

**HEIMSTADEN AB (PUBL)**

# Heimstaden

**PROSPECTUS REGARDING ADMISSION TO TRADING OF**

**MAXIMUM SEK 5,000,000,000**

**(WHICH MAY IN PART BE ISSUED IN EUR)**

**SUBORDINATED PERPETUAL FLOATING RATE  
CALLABLE CAPITAL SECURITIES**

**SEK ISIN: SE0012455111**

**EUR ISIN: SE0012455129**

**6 May 2019**

**Issuing Agent:**

**Carnegie Investment Bank AB (publ)**

**Joint Bookrunners:**

**Carnegie Investment Bank AB (publ)**

**Swedbank AB (publ)**

*Amounts payable under the Capital Securities (as defined herein) are calculated by reference to STIBOR, provided by the Swedish Banker's Association (Sw. Bankföreningen), and EURIBOR, provided by the European Money Markets Institute. As of the date of this Prospectus (as defined herein), the Swedish Banker's Association and the European Money Markets Institute do not appear on the register of administrators and benchmarks established and maintained by the European Securities and Markets Authority pursuant to article 36 of the Benchmark Regulation (Regulation (EU) 2016/1011) ("BMR"). As far as the Issuer (as defined herein) is aware, the transitional provisions in Article 51 of the BMR apply, such that the Swedish Banker's Association and the European Money Markets Institute are not currently required to obtain authorisation or registration.*

## Important Information

This prospectus (the “**Prospectus**”) has been prepared by Heimstaden AB (publ), reg. no. 556670-0455 (the “**Company**”, the “**Issuer**” or “**Heimstaden**”), in relation to the application for admission to trading on the corporate bond list of Nasdaq Stockholm (“**Nasdaq Stockholm**”) of SEK 2,000,000,000 capital securities with ISIN SE0012455111 (the “**SEK Capital Securities**” and together with any Subsequent Capital Securities, including any EUR Capital Securities (both as defined in the Terms and Conditions (as defined below)), issued in the future the “**Capital Securities**”) issued on 11 April 2019 under the Company’s maximum SEK 5,000,000,000 (which may in part be issued in EUR) subordinated perpetual floating rate callable capital securities, in accordance with the terms and conditions of the Capital Securities (the “**Terms and Conditions**”). References to the Company, the Issuer, Heimstaden or the Group refer in this Prospectus to Heimstaden AB (publ) and its subsidiaries, unless otherwise indicated by the context.

This Prospectus has been prepared in accordance with the rules and regulations of the Swedish Financial Instruments Trading Act (Sw. *lag (1991:980) om handel med finansiella instrument*) and Commission Regulation (EC) no 809/2004 of 29 April 2004 implementing Directive 2003/71/EC of the European Parliament and of the Council, each as amended. This Prospectus has been approved by and registered with the Swedish Financial Supervisory Authority (Sw. *Finansinspektionen*) in accordance with the provisions in Chapter 2, Section 25 and 26 of the Swedish Financial Instruments Trading Act. It should be noted that such approval and such registration does not constitute any guarantee from the Swedish Financial Supervisory Authority that the information in this Prospectus is accurate or complete.

This Prospectus is not an offer for sale or a solicitation of an offer to purchase the Capital Securities in any jurisdiction. It has been prepared solely for the purpose of the Capital Securities being admitted to trading on the corporate bond list of Nasdaq Stockholm. This Prospectus may not be distributed in any country where such distribution or disposal requires additional prospectus, registration or additional measures or is contrary to the rules and regulations in such country. Persons into whose possession this Prospectus comes or persons who acquire the Capital Securities are therefore required to inform themselves about, and to observe, such restrictions. The Capital Securities 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 be subject to U.S. tax law requirements. Subject to certain exemptions, the Capital Securities may not be offered, sold or delivered within the United States of America or to, or for the account or benefit of, U.S. persons (as defined in Rule 902 of Regulation S under the Securities Act). The Company has not undertaken to register the Capital Securities under the Securities Act or any U.S. state securities laws or to affect any exchange offer for the Capital Securities in the future. Furthermore, the Company has not registered the Capital Securities under any other country’s securities laws. It is the investor’s obligation to ensure that the offers and sales of Capital Securities comply with all applicable securities laws.

This Prospectus will be available at the Swedish Financial Supervisory Authority’s website ([www.fi.se](http://www.fi.se)) and the Company’s website ([www.heimstaden.com](http://www.heimstaden.com)). Paper copies may be obtained from the Company. This Prospectus shall be read together with all documents which have been incorporated by reference (see section “*Overview of financial reporting and documents incorporated by reference*” below) and any supplements to this Prospectus.

Unless otherwise explicitly stated, no information contained in this Prospectus has been audited or reviewed by auditors. Certain financial and other information set forth in this Prospectus has been rounded off and, as a result, the numerical figures shown as totals in this Prospectus may vary slightly from the exact arithmetic aggregation of the figures that precede them.

This Prospectus may contain forward-looking statements and assumptions regarding future market conditions, operations and results. Such forward-looking statements and information are based on the beliefs of the Company’s management or are assumptions based on information available to the Company or its subsidiaries (the “**Group**”). The words “consider”, “intends”, “deems”, “expects”, “anticipates”, “plans” and similar expressions indicate some of these forward-looking statements. Other such statements may be identified from the context. Any forward-looking statements in this Prospectus involve known and unknown risks, uncertainties and other factors which may cause the actual results, performances or achievements of the Group to be materially different from any future results, performances or achievements expressed or implied by such forward-looking statements. Further, such forward-looking statements are based on numerous assumptions regarding the Group’s present and future business strategies and the environment in which the Group will operate in the future. Although the Company believes that the forecasts of or indications of future results, performances and achievements are based on reasonable assumptions and expectations, they involve uncertainties and are subject to certain risks, the occurrence of which could cause actual results to differ materially from those predicted in the forward-looking statements and from past results, performances or achievements. Further, actual events and financial outcomes may differ significantly from what is described in such statements as a result of the materialisation of risks and other factors affecting the Company’s operations. Such factors of a significant nature are mentioned in the section “*Risk Factors*”.

The Capital Securities may not be a suitable investment for all investors and each potential investor in the Capital Securities must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should (i) have sufficient knowledge and experience to make a meaningful evaluation of the Capital Securities, the merits and risks of investing in the Capital Securities and the information contained or incorporated by reference in this Prospectus or any applicable supplement; (ii) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Capital Securities and the impact other Capital Securities will have on its overall investment portfolio; (iii) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Capital Securities; (iv) understand thoroughly the Terms and Conditions; and (v) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

This Prospectus is governed by Swedish law and the courts of Sweden have exclusive jurisdiction to settle any dispute arising out of or in connection with this Prospectus. The District Court of Stockholm (Sw. *Stockholms tingsrätt*) shall be the court of first instance.

THIS PROSPECTUS HAS BEEN PRODUCED IN AN ENGLISH LANGUAGE VERSION ONLY.

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## **1 Risk Factors**

*Investing in the Capital Securities involves inherent risks. In this section, a number of risk factors are described, both general and specific risks attributable to the Company and the Group and their operations, as well as risks relating to the Capital Securities. The financial performance of the Group and the risks associated with its business are important when making a decision on whether to invest in the Capital Securities. A number of risk factors and uncertainties may adversely affect the Company and the Group. If any of these risks or uncertainties actually occurs, the business, operating results and financial position of the Company could be materially and adversely affected, which ultimately could affect the Company's ability to make payments of interest and repayments of principal under the Terms and Conditions. The risks presented in this Prospectus are not exhaustive and other risks not described herein which the Group is not currently aware of, may also adversely affect the Group, the price of the Capital Securities and the Company's ability to service its debt obligations. Further, the risk factors are not ranked in order of importance. Potential investors should consider carefully the information contained in this Prospectus and make an independent evaluation before making an investment decision.*

*Terms defined in the Terms and Conditions shall have the same meaning when used in in this section, unless otherwise defined in this Prospectus.*

### **1.1 Risks relating to the Company and its operations**

*Changes to macroeconomic factors may negatively impact the property sector*

The property sector is affected by macroeconomic factors such as the general economic trend, growth, employment, the rate of production of new premises, changes in infrastructure, population growth, inflation and interest rates. The economic growth affects the employment rate, which is a contributing factor for the supply and demand on the rental housing market.

Inflation, and expectations regarding the inflation, affect interest rates and therefore affect the Company's net of financial items. The interest cost for debt to financial institutions is one of the Group's main costs items. Changes in interest rates have a significant effect on the Company's long-term result and cash flow. Inflation also affects the Group's costs. In addition, changes in interest rates and inflation also affect the yield requirements and thus the market value of property.

Should any of the aforementioned risks materialise, it could have a material negative impact on the Company's operations, financial position and earnings.

*The Group is subject to geographical risk*

The supply and demand for housing and the return on property investments differ between and may develop differently on different geographical markets.

The Group's properties are located in growth areas in Northern Europe. The Group is mostly exposed to the real estate markets of Sweden, Denmark, Norway and the Netherlands. Should the housing demand within such geographical markets decline, the Company's result and financial positions may be adversely affected.

*The Group is subject to risks relating to rental income and development*

The Group's revenue primarily consists of rental income, which depends on occupancy rates, rental rates, and the extent that tenants fulfil their payment obligations towards the Group. Rental rates and

occupancy rates are, among other factors, affected by economic growth and the rate at which new premises and housing are produced.

Should a large amount of residential tenants be unable to fulfil their payment obligations vis-à-vis the Group, it could negatively affect occupancy rates and rental income, which in turn could have a material negative impact on the Company's operations, financial position and earnings..

