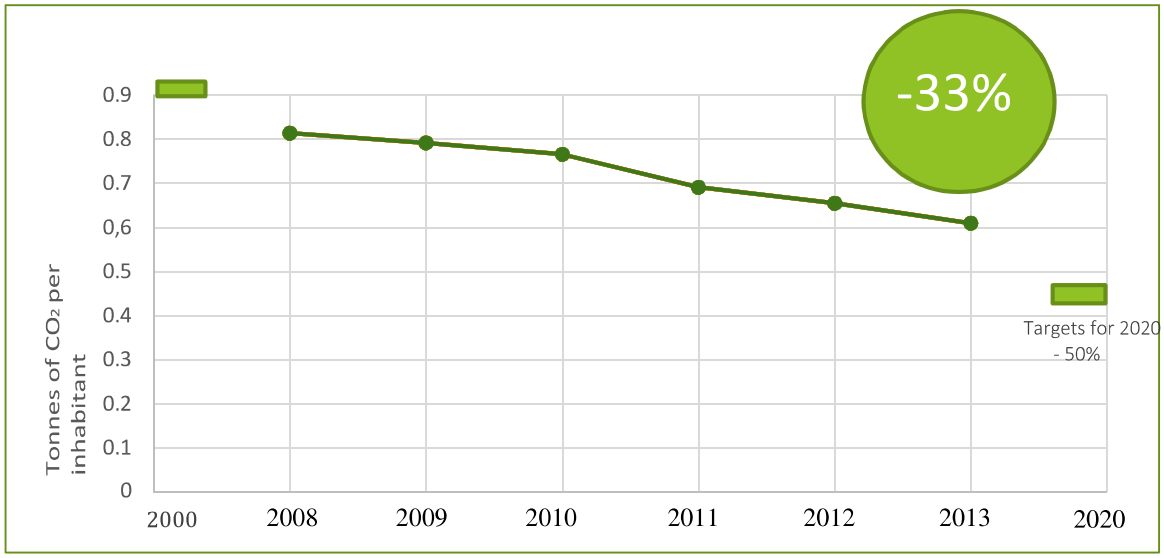
Green bonds

INVESTOR NEWSLETTER, 31 December 2014

Örebro issued a green bond in October 2014, the second Swedish municipality to do so. The SEK 750 million bond was part of the municipality's medium term note (MTN) programme to finance low carbon and environmentally sustainable projects.

The purpose of the projects is to attain the goals of its Environmental Programme—along with the associated climate change, water, waste disposal and natural heritage plans—and Transportation Programme.



Our framework, which is based on principles established by SEB and the World Bank, describes the kinds of investments that green bonds can finance. The Center for International Climate and Environmental Research (CICERO) has reviewed the framework. Our projects target:

- minimizing the municipality's carbon footprint by means of renewable energy sources and energy efficiencies
- climate change adaptations

- (up to 20% of the projects) contributing to a sustainable environment as opposed to directly addressing climate change issues

Projects approved in accordance with the framework as of 31 December 2014

Project	Total investment SEK million	Consumed in 2014 SEK million
Wind power plants	400	100
Solar cells	16	0
Vintrosa School—"Silver" environmental building	105	0
75% reduction of nitrogen emissions	18	0
Pärllöken—passive apartment building	51	51
Studentcity—140 apartments for students in central Örebro	190	49
Grand total	780	200

Projects as of 31 December 2014

Self-sufficiency based on renewable electricity

- Örebro Municipality will be self-sufficient in 2020 based on our own renewable electricity.
- KumBro Vind, which Örebro owns jointly with Kumla Muncicipality, will own wind power plants in 2020 that produce 100-150 GWh annually, providing electricity for 20,000 households. To reach that target, 15-20 plants will be built and started up at a cost of approx. SEK 500 million. Production of 100 GWh will reduce the municipality's annual carbon footprint by 40,000 tonnes, the equivalent of 20,000 ordinary cars.

Pärllöken—a passive apartment building

- 24 apartments
- Annual energy consumption: 23 kWh per square metre
- Geothermal heating, solar collectors and LED bulbs
- Heat transfer coefficient (U-value): 0.9 W per square metre C for windows and 0.09 W per square metre C for ceilings
- Energy consumption : 74 % below current statutory requirements

- Studentcity—140 apartments for students in central Örebro

- Project to be completed in 2015
- Annual energy consumption: 60 kWh per square metre
- Estimated at 33 % below current statutory requirements