green Terms any subsequent issuance of Green Bonds will require that a followup report (the “**Followup Report**”), which shall have the same content and form as the Reporting, has been published by Fabege on its website, demonstrating compliance with the Green Terms. The External Reviewer shall investigate and report whether the information that is available in the Followup Report regarding the List is correct. The External Reviewer shall also investigate if the Eligible Projects and Assets that are disclosed in the Followup Report have met the Applicable Criteria. The report by the External Reviewer will be publicly available on Fabege’s website in proximity to the publication of the Followup Report.