*The Group is subject to risks relating to increased operational and maintenance costs*

The Group's operational costs are mainly relating to heat and electricity, but also, amongst others, costs for waste collection, water and sewage. Since several of such services may be obtained only from one, or a small number of suppliers, the Group may be forced to accept high price levels. To the extent that cost increases in relation to such suppliers cannot be compensated for by corresponding increases in rent, the Group may incur additional costs.

Maintenance expenses are attributable to measures required in order to maintain the standard of property in the long term. The majority of the maintenance services is carried out by and within the Group. However, unexpected and extensive needs for renovation may adversely affect the Group. In addition to mere maintenance costs, there are normally also costs for tenant adjustments for the commercial parts of the portfolio.

Should any of the aforementioned risks materialise, it could have a material negative impact on the Company's operations, financial position and earnings.

*Risks associated with the acquisition of properties*

Acquisition of properties, which forms an essential basis for the Group's operations, is associated with risks. Examples of such risks are erroneous assumptions regarding the acquired asset's future return on investment, the risk of a decline in tenancy rates and unforeseen costs associated with meeting environmental requirements. Property transactions may also give rise to substantial transaction costs which cannot necessarily be compensated, for example, if a transaction is not completed or an acquisition is revoked due to provisions in the contract or financing reservations. Deficient due diligence of acquired property may force the Group to procure unforeseen development and adaptation measures, and may lead to legal disputes. Furthermore, there is a risk the Group will not be reimbursed by a counterparty in relation to guarantee claims arising.

Should any of the abovementioned risks materialise, it could have a negative impact on the Company's operations, financial position and earnings.

*Risks associated with the divestment of properties*

The Group's ability to divest properties on favourable terms depends on the development of the property market in the regions where the Group operates. There is a risk that the property market lack liquid funds or other means to complete acquisitions, which could negatively affect the Group's ability to divest its properties. Should the Group be forced to divest one or more of its properties, for example, due to a decline in the Group's financial condition, there is a risk that such divestment cannot be completed at terms favourable to the Group, or at all, which could have a negative impact on the Company's operations, financial position and earnings.

When divesting properties, there is also a risk that any defects will be identified by the new owner after the sale has been completed, which may entitle the owner to reimbursement or corrective measures from

the Group. Such claims could have a negative impact on the Company's reputation, operations, financial position and earnings.

#### *Project risks*

The Group's business includes to some extent property development projects. The ability to carry out profitable property development projects is among other things dependent upon a number of factors, such as the Group's ability to retain and recruit employees with the necessary competence, obtain necessary permits and decisions from authorities and hire contractors for the projects' implementation on terms acceptable to the Group.

Further, the Group's property development is dependent upon continuing supply and financing of new projects on terms acceptable to the Group. The possibility to carry out property development projects with economic profitability can also, among other things, be affected by whether the projects to a sufficient extent correspond to the market demand, a general change in the demand or price of property and residential units, insufficient planning, analysis and cost control, changes of taxes and charges and other factors which may result in delays or increased or unexpected costs in the projects.

Furthermore, there is always a risk that the Group does not obtain necessary decisions from authorities or permits for changed usage of acquired properties, or that change in permits, plans, regulations or laws, may result in delays, increased expenditures or non-completion of property development projects.

Should any of the abovementioned risks materialise, it could have a negative impact on the Company's operations, financial position and earnings.

#### *Technical risks*

The Group's operations include property investments, which involve technical risks. A technical risk can be defined as the risk related to the technical operation of properties, such as the risk of constructional defects, other latent shortcomings or deficiencies, damages (for instance due to fire or other forces of nature) and pollution. If any technical problems should occur it may result in significantly increased costs for the property which in turn may adversely affect the Company's financial position and result.

#### *The Group is subject to environmental risks*

The Group must comply with all local regulations in relation to the environment and health and safety in respect of its properties. The main environmental impacts caused by the Group's operations relate to contaminated soil. Soil contamination can cause substantial delays and increase the cost of construction projects (including new construction as well as conversions and extensions).

As owner of properties and land, the Group could be held liable for deterioration, damage, encumbrance or other hazardous causes originating from the operation of the properties. Any such event or material decrease in the value of the properties, or environmental issues that are not known or not recognisable at the time of the purchase or occurring at a later date, could have a material adverse effect on the business and financial condition of the Group.

The Group has established an environmental policy and works actively to address environmental issues. In the jurisdictions where the Group owns properties, the party conducting an activity which has contributed to pollution is also responsible for treating it. If the party conducting the activity cannot carry out or pay for such treatment the acquirer may be deemed responsible for carrying out the

treatment. The costs of any removal or clean up that may be necessary due to any deterioration, contamination, damage, encumbrance or hazardous materials may be higher than anticipated by the Group. Failure to comply with environmental regulations, or the need to comply with stricter new environmental regulations that may be introduced, could lead to higher costs or hinder the development of the Group's operations. There can be no assurance that the Group could not become liable for material environmental damage or other environmental liabilities in the future.

Should any of the aforementioned risks materialise, it could have a materially negative impact on the Company's operations, financial position and earnings.

#### *Credit and counterparty risks*

When there is a risk for the Group's counterparties being unable to fulfil their financial obligations towards the Group, there is a credit risk. Credit risks within the financial operations arise, *inter alia*, from the investment of excess liquidity, when interest swap agreements are entered into and upon obtaining long- and short-term credit agreements. If the Group's counterparties are unable to fulfil their obligations towards the Group, the Company's operations, financial position and result may be adversely affected.

#### *Risks relating to negative publicity etc.*

The Group's success is partially dependent on the value of the "Heimstaden" brand. The "Heimstaden" brand holds a great significance for both the Group's business operations and the implementation of its strategies. The integrity of the "Heimstaden" brand is important in all parts of the Group's business and to its business partners, such as municipalities, construction companies and lenders. In addition, corporate social responsibility forms part of the Group's customary long-term activities. Negative publicity or negative customer experience could have an adverse effect on the "Heimstaden" brand and its development. Should the "Heimstaden" brand lose value, regaining any lost brand value might prove impossible or require incurrence of significant costs. This, in turn, could have a material adverse effect on the Group's and the Company's business, financial condition, results of operations and future prospects.

#### *Competition*

The Group operates in a competitive sector. The Group's future competitive potential is, amongst other things, dependent on the Group's ability to anticipate future market changes and trends and quickly respond to present and future market needs. Because of this, it may become necessary for the Group to make costly investments, restructure operations or allow price reductions in order to adapt to a new competition situation. Increased competition from existing and new market participants could adversely affect the Company's business, financial position and earnings.

#### *Interest rate risk*

To a large extent, the Group's operations are financed by debt with floating interest rate. Interest is therefore one of the Group's main costs items. The interest rate is mainly affected by the level of current market interest rates and the credit institutions' margins. Increased interest rate levels could have a negative impact on the Company's operations, financial position, earnings and ability to make payments under the Capital Securities.

### *Foreign exchange risk*

The Company is exposed to indirect foreign exchange risks due to the Group's investments in Northern Europe. The Group's most significant exchange rate risk relates, currently, to non-SEK-denominated property valuations and financing arrangements (in currencies such as DKK, NOK and EUR). The Company's reporting currency is SEK, and all balance sheet items for foreign properties as well as all income and expenses generated by them are converted to SEK. Materialisation of the translation risk could have a material adverse effect on the Company's business, financial condition, results of operations and future prospects.

### *Risks relating to the Group's interest rate and currency derivatives*

The Group uses interest rate derivatives to manage the interest rate risk relating to its floating interest rates risk. The Group also uses cross-currency swaps to manage foreign exchange risks resulting from its issuances of securities denominated in EUR.

The interest rate derivatives are reported at fair value in the balance sheet and with changes in value in the profit and loss account. As the market interest rates change, a theoretical over or under value on the interest rate derivatives occur which, however, does not affect the cash flow. At the end of the term, the value of the derivatives is always zero. The derivative constitutes a hedging against higher interest rates, but it also means that the market value of the Company's interest rate derivatives decreases if the market interest rates decrease, which in turn has a negative impact on the Company's financial position and result. In case a negative value of a derivative needs to be, or is forced to be, realised it will have a negative effect on the liquidity of the Company.

Heimstaden Bostad AB (publ) ("**Heimstaden Bostad**") has converted its outstanding EUR 1,200 million notes under its established EMTN-programme (EUR 500 million due in December 2021 and EUR 700 million due in September 2023) into SEK and NOK through cross-currency swaps. There is a risk that the banks will not be able to meet their obligations under the cross-currency swaps at relevant maturity dates, which in turn could adversely affect the Group's and the Company's business, earnings and financial position.

### *Liquidity risks*

Liquidity risk is the risk that the Company cannot meet its payment obligations at the maturity date without a significant cost increase for obtaining cash. If the Company's liquidity sources prove not to be sufficient, it could have a material negative impact on the Company's operations, result and financial position.

### *Refinancing risk*

The Group is required to, from time to time, refinance its outstanding debt, e.g. because it is soon to fall due. The Group's ability to successfully refinance its debt obligations is dependent on, amongst others, the conditions of the property market, the capital and loan markets as well as the Group's financial position at such time. The refinancing risk is defined as the risk of not being able to obtain sufficient financing or any financing at all, or only to significantly higher costs. The financial costs could be higher and/or the refinancing possibilities could be limited or non-existent when debt owed by the Group falls due and needs to be refinanced. This in turn could affect the Company's liquidity and consequently affect the possibility to repay debt as it falls due and which in turn may have a negative effect on the Company's financial position and result.



The Group's business, especially with respect to acquisition of properties, is largely financed through loans from external creditors and interest costs are, as previously mentioned, a significant cost item for the Group. A portion of the Group's business consist of property development projects, which may be delayed or affected by unexpected or increased costs as a result of factors within or outside the control of the Group. If such circumstances occur, it could result in projects not being completed before loans are due, or that such increased costs are not covered by the granted credit facilities. If the Company is not able to obtain financing with respect to acquisitions or development, extension or increase of existing financing or refinancing of previously received financing, or is only able to obtain such financing on terms that are disadvantageous, it could have a material negative impact on the Company's operations, result and financial position.

*The Group is subject to risks relating to changes in value of its properties and valuation of properties*

The Group's properties are classified as investment properties and reported at their fair value in the balance sheet. The properties are valued internally each calendar quarter and externally valued at an annual basis. The fair value is determined by an assessment of the market value. As a result, a decline in property and market orientated conditions may lead to a decline in value of the Group's properties, which could have a material negative impact on the Group's and the Company's operations, financial position and earnings.

As a property owning company, the Company is dependent on an accurate valuation of the Group's material property assets. There is a risk that the valuation carried out fails to reflect to accurate asset value of the Company or that any external expertise consulted terminates its agreement with the Company whereby other expertise will need to be procured. If the valuation does not accurately reflect the asset value or if external expertise cannot be retained on favourable terms or at all, it would result in that the Company incurs additional costs or must engage in time-consuming procedures, which in turn could have a material negative impact on the Company's operations, financial position and earnings.

*Risks relating to reorganisations*

In order to obtain financial, operational and structural efficiency the Group will, from time to time, undergo reorganisations involving transfer of assets and/or shares within the Group and that assets and/or shares may be acquired from related parties for strategic reasons. The acquisitions may be financed partly through external financing and partly through, for example, new share issues in Group Companies (including the Company).

Such reorganisations will be subject to certain conditions precedent being fulfilled such as competition clearance, ensuring compliance with relevant laws and regulations, obtaining relevant consents from third parties and securing external financing. Any failure of fulfilling the conditions precedent may lead to that a reorganisation may not complete in the anticipated manner, or not at all, which could incur costs as well as having a negative effect on the Group's financial position and result.

*Influence of ultimate majority shareholder*

As of 31 December 2018, Ivar Tollefsen held, through his wholly owned company, Fredensborg AS, approximately 86 per cent. of the share capital and approximately 98 per cent. of the votes in the Company. As the controlling shareholder, Ivar Tollefsen may be able to take actions that may be contrary to the interests of the Company's and the Group's other stakeholders. Further, the personal connections and business relationships of Ivar Tollefsen are important to the conduct of the Group's

business. No assurance can be given that he will continue to make his services available to the Group indefinitely. The Company does not maintain any "key-man" insurance on Ivar Tollefsen.

The concentration of share ownership in the Company could, depending on the circumstances, accelerate, delay, postpone or prevent a change of control in the Group and impact mergers, consolidations, acquisitions or other forms of combinations, as well as distributions of profit, which may or may not be desired by the Holders or involve risks to the Holders.

If any of the risks described above would materialise, it could have a material negative effect on the Company's operations, earnings and financial position.

#### *Insurance*

If the Group is unable to maintain its insurance cover on terms acceptable to it or if future business requirements exceed or fall outside the Group's insurance cover or if the Group's provisions for uninsured costs are insufficient to cover the final costs it could have a material negative impact on the Company's operations, financial position and earnings.

#### *The Group is dependent on retaining and recruiting competent personnel*

The Group operates with a small and slimmed organisation and a limited number of personnel. Its future development is, to a large extent, dependent on the competence and experience of its management and other key personnel. It is therefore of great importance that the Group succeeds in retaining and motivating its employees and succeeds in recruiting qualified personnel in the future. Should the Group fail to retain or recruit senior management and other key personnel, it could have a material negative impact on the Company's operations, financial position and earnings.

#### *The Group may be subject to disputes and legal proceedings*

The Group may become involved in legal proceedings with tenants, suppliers, partners and third parties within the scope of its day-to-day activities, or as a result of property-related transactions or similar. Moreover, the Group, or its board members, senior management, employees or affiliated companies could become subject to investigations or criminal proceedings. Such disputes, claims, investigations and legal proceedings may be time-consuming, impact day-to-day operations, entail claims for substantial amounts, generate considerable legal costs and also impair the Group's reputation. Furthermore, it can be difficult to forecast the outcome and cost of complex disputes, claims, investigations and legal proceedings. Hence, disputes, claims, investigations and legal proceedings could have a negative impact on the Group's and the Company's operations, financial position and earnings.

#### *Laws, regulations and the application thereof may be subject to change - regulations relating to the Group's operations*

The Group's operations are subject to national and EU legislation, as well as regulations and provisions relating to construction plans and planning, construction standards, safety and security regulations, health and environmental regulations and rules governing permitted construction materials, building classifications and renting and leasing legislation. New or amended legislation or regulations, or changes to the application thereof, regarding, for example, ownership, security and safety regulations, health and environmental regulations and operation and rental of properties which apply to the Group's operations, or its tenants, may be associated with increased costs to ensure the Group's compliance. Hence, there is

a risk that changes to legal circumstances could have a negative impact on the Company's operations, financial position and earnings.

#### *Changes to accounting regulations and the application thereof*

The adoption of new laws and ordinances and changes to existing accounting regulations, including, for example, IFRS and other international accounting rules, may lead to a need for the Group to amend its procedures in relation to accounting, financial reporting and internal inspection. Such changes may give rise to uncertainty, with a greater risk of the Group interpreting and applying relevant regulations incorrectly. This could have a negative impact on the Group's operations, financial position and earnings.

#### *Dependence on laws, permits and decisions*

The Group's business is affected by a large number of laws and regulations as well as various processes and decisions relating to these regulations, both on a political level and on a civil servant level. There is always a risk that the Group's interpretation of laws and regulations is incorrect, or that such interpretation may change in the future. Further, there is always a risk that laws and regulations entail that the Group cannot use its properties as desired.

In order for the Group's properties to be used and developed as desired, various permits and decisions can be required, including local plans and various kinds of property registrations, which are approved and given by, for instance, municipalities and authorities, and which are resolved on both a political and a civil servant level. There is a risk that the Group is not granted the permits or does not obtain the decisions necessary to conduct and develop its business in a desired manner. Further, there is always a risk that decisions are appealed and, as a result thereof, are delayed significantly, or that the established decision making practice or the political will or direction in the future are changed in an adverse manner for the Company.

If any of the above-described risks would materialise, it could have a material negative effect on the Company's operations, result and financial position.

#### *Tax risks*

Tax laws and regulations or their interpretation and application practices may be subject to change in the countries in which the Group operates. Historically, the Group has used tax optimisation arrangements, such as utilising tax losses from companies it purchases for this purpose, to reduce its tax burden. However, there can be no assurance that the Group will be able to continue to rely on tax losses carried forward as there could be changes in tax laws and regulation. This would mean that the Group could be liable to pay additional tax which could have a material adverse effect on the Group's business, financial condition and cash flow.

EU Directive 2016/1164 of 12 July 2016 has been passed regarding, *inter alia*, new interest deduction limitation rules. Under the EU Directive 2016/1164 there is, for example, a general limitation for interest deductions by way of an EBITDA-rule under which net interest expenses should be deductible only up to a certain percentage of the taxpayer's EBITDA for tax purposes. EU Directive 2016/1164 has been or may be implemented in local legislation in Sweden, Norway, Denmark, the Netherlands and Germany.

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 investigation also reviewed

whether acquisitions through land parcelling procedure are being abused to avoid stamp duty. The result of the review was presented on 30 March 2017. The committee's main proposal is that upon a change of control in a company holding assets that mainly consist of properties, the properties will be considered as divested and re-acquired for a price corresponding to the market value of the properties. The divested property company should also report a taxable notional income (instead of stamp duty) corresponding to 7.09 per cent. of the highest amount of the market value and the tax assessment value of the properties. Further, stamp duty is proposed to be introduced on acquisition of properties by land parcelling procedures. The proposals by the committee were circulated for formal consultation and the consultation period ended on 15 September 2017. The rules were initially proposed to enter into force on 1 July 2018, however this has not yet occurred. It is currently unclear if, and to what extent, the proposals will result in new legislation.

Materialisation of any of the above risks could have a material adverse effect on the Company's business, financial condition, results of operations and future prospects.

#### *Changed accounting rules*

The Group's business is affected by the accounting rules that, from time to time, are applied in the jurisdictions where the Group conducts business, including for example IFRS and other international accounting rules. This means that the Group's accounting, financial reporting and internal control, may in the future be affected by and may have to be adapted to changed accounting rules or a changed application of such accounting rules. This might entail uncertainty regarding the Group's accounting, financial reporting and internal control and might also affect the Group's accounted earnings, balance sheet and equity, which could have a material negative effect on the Company's operations, result and financial position.

#### *Risks relating to long-term credit rating*

The Company may in the future seek a rating from a credit rating institute for the purpose of facilitating issuances of additional debt instruments on the capital markets. There is a risk that such potential rating will be lower than expected, or downgraded at a later stage, which could result in that it will be more difficult for the Company to pursue its financing strategy, which in turn could have a material adverse effect on the Company's business, financial condition, results of operations and future prospects.

As part of its strategy to increase presence on the international capital markets through issuance of unsecured notes, Heimstaden Bostad has sought and received a credit rating of BBB- (stable outlook) from S&P Global Ratings Europe Limited. Should the current rating be downgraded, it will result in an interest rate increase under outstanding notes under Heimstaden Bostad's (step up rating change). A rating downgrade could also result in that it will be significantly more expensive or may not be possible to issue unsecured notes and more difficult for Heimstaden Bostad to pursue its financing strategy. This could in turn have a material adverse effect on the Group's and Company's business, financial condition, results of operations and future prospects.

#### *Dependence on subsidiaries*

A significant part of the Group's assets, revenues and cash flow relate to the Company's direct and indirect subsidiaries, and most significantly Heimstaden Bostad. Accordingly, the Company is dependent upon receipt of sufficient income related to the operation of and the ownership in such entities to enable it to make payments under the Capital Securities. The subsidiaries are legally separate and

distinct from the Company and have no obligation to pay amounts due with respect to the Company's obligations and commitments, including the Capital Securities, or to make funds available for such payments. The ability of the subsidiaries to make such payments to the Company is subject to, among other things, the availability of funds, corporate and tax restrictions, restrictions in shareholders' agreements and the terms of each entity's finance agreements. Should the value of the business conducted in the subsidiaries decrease, and/or should the Company not receive sufficient income from its subsidiaries, the Holders' ability to receive payment under the Terms and Conditions may be adversely affected.

The Company's indirect subsidiary Heimstaden Bostad is jointly owned together with, mainly, pension funds, including Alecta pensionsförsäkring, ömsesidigt ("**Alecta**"). As of 31 December 2018, the Company held, indirectly through Group Companies, 64.8 per cent. of the votes and 62.7 per cent. of the total number of shares in Heimstaden Bostad. The economic rights in Heimstaden Bostad are governed by three types of share classes, one ordinary share class and two preferential share classes, among which the economic rights differ with respect to *e.g.* rights to payment of dividends and distribution of funds in case of a sale of all shares in Heimstaden Bostad, a liquidation or bankruptcy (the "**Distribution Waterfall**"), as further set out in the articles of association of Heimstaden Bostad. It follows from the Distribution Waterfall that the preferential shares have priority over the ordinary shares, *i.e.* dividends and other distributions to holders of ordinary shares are made only after such dividends or distributions have been made to holders of preferential shares (with preferential shares of series A having the highest priority). The Company has a higher ratio of ordinary shares than preference shares, which means that the Company is more exposed to economic downturns of Heimstaden Bostad than shareholders holding higher ratio of preference shares. Should such downturn result in that there are limited amounts available in the Distribution Waterfall to holders of ordinary shares after payment has been made to holders of preference shares such would have a material adverse effect on the Company's financial condition and future prospects. Furthermore, the Company's holdings in Heimstaden Bostad may decrease in the future, which could reduce the Company's influence and economic participation in Heimstaden Bostad.

Should the value of the business conducted in the subsidiaries decrease, and/or should the Company not receive sufficient income from its subsidiaries, the Holders' ability to receive payment under the Capital Securities may be adversely affected.

#### *Structural subordination and insolvency of subsidiaries*

As mentioned above, a significant part of the Group's assets and revenues relate to the Company's subsidiaries. The subsidiaries are legally separated from the Company and the subsidiaries' ability to make payments to the Company is restricted by, among other things, the availability of funds, corporate and legal restrictions. In the event of insolvency, liquidation or a similar event relating to one or several of the Company's subsidiaries, all creditors of such subsidiary would be entitled to payment in full out of the assets of such subsidiary before the Company, as a shareholder, would be entitled to any payments. Thus, the Capital Securities are structurally subordinated to the liabilities of such subsidiaries. Defaults by, or the insolvency of, certain subsidiaries may result in the obligation for the Company to make payments under financial or performance guarantees in respect of such subsidiaries' obligations or the occurrence of cross defaults on certain borrowings of the Group. There is a risk that the Company and

its assets would not be protected from any actions by the creditors of a subsidiary, whether under bankruptcy law, by contract or otherwise.

## **1.2 Risks relating to the Capital Securities**

### *Credit risks*

An investment in the Capital Securities carries a credit risk relating to the Company and the Group. The Holders' ability to receive payment under the Terms and Conditions is therefore dependent upon the Company's and the Group's ability and willingness to meet its payment obligations, which in turn is dependent upon the performance of the Group's operations and its financial position. The Group's financial position is affected by several factors, a number of which have been discussed in this Prospectus.

An increased credit risk may cause the market to charge the Capital Securities a higher risk premium, which would affect the Capital Securities' value negatively. Another aspect of the credit risk is that any deterioration in the financial position of the Group may reduce the Group's possibility to receive debt financing at the time of redemption of the Capital Securities.

### *Interest rate risks*

The value of the Capital Securities is dependent on several factors, including the level of the general market interest rates over time. The SEK Capital Securities carry interest at a floating rate of STIBOR (3 months) plus the applicable margin and any EUR Capital Securities, which may be issued in the future, will carry interest at a floating rate of EURIBOR (3 months) plus an applicable margin determined upon the first issue of EUR Capital Securities. Hence, the interest rate is to a certain extent adjusted for changes in the level of general interest rates. An increase of the general interest rate level could adversely affect the value of the Capital Securities. The general interest rate level is to a high degree affected by the financial development at large and is outside the Group's control.

### *Currency risk*

The SEK Capital Securities are denominated and payable in SEK and any EUR Capital Securities issued in the future are denominated and payable in EUR. If Holders measure their investment return by reference to a currency other than SEK or EUR, as applicable, an investment in the Capital Securities will entail foreign exchange-related risks. For example, possible significant changes in the value of the SEK or EUR relative to the currency by reference to which Holders measure the return on their investments could cause a decrease in the effective yield of the Capital Securities below their stated coupon rates and could result in a loss to Holders when the return on the Capital Securities is translated into the currency by reference to which the Holders measure the return on their investments. 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 Company to make payments in respect of the Capital Securities. As a result, there is a risk that Holders may receive less interest or principal than expected, or no interest or principal.

### *The Capital Securities are subordinated to most of the Company's liabilities*

The Capital Securities represent deeply subordinated debt obligations of the Company. This means that if the Company is subject to any dissolution, winding-up, liquidation, restructuring (Sw. *företagsrekonstruktion*), administrative or other bankruptcy or insolvency proceedings, the Holders normally receive payment after all other creditors have been paid in full. Hence, in relation to

an Issuer Winding-up or an Issuer Re-construction, Holders' claims for the principal amount of their Capital Securities and any accrued and unpaid interest thereon will rank *pari passu* with any present or future claims in respect of obligations of the Company in respect of Parity Securities. Furthermore, claims will rank junior in right of payment to any present or future claims of all unsubordinated obligations of the Company and all Subordinated Indebtedness. In relation to an Issuer Winding-up, claims will however rank in priority to all present and future claims in respect of the shares of the Company and any other obligation of the Company expressed to rank junior to the Capital Securities or any Parity Securities. As the Holders only will have an unsecured claim against the Company, the Holders may not recover any or all of their investment.

Other than the remedies set out in Clause 15 (*Default and Enforcement*) of the Terms and Conditions, no remedies shall be available to the Holders, whether for the recovery of amounts owing in respect of the Capital Securities or in respect of any breach by the Company of any of its other obligations under or in respect of the Capital Securities. Such remedies are limited to certain proceedings and enforcement following a default under the Terms and Conditions.

Any potential investor should therefore be aware of that an investment in the Capital Securities entails a risk that the investor loses all or part of its investment if the Company becomes liquidated, bankrupt, insolvent, carries out a restructuring or is wound-up.

*Holders of the Capital Securities have very limited rights in relation to the enforcement of payments on the Capital Securities*

If a default is made by the Company for a period of 30 days or more in relation to the payment of any interest, principal or premium in respect of the Capital Securities which is due and payable, the rights of the Holders in respect of the Capital Securities are limited to instituting proceedings for an Issuer Winding-up, and the Holders may prove and/or claim in respect of the Capital Securities in an Issuer Winding-up.

Whilst the claims of the Holders in an Issuer Winding-up are for the principal amount of their Capital Securities together with any Deferred Interest and any other accrued and unpaid interest, such claims will be subordinated as provided above under "*The Capital Securities are subordinated to most of the Company's liabilities*", accordingly, claims in respect of the Capital Securities would rank junior to claims in respect of unsubordinated obligations of the Company in the event of an Issuer Winding-up. The Holders shall not be entitled to accelerate payments of interest or principal under the Capital Securities in any circumstances outside an Issuer Winding-up.

Furthermore, whilst the Holder may institute other proceedings against the Company to enforce the terms of the Capital Securities, the Company shall not, by virtue of such proceedings, be obliged to pay any sum or sums sooner than the same would otherwise have been payable by it.

Accordingly, the Holders' rights of enforcement in respect of payments under the Capital Securities are very limited.

*No limitation of issuing or guaranteeing debt*

There is no restriction in the Terms and Conditions in relation to issuing or guaranteeing debt ranking senior to or *pari passu* with the Capital Securities. The Company and its subsidiaries may incur additional indebtedness or issue guarantees in respect of indebtedness or guarantees of third parties. Incurring such additional indebtedness may reduce the amount (if any) recoverable by Holders if the

Company is subject to any dissolution, winding-up, liquidation, restructuring (Sw. *företagsrekonstruktion*), administrative or other bankruptcy or insolvency proceedings and may increase the likelihood of that interest payments under the Terms and Conditions are deferred, at the potential detriment on a Holder.

#### *The Capital Securities constitute perpetual obligations*

The Capital Securities are perpetual meaning that the Capital Securities have no specified maturity date. The Company is not obliged to redeem the Capital Securities at any time and Holders have no option to redeem the Capital Securities at any time. The Company may only redeem the Capital Securities in the circumstances described in Clause 12 (*Redemption and repurchase of the Capital Securities*) of the Terms and Conditions.

Any potential investor should be aware that it may be required to bear financial risks of the investment in the Capital Securities for a long period of time and may not recover their investment before a redemption of the Capital Securities (if any) at the discretion of the Company (in particular if there is no active trading on the secondary market). Each potential investor should therefore be aware that there is a risk that it may lose the whole, or parts of, its investment in the event the Company chooses to not redeem the Capital Securities.

#### *Deferral of interest payment*

The Company may, at its sole discretion by giving notice to the Holders, the Agent and the Issuing Agent before the relevant Interest Payment Date, elect to defer any interest payment, in whole or in part, which would otherwise be due on any Interest Payment Date. If interest is deferred in accordance with the Terms and Conditions, the Company has no obligation to make such payment on the relevant Interest Payment Date and any such non-payment of interest does not constitute a default or any other breach of obligations under the Capital Securities.

Deferral of interest payments may have an adverse effect on the market price for the Capital Securities. In addition, the availability to defer interest may result in that the market price for the Capital Securities is more volatile than otherwise would be the case for market prices of other securities in respect of which interest accrues over pre-determined interest periods. Furthermore, the possibility to defer interest payments may expose the Holders to fluctuations in the Company's financial position and may result in that the yields from the Capital Securities are less foreseeable.

#### *Liquidity risks*

The Company intends that the Capital Securities are admitted to trading on the corporate bond list of Nasdaq Stockholm or, if such admission to trading is not possible to obtain or maintain, admitted to trading on another Regulated Market, within 30 days after the First Issue Date of the Capital Securities. There is a risk that the Capital Securities will not be admitted to trading within such time period (or at all), in which case a Holder will not be entitled to cancel, withdraw or otherwise rescind its investment in the Capital Securities, or claim compensation from any person, on the basis of an argument that that the Capital Securities have not been listed on a Regulated Market. In addition, if the Capital Securities are not listed within a certain time after the First Issue Date, there is a risk that the Capital Securities will not fulfil the requirements for being placed at an investment savings account (Sw.



*investeringssparkonto*) which may have a material adverse effect on a Holder's tax position with respect to the Capital Securities.

Further, there is not always active trading in securities and there is a risk that there will not be a liquid market for trading in the Capital Securities or that this market will be maintained even if the Capital Securities are admitted to trading. This may result in that the Holders cannot sell their Capital Securities when desired or at a price level which allows for a profit comparable to similar investments with an active and functioning secondary market. Lack of liquidity in the market may have a negative impact on the market value of the Capital Securities. Furthermore, the nominal value of the Capital Securities may not be indicative compared to the market price of the Capital Securities if they are admitted for trading on Nasdaq Stockholm.

It should also be noted that during a given time period it may be difficult or impossible to sell the Capital Securities (at all or at reasonable terms) due to, for example, severe price fluctuations, close down of the relevant market or trade restrictions imposed on the market.

#### *The market price of the Capital Securities may be volatile*

Except for the volatility that may be the result of interest deferrals, the market price of the Capital Securities could be subject to significant fluctuations in response to actual or anticipated variations in the Company's and the Group's operating results and those of its competitors, adverse business developments, changes to the regulatory environment in which the Group operates, changes in financial estimates by securities analysts and the actual or expected sale of a large number of Capital Securities, as well as other factors, some of which have been discussed above. In addition, in recent years the global financial markets have experienced significant price and volume fluctuations, which, if repeated in the future, could adversely affect the market price of the Capital Securities without regard to the Company's operating results, financial position or prospects.

#### *Floating rate securities may suffer a decline in interest rate*

The Capital Securities bear interest at a floating rate, set by reference to a 3-month interbank offered rate plus a margin. A Holder of a security with a floating interest rate is exposed to the risk of fluctuating interest rate levels and uncertain interest income. Fluctuating interest rate levels make it impossible to determine the yield of such securities in advance.

Each reset interest rate may be different from the initial interest rate of the Capital Securities and may adversely affect the yield of the Capital Securities.

#### *European Benchmarks Regulation*

The process of the calculation of STIBOR, EURIBOR and other interest rate benchmarks are subject to certain regulatory initiatives, whereof some have been implemented and others are to be implemented. The most important initiative is the Benchmarks Regulation (Regulation (EU) 2016/1011 of the European Parliament and of the Council of 8 June 2016 on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds and amending Directives 2008/48/EC and 2014/17/EU and Regulation (EU) No 596/2014) (the "**Benchmarks Regulation**"). The Benchmarks Regulation regulates the provision of benchmarks, contribution of input data for the purpose of determining a benchmark and the operation of benchmarks within the EU.

Since the Benchmarks Regulation has only been applicable for a limited period of time and certain provisions are still subject to transitional periods, the effects of the regulation cannot be fully assessed.

There is a risk that the Benchmarks Regulation may affect how interest rate benchmarks are calculated and developed. This, in turn, may give rise to increased volatility for some interest rate benchmarks. In addition, the increased administrative requirements and associated regulatory risks may decrease the incentives to participate in the determination of interest rate benchmarks or may result in that the publishing of certain benchmarks will cease. Should this occur in relation to the interest rate benchmark applied to the Capital Securities, it could adversely affect the Holders' ability to assess their investments in the Capital Securities.

*Risks relating to redemption and repurchase of Capital Securities*

Upon the occurrence of an Accounting Event, a Rating Event, a Substantial Repurchase Event, a Tax Event or a Withholding Tax Event the Company may redeem the Capital Securities in whole, but not some only, at any time together with any Deferred Interest and any accrued and unpaid interest (however, please note that the occurrence of any of these events do not entitle any of the Holders to enforce and accelerate the Capital Securities). Furthermore, the Company may elect to redeem the Capital Securities in whole, but not some only, at par on the First Call Date or on any Interest Payment Date falling thereafter. The Company or any Group Company may, subject to applicable law, at any time and at any price purchase Capital Securities on the market or in any other way and Capital Securities held by a Group Company may at such Group Company's discretion be retained, sold or, if held by the Company, cancelled. In addition, upon the occurrence of a Change of Control the Company may redeem the Capital Securities in whole to a certain redemption amount defined in the Terms and Conditions.

If the Capital Securities are redeemed Holders have the right to receive a redemption amount, which may exceed the nominal amount of the Capital Securities. There is a risk that the market value of the Capital Securities is higher than the amount received at redemption and that it may not be possible for Holders to reinvest such proceeds at an effective interest rate as high as the interest rate on the Capital Securities and may only be able to do so at a significantly lower rate.

*No action against the Company and Holders' representation*

In accordance with the Terms and Conditions, the Agent will represent all Holders in all matters relating to the Capital Securities and the Holders are prevented from taking actions on their own against the Company. Consequently, individual Holders do not have the right to take legal actions to declare any default by claiming any payment from or enforcing any security and/or guarantee and may therefore lack effective remedies unless and until a requisite majority of the Holders agree to take such action. However, there is a risk that a Holder, in certain situations, could bring its own action against the Company (in breach of the Terms and Conditions), which could negatively affect the other Holders' possibilities to bring other actions against the Company. To enable the Agent to represent Holders in court, the Holders may have to submit a written power of attorney for legal proceedings. The failure of all Holders to submit such a power of attorney could negatively affect the legal proceedings.

Under the Terms and Conditions, the Agent will in some cases have the right to make decisions and take measures that bind all Holders. Consequently, the actions of the Agent in such matters could affect a Holder's rights under the Terms and Conditions in a manner that would be undesirable for some of the Holders.

### *Holder's Meetings*

The Terms and Conditions will include certain provisions regarding Holders' Meetings. Such meetings may be held in order to resolve on matters relating to the Holders' interests. The Terms and Conditions will allow for stated majorities to bind all Holders, including Holders who have not taken part in the meeting and those who have voted differently to the required majority at a duly convened and conducted Holders' Meeting. Consequently, the actions of the majority in such matters could affect minority Holders' rights in a manner that would be undesirable for them.

### *No voting rights*

The Capital Securities constitute subordinated debt but any Holders' claims will rank in priority to all present and future claims in respect of the shares of the Company. However, the Capital Securities carry no voting rights with respect to general meetings of the Company. Consequently, the Holders cannot influence, *inter alia*, any decisions by the Company to defer payments or to optionally settle outstanding payments or any other decisions made by the Company's shareholders concerning the Company's capital structure. The lack of availability to influence the capital structure could affect Holders' position and Capital Securities in a manner that would be undesirable for them.

### *Credit ratings, changes in rating methodologies and risk reflection*

Neither the Company nor the Capital Securities have been assigned a credit rating. The Company may seek a credit rating for itself or for the Capital Securities, but there is a risk that the Company will be unable to receive a credit rating for itself or the Capital Securities or that the rating assigned to the Company or the Capital Securities is less than expected.

Any ratings granted by S&P or Moody's or any other rating assigned to the Company or the Capital Securities may not reflect the potential impact of all risks relating to structure, market and other factors that may affect the value of the Company or the Capital Securities. 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 addition, each of S&P and Moody's or any other rating agency may change their methodologies or their application for rating entities or securities with features similar to the Company or the Capital Securities in the future. This may include the relationship between ratings assigned to an issuer's senior securities and ratings assigned to securities with features similar to the Capital Securities, sometimes called "notching". If the rating agencies were to change their practices or their application for rating in the future and the ratings of the Company or the Capital Securities were to be subsequently lowered, this may have a negative impact on the trading price of the Capital Securities.

If as a consequence of an amendment, clarification or change in the equity credit criteria of any Rating Agency, the Capital Securities are no longer eligible for the same or higher category of equity credit attributed to the Capital Securities at the date of their issue, the Company may redeem the Capital Securities in whole, but not in part, as further described in Clause 12.4 (*Voluntary redemption due to a Special Event*) of the Terms and Conditions.

### *Credit Rating Agency Regulation*

As described above under "*Credit ratings, changes in rating methodologies and risk reflection*" the Company may, in the future, seek a credit rating for itself or for the Capital Securities. In general, European regulated investors are restricted under Regulation (EC) No. 1060/2009 (as amended) (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 whilst the registration application is pending). 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). 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. Any changes to the CRA Regulation may affect the possibility of potential investors to make an investment in the Capital Securities and therefore entail a risk that the Capital Securities will not be compatible with the investment objectives of the relevant investors. If such risk would materialise, it may result in lower liquidity for the Capital Securities, which could adversely affect the Holders ability to sell the Capital Securities as desired.

*Risks relating to the clearing and settlement in Euroclear Sweden’s book-entry system*

The Capital Securities are affiliated with Euroclear Sweden’s account-based system, and no physical Capital Securities have been issued. Clearing and settlement relating to the Capital Securities will be carried out within Euroclear Sweden’s book-entry system as well as payment of interest and repayment of the principal. Holders are therefore dependent upon the functionality of Euroclear Sweden’s account-based system, which is a factor that the Company cannot control. If Euroclear Sweden’s account-based system would not function properly, there is a risk that Holders would not receive payments under the Capital Securities as they fall due.

*Amended or new legislation*

This Prospectus is and the Terms and Conditions are based on Swedish law in force at their respective date of issuance. The impact of any possible future legislative measures or changes, or changes to administrative practices, may give rise to risks which are not possible to foresee. There is a risk that amended or new legislation and administrative practices may adversely affect the Holders’ ability to receive payment under the Terms and Conditions.

*Conflict of interests*

The Joint Bookrunners have engaged in, and may in the future engage in, investment banking and/or commercial banking or other services for the Company and the Group in the ordinary course of business. Accordingly, there is a risk that conflicts of interest may exist or may arise as a result of the Joint Bookrunners having previously engaged, or in the future engaging, in transactions with other parties, having multiple roles or carrying out other transactions for third parties with conflicting interests. There is a risk that such conflicts of interest will adversely affect the Group’s ability to renew or maintain existing financing or obtain further financing and in turn have a negative effect on the Group’s operations, earnings and financial position.

## **2 Responsibility for the information in the Prospectus**

This Prospectus has been prepared in relation to the Company applying for admission to trading on the corporate bond list of Nasdaq Stockholm of the SEK Capital Securities under the Company's maximum SEK 5,000,000,000 (which may in part be issued in EUR) subordinated perpetual floating rate callable capital securities. The SEK Capital Securities of SEK 2,000,000,000, with ISIN SE0012455111, were issued on 11 April 2019 and further issues may be made in SEK or in EUR. The Prospectus has been prepared in accordance with the Commission Regulation (EC) No 809/2004 of 29 April 2004 implementing Directive 2003/71/EC of the European Parliament and of the Council and the rules and regulations in Chapter 2 of the Swedish Financial Instruments Trading Act (*Sw. lag (1991:980) om handel med finansiella instrument*), each as amended.

The Company is responsible for the information given in this Prospectus. The Company confirms that, having taken all reasonable care to ensure that such is the case, the information contained in this Prospectus is, to the best of the Company's knowledge, in accordance with the actual conditions and that no information has been omitted which may distort the picture of the Company. The information in the Prospectus and in the documents incorporated by reference which derive from third parties has, as far as the Company is aware and can judge on basis of other information made public by the respective third party, been correctly represented and no information has been omitted which may serve to render the information misleading or incorrect.

The board of directors is responsible for the information given in this Prospectus only under the conditions and to the extent set forth in Swedish law. The board of directors confirms that, having taken all reasonable care to ensure that such is the case, the information in this Prospectus is, to the best of the board of directors' knowledge, in accordance with the facts and contains no omissions likely to affect its import.

Stockholm on 6 May 2019

**HEIMSTADEN AB (PUBL)**

*The board of directors*

### 3 The Capital Securities in brief

This section contains a general description of the Capital Securities. It does not claim to be comprehensive or cover all details of the Capital Securities. Potential investors should therefore carefully consider the Prospectus as a whole, including documents incorporated by reference (see below section 6 “*Overview of financial reporting and documents incorporated by reference*”) and the full Terms and Conditions (see below section 8 “*Terms and Conditions*”), before a decision is made to invest in the Capital Securities. Terms defined in the Terms and Conditions shall have the same meaning when used in in this section, unless otherwise defined in this Prospectus.

#### 3.1 General

On 11 April 2019, the Company issued SEK Capital Securities of SEK 2,000,000,000, with ISIN SE0012455111. The Company may in the future issue further SEK Capital Securities with same ISIN or EUR Capital Securities with ISIN SE0012455129.

The SEK Capital Securities are denominated in SEK and have been issued in accordance with Swedish law. Any EUR Capital Securities issued in the future will be denominated in EUR and will be issued in accordance with Swedish law. The Capital Securities are debt instruments (Sw. *skuldförbindelser*) of the type set forth in Chapter 1 section 3 of the Swedish Central Securities Depositories and Financial Instruments Accounts Act (Sw. *lagen (1998:1479) om värdepapperscentraler och kontoföring av finansiella instrument*) and are intended for public market trading.

The Company has obtained all necessary resolutions, authorisations and approvals required in conjunction with the issuance of the SEK Capital Securities and the performance of its obligations relating thereto. The issuance of the SEK Capital Securities on 11 April 2019 was authorised by a resolution of the board of directors of the Company on 27 March 2019. The Net Proceeds of the Initial Issue and the Net Proceeds of any Subsequent Issue will be used towards general corporate purposes of the Group, including investments and financing acquisitions. The Net Proceeds of the Initial Issue will also be used towards repayment of the Shareholder Loan (as defined below under section 4.4 “*Significant adverse changes and recent events*”).

The maximum total Nominal Amount of the Capital Securities and all Subsequent Capital Securities may not exceed SEK 5,000,000,000 (which may in part be issued in EUR) unless consent from the Holders is obtained according to the Terms and Conditions. All Capital Securities are issued on a fully paid basis at an issue price of 100 per cent. of the Nominal Amount. As of the day of this Prospectus, 1,600 SEK Capital Securities have been issued, equalling a total Nominal Amount of SEK 2,000,000,000.

The Capital Securities are registered for the Holders on their respective Securities Account and no physical capital securities will be issued. The Company’s central securities depository and registrar with respect to the Capital Securities is Euroclear Sweden AB, reg. no. 556112-8074, P.O. Box 191, SE-101 23 Stockholm, Sweden (the “**CSD**”). The Capital Securities are connected to the account-based system of the CSD in accordance with the Swedish Central Securities Depositories and Financial Instruments Accounts Act. Registration requests relating to the Capital Securities shall be directed to an Account Operator.

The Capital Securities are freely transferable but the Holders may be subject to purchase or transfer restrictions with regard to the Capital Securities, as applicable, under local laws to which the Holder may be subject. Each Holder must ensure compliance with such restrictions at its own cost and expense.

### 3.2 Subsequent Capital Securities

Under the Terms and Conditions, the Company may, at one or more occasions, issue Subsequent Capital Securities amounting to in total up to the difference of the amount issued under the Initial Issue and SEK 5,000,000,000 (which may in part be issued in EUR) unless consent from the Holders is obtained in accordance with the Terms and Conditions. Subsequent Capital Securities may be denominated in SEK, issued with ISIN SE0012455111, or in EUR, issued with ISIN SE0012455129.

Following a Positive Rating Event, no Subsequent Capital Securities may be issued unless such are issued at one or maximum two occasions within six months from the First Issue Date. Subsequent Capital Securities shall benefit from, and be subject to, the Terms and Conditions and, for the avoidance of doubt, the relevant ISIN, the Interest Rate (except for issues of EUR Capital Securities which will have a different interest rate than the Interest Rate set at the Initial Issue, any subsequent issues of EUR Capital Securities after an initial issue of EUR Capital Securities shall, however, have the same Interest Rate applicable to the first issue of EUR Capital Securities), the Nominal Amount and the perpetual nature applicable to the Capital Securities shall apply also to Subsequent Capital Securities. The price of the Subsequent Capital Securities may be set at par, at a discount or at a higher price compared to the Nominal Amount.

### 3.3 Status of the Capital Securities

The Capital Securities, including the obligation to pay interest thereon, constitute direct, general, unconditional, unsecured and subordinated obligations of the Company. The rights and claims of the Holders in respect of the Capital Securities against the Company are subordinated as described in Clause 3.2 of the Terms and Conditions. In short, this means that (i) in the event of an Issuer Winding-up, the rights of the Holders to receive payments in respect of the Capital Securities will rank equally in insolvency alongside the Parity Securities, and (ii) in the event of a company re-construction (Sw. *företagsrekonstruktion*), the rights of the Holders to receive payments in respect of the Capital Securities will rank *pari passu* among themselves and with any present or future claims in respect of obligations of the Company in respect of Parity Securities, but junior to any present or future claims in respect of all unsubordinated obligations of the Company and all Subordinated Indebtedness.

Subject to applicable law, no Holder may exercise, claim or plead any right of set-off, compensation or retention in respect of any amount owed to it by the Company in respect of or arising under or in connection with the Capital Securities and each Holder shall, by virtue of its holding of any Capital Security, be deemed to have waived all such rights of set-off, compensation or retention.

### 3.4 Issuance, repurchase, redemption and cancellation

#### 3.4.1 The First Issue Date and no maturity

The Capital Securities were issued on 11 April 2019.

The Capital Securities are perpetual and have no specified maturity date. The Capital Securities are not redeemable at the option of the Holders at any time.

The Capital Securities are redeemed and repaid at the Company's discretion upon the First Call Date, on any Interest Payment Date thereafter or upon a Special Event (see below under sections 3.4.3 "*The Company's call option*" and 3.4.4 "*Redemption due to a Special Event*").

### 3.4.2 Purchase of Capital Securities by Group Companies

The Company or any Group Company may, subject to applicable law, at any time and at any price purchase Capital Securities on the market or in any other way. Capital Securities held by a Group Company may at such Group Company's discretion be retained or sold or, if held by the Company, cancelled by the Company.

### 3.4.3 The Company's call option

The Company may, by giving not less than 30 but not more than 60 Business Days' prior notice to the Issuing Agent, the Agent and the Holders (which notice shall be irrevocable and shall specify the date fixed for redemption), redeem all, but not some only, of the Capital Securities on the First Call Date or on any Interest Payment Date thereafter at their principal amount together with any Deferred Interest and any other accrued and unpaid interest up to (and including) the Redemption Date. Upon the expiry of such notice, the Company is bound to redeem the Capital Securities.

### 3.4.4 Redemption due to a Special Event

If an Accounting Event, a Rating Event, a Substantial Repurchase Event, a Tax Event or a Withholding Tax Event has occurred and is continuing, the Company may, by giving not less than 30 not more than 60 days' prior notice to the Issuing Agent, the Agent and the Holders (which notice shall be irrevocable and shall specify the date fixed for redemption) and subject to Clause 13 (*Preconditions to Special Event Redemption or Change of Control Redemption*) of the Terms and Conditions, redeem all, but not some only, of the Capital Securities at any time at an amount equal to:

- (a) 101 per cent. of their principal amount, where such redemption occurs before the First Call Date;  
or
- (b) 100 per cent. of their principal amount, where such redemption occurs on or after the First Call Date,

in each case together with any Deferred Interest and any interest accrued from (but excluding) the immediately preceding Interest Payment Date to (and including) the Redemption Date.

Upon the expiry of such notice, the Company is bound to redeem the Capital Securities.

### 3.4.5 Redemption due to a Change of Control

Upon a Change of Control and, if a Positive Rating Event has occurred prior to the Change of Control, a Rating Downgrade occurs in respect of that Change of Control within the Change of Control Period, the Company may, no later than the date falling six months after the date on which the Change of Control has occurred, and upon giving not less than 30 but not more than 60 days' prior notice to the Holders (which notice shall be irrevocable and shall specify the date fixed for redemption) and subject to Clause 13 (*Preconditions to Special Event Redemption or Change of Control Redemption*) of the Terms and Conditions, redeem all, but not some only, of the Capital Securities at an amount equal to:

- (a) 101 per cent. of their principal amount, where such redemption occurs before the First Call Date;  
or
- (b) 100 per cent. of their principal amount, where such redemption occurs on or after the First Call Date,



in each case together with any Deferred Interest and any interest accrued from (but excluding) the immediately preceding Interest Payment Date to (and including) the Redemption Date.

Immediately upon the Company becoming aware that a Change of Control has occurred, the Company shall give notice to the Agent, the Issuing Agent and the Holders specifying the nature of the Change of Control.

#### 3.4.6 Cancellation of the Capital Securities

All Capital Securities which are redeemed or purchased and elected to be cancelled pursuant to the provisions of the Terms and Conditions will be cancelled and may not be reissued or resold. The Company shall promptly inform the Holders, the Agent and the Issuing Agent of any such cancellation and for so long as the Capital Securities are admitted to trading on Nasdaq Stockholm and the rules of such exchange so require, the Company shall promptly inform Nasdaq Stockholm (or any other relevant Regulated Market on which the Capital Securities are admitted to trading) of the cancellation of any Capital Securities.

### 3.5 Payments in respect of the Capital Securities

Any payment or repayment under the Terms and Conditions, or any amount due in respect of a repurchase of any Capital Securities, shall be made to such person who is registered as a Holder on the Record Date prior to an Interest Payment Date or other relevant due date, or to such other person who is registered with the CSD on such date as being entitled to receive the relevant payment, repayment or repurchase amount.

The Company is not liable to gross-up any payments under the Terms and Conditions by virtue of any withholding tax, public levy or similar.

### 3.6 Interest, deferred interest and default interest

#### 3.6.1 Interest rate

Subject to the right to defer interest payments (as described in section 3.6.4 “*Optional deferral of interest payments*” below), each Initial Capital Security carries Interest at the Interest Rate from (but excluding) the First Issue Date up to (and including) the relevant Redemption Date and any Subsequent Capital Security will carry Interest at the Interest Rate from (but excluding) the Interest Payment Date falling immediately prior to its issuance up to (and including) the relevant Redemption Date.

Subject to a Step-up Interest Rate becoming applicable as set out in section 3.6.2 “*Step-up Interest Rate*” below and a step-up becoming applicable after a Change of Control (as set out below):

- (a) each SEK Capital Security carries interest at a floating rate of STIBOR (3 months) plus:
  - (i) a margin of 5.90 per cent. *per annum* from (but excluding) the First Issue Date up to (and including) the date falling ten and a half (10.5) years after the First Issue Date;
  - (ii) a margin of 6.15 per cent. *per annum* from (but excluding) the date falling ten and a half (10.5) years after the First Issue Date to (and including) the date falling twenty five and a half (25.5) years after the First Issue Date; and
  - (iii) a margin of 6.90 per cent. *per annum* from (but excluding) the date falling twenty five and a half (25.5) years after the First Issue Date to (and including) the Redemption Date, and

- (b) each EUR Capital Security carries interest at a floating rate of EURIBOR (3 months) plus:
- (i) the Initial EUR Margin (as determined at the first issue of EUR Capital Securities) from (but excluding) the First Issue Date up to (and including) the date falling ten and a half (10.5) years after the First Issue Date;
  - (ii) the Initial EUR Margin plus 0.25 per cent. *per annum* from (but excluding) the date falling ten and a half (10.5) years after the First Issue Date to (and including) the date falling twenty five and a half (25.5) years after the First Issue Date; and
  - (iii) the Initial EUR Margin plus 1.00 per cent. *per annum* from (but excluding) the date falling twenty five and a half (25.5) years after the First Issue Date to (and including) the Redemption Date.

Notwithstanding the above, if the Company does not elect to redeem the Capital Securities in accordance with the Terms and Conditions following the occurrence of a Change of Control, the then prevailing Interest Rate on each Capital Security will be increased by 5.00 per cent. *per annum* with effect from (but excluding) the date falling six months after the date on which the Change of Control has occurred.

Interest shall be calculated on the basis of the actual number of days in the Interest Period in respect of which payment is being made divided by 360 (actual/360-days basis).

### 3.6.2 Step-up Interest Rate

Subject to a step-up becoming applicable after a Change of Control (as described in section 3.6.1 “*Interest rate*” above) and provided a Positive Rating Event has not occurred prior to the First Call Date, commencing from (but excluding) the First Call Date, the Interest Rate in respect of each Interest Period shall be the aggregate of the applicable:

- (a) in relation to SEK Capital Securities, STIBOR (3 months) and:
  - (i) a margin of 8.40 per cent. *per annum* from (but excluding) the First Call Date up to (and including) the date falling ten and a half (10.5) years after the First Issue Date;
  - (ii) a margin of 8.65 per cent. *per annum* from (but excluding) the date falling ten and a half (10.5) years after the First Issue Date to (and including) the date falling twenty five and a half (25.5) years after the First Issue Date; and
  - (iii) a margin of 9.40 per cent. *per annum* from (but excluding) the date falling twenty five and a half (25.5) years after the First Issue Date to (and including) the Redemption Date, and
- (b) in relation to EUR Capital Securities, EURIBOR (3 months) and:
  - (i) the Initial EUR Margin plus 2.50 per cent. *per annum* from (but excluding) the First Call Date up to (and including) the date falling ten and a half (10.5) years after the First Issue Date;
  - (ii) the Initial EUR Margin plus 2.75 per cent. *per annum* from (but excluding) the date falling ten and a half (10.5) years after the First Issue Date to (and including) the date falling twenty five and a half (25.5) years after the First Issue Date; and

- (iii) the Initial EUR Margin plus 3.50 per cent. *per annum* from (but excluding) the date falling twenty five and a half (25.5) years after the First Issue Date to (and including) the Redemption Date.

For an illustration of the Step-up Interest Rate, please see the Appendix of the Terms and Conditions (*Table of step-up interest rate*) at pages 77 and 78 of this Prospectus.

### 3.6.3 Interest payment dates

Subject to Optional Interest Deferral, interest is payable on the Capital Securities quarterly in arrear on 11 January, 11 April, 11 July and 11 October of each calendar year, or to the extent such day is not a Business Day, the Business Day following from an application of the Business Day Convention. The first Interest Payment Date for the Capital Securities will be 11 July 2019 and the last Interest Payment Date will be the relevant Redemption Date.

### 3.6.4 Optional deferral of interest payments

The Company may, at any time and at its sole discretion, elect to defer any Interest Payment, in whole or in part, which is otherwise scheduled to be paid on an Interest Payment Date (except on any Interest Payment Date on which the Capital Securities are to be redeemed) by giving notice of such election to the Holders, the Issuing Agent and the Agent not less than seven Business Days prior to the relevant Interest Payment Date. Notwithstanding the foregoing, failure to give such notice shall not prejudice the right of the Company to defer any Interest Payment as described above.

Any Interest Payment so deferred shall, from (but excluding) the Interest Payment Date on which such Interest Payment would (but for its deferral) have been payable to (and including) the date on which it is paid in full, itself bear interest at the Interest Rate prevailing from time to time (which interest shall compound on each Interest Payment Date) and, for so long as the same remains unpaid, such deferred interest (together with the interest accrued thereon) shall constitute “**Deferred Interest**”.

The deferral of an Interest Payment as described above shall not constitute a default pursuant to Clause 15 (*Default and Enforcement*) of the Terms and Conditions by the Company under the Capital Securities or for any other purpose.

### 3.6.5 Settlement of deferred interest

Deferred Interest may be paid, in whole or in part, at any time at the option of the Company following delivery of a notice to such effect given by the Company to the Holders, the Issuing Agent and the Agent not less than seven Business Days prior to the date (to be specified in such notice) on which the Company will pay such Deferred Interest.

The Company shall pay any Deferred Interest, in whole but not in part, on the first to occur of the following dates:

- (a) the tenth Business Day following the date on which a Deferred Interest Payment Event occurs;
- (b) any Interest Payment Date in respect of which the Company does not elect to defer all of the interest accrued in respect of the relevant Interest Period; and
- (c) the date on which the Capital Securities are redeemed or repaid in accordance with the Terms and Conditions.

The Company shall give notice of any Deferred Interest Payment Event to the Holders, the Issuing Agent and the Agent within three Business Days of such event.

### 3.6.6 Default interest

If the Company fails to pay any amount payable by it pursuant to the Terms and Conditions on its due date, default interest shall accrue on the overdue amount from (but excluding) the due date up to (and including) the date of actual payment at a rate of 2.00 per cent. *per annum*. Accrued default interest shall not be capitalised. No default interest shall accrue where the failure to pay was solely attributable to the Agent or the CSD.

### 3.7 Admission to trading

The Company has the intention and shall use its best efforts (without assuming any legal or contractual obligation) to ensure (i) that the Capital Securities are admitted to trading on the corporate bond list of Nasdaq Stockholm or, if such admission to trading is not possible to obtain or maintain, admitted to trading on another Regulated Market within 30 days after the First Issue Date, (ii) that any Subsequent Capital Securities are admitted to trading on the corporate bond list of Nasdaq Stockholm or, if such admission to trading is not possible to obtain or maintain, admitted to trading on another Regulated Market within 30 days following the relevant subsequent issue date, and (iii) that the Capital Securities, once admitted to trading on the relevant Regulated Market, continue being admitted to trading thereon (however, taking into account the rules and regulations of the relevant Regulated Market and the CSD (as amended from time to time) preventing trading in the Capital Securities in close connection to the redemption of the Capital Securities).

It is estimated that the Company's costs in conjunction with the admission to trading will be no higher than SEK 300,000.

### 3.8 Decisions by holders

A request by the Agent for a decision by the Holders on a matter relating to the Terms and Conditions shall (at the option of the Agent) be dealt with at a Holders' Meeting or by way of a Written Procedure.

Only a Person who is, or who has been provided with a power of attorney in accordance with the Terms and Conditions from a person who is, registered as a Holder:

- (a) on the Business Day specified in the notice pursuant to Clause 17.3 of the Terms and Conditions, in respect of a Holders' Meeting; or
- (b) on the Business Day specified in the communication pursuant to Clause 18.3 of the Terms and Conditions, in respect of a Written Procedure,

may exercise voting rights as a Holder at such Holders' Meeting or in such Written Procedure, provided that the relevant Capital Securities are included in the definition of Adjusted Nominal Amount.

A matter decided at a duly convened and held Holders' Meeting or by way of Written Procedure is binding on all Holders, irrespective of them being present or represented at the Holders' Meeting or responding in the Written Procedure. The Holders that have not adopted or voted for a decision shall not be liable for any damages that this may cause other Holders.

Information about decisions taken at a Holders' Meeting or by way of a Written Procedure shall promptly be sent by notice to each person registered Holder and also be published on the websites of the Company and the Agent, provided that a failure to do so shall not invalidate any decision made or

voting result achieved. The Company or the Agent, as applicable, shall at the request of a Holder send the minutes from the relevant Holders' Meeting or Written Procedure to the Holder.

### **3.9 No direct action by Holders**

Subject to certain exemptions set out in the Terms and Conditions, a Holder may not take any steps whatsoever against the Company to enforce or recover any amount due or owing to it pursuant to the Terms and Conditions, or to initiate, support or procure the winding-up, dissolution, liquidation, company reorganisation (Sw. *företagsrekonstruktion*) or bankruptcy (Sw. *konkurs*) (or its equivalent in any other jurisdiction) of the Company in relation to any of the obligations and liabilities of the Company under the Terms and Conditions.

### **3.10 Time-bar**

The right to receive repayment of the principal of the Capital Securities shall be time-barred and become void ten years from the relevant Redemption Date. The right to receive payment of interest (excluding any capitalised interest) shall be time-barred and become void three years from the relevant due date for payment. The Company is entitled to any funds set aside for payments in respect of which the Holders' right to receive payment has been time-barred and has become void.

### **3.11 Governing law**

The Terms and Conditions of the Capital Securities and any non-contractual obligations arising out of or in connection therewith shall be governed by and construed in accordance with the laws of Sweden. The Company submits to the non-exclusive jurisdiction of the City Court of Stockholm (Sw. *Stockholms tingsrätt*).

### **3.12 The Agent**

Intertrust (Sweden) AB, reg. no. 556625-5476, Sveavägen 9, P.O. Box 162 85, SE-103 25 Stockholm, Sweden, acts as the Agent for the Holders in relation to the Capital Securities, and, if relevant, any other matter within its authority or duty in accordance with the Terms and Conditions. An agreement was entered into between the Agent and the Company on or about the First Issue Date regarding, *inter alia*, the remuneration payable to the Agent. The rights, obligations of the Agent are set forth in the Terms and Conditions.

### **3.13 The Issuing Agent**

Carnegie Investment Bank AB (publ), reg. no. 516406-0138, is initially acting as Issuing Agent in accordance with the Terms and Conditions of the Capital Securities.

## **4 The Company and its operations**

### **4.1 Company description**

The Group was established in 1998 and the Company, Heimstaden AB (publ), reg. no. 556670-0455, was incorporated on 31 July 2004 in Sweden. Its trade name (*i.e.* the name used for marketing purposes) is Heimstaden. The Company is a public limited liability company and is governed by Swedish law including, but not limited to, the Swedish Companies Act (Sw. *aktiebolagslagen (2005:551)*) and the Swedish Annual Accounts Act (Sw. *årsredovisningslagen (1995:1554)*). The registered office of the Company is in Malmö and the Company's registered address is Östra Promenaden 7 A, SE-211 28 Malmö, Sweden.

According to the Company's articles of association the Company shall own and administrate real property and real estate companies, and conduct business pertaining thereto.

### **4.2 Share capital, shares, ownership structure and governance**

According to its articles of association, the Company's share capital shall be no less than SEK 30,000,000 and not more than SEK 120,000,000 divided into no less than 6,000,000 shares and not more than 24,000,000 shares. As of the date of this Prospectus, the number of shares in the Company was 15,547,750 shares, divided among 13,204,000 ordinary shares and 2,343,750 preference shares.

The Company's preference shares are listed at Nasdaq First North Premier under HEIM PREF. As of 31 December 2018, the ownership of the preference shares was dispersed among 1998 shareholders. All ordinary shares of the Company are owned by the Company's largest shareholder, Fredensborg AB, which is in turn ultimately controlled by Ivar Tollefsen with approximately 98 per cent. of the shares and 100 per cent. of the votes in Fredensborg AB. Ivar Tollefsen is thereby holding approximately 86 per cent. of the share capital and 98 per cent. of the votes in the Company.

The shareholders exercise their voting rights at general meetings, *e.g.* with regard to the composition of the board of directors and election of external auditors. The main shareholder's influence is limited by the provisions of the Swedish Companies Act on minority rights. The Company's governance is based on its articles of association, the Swedish Companies Act, the listing rules of Nasdaq Stockholm, policies regarding diversity and non-discrimination and other relevant Swedish and international regulations. In addition, the Company acts in accordance with the rules of procedure of the board of directors and the instructions for the managing director adopted by the Company.

The Company owns, directly and indirectly, several partly and wholly-owned subsidiaries as well as associated entities (Sw. *intressebolag*) through which the Company's operations are conducted and through which the Company's properties are owned. The Company is dependent on its subsidiaries and associated entities in order to generate profit and cash flow and, thus, to be able to meet its obligations under the Capital Securities. In addition, the Company is dependent on companies within the Group for certain aspects of its operations and administration.

A significant part of the Company's and the Group's operations, assets and revenues relate to Heimstaden Bostad, which is owned together with, mainly, Alecta, Ericsson pension fund and Sandvik pension fund. It follows that the Company is particularly dependent upon dividends from Heimstaden Bostad to be able to meet its obligations under the Capital Securities.

### 4.3 Operations

Heimstaden is one of the largest privately owned residential real estate companies in Northern Europe, investing in properties with strong locations in growth areas in Sweden, Denmark, Norway, the Netherlands and Germany. The Company is the parent company in the Group. A significant part of the Company's and the Group's operations relate to Heimstaden Bostad, which is owned together with, mainly, Alecta, Ericsson pension fund and Sandvik pension fund. The Company also conduct business through other, wholly owned as well as jointly owned, subsidiaries. Operations are currently divided into five geographical segments: Sweden, Denmark, Norway, Germany and the Netherlands. The market value of the property portfolio amounted to SEK 76,249 million as of 31 December 2018.

The administration and maintenance of the properties are mainly managed by the Company's employees located in the cities in which properties are owned. Head office functions, including in-house legal and financial expertise, as well as group management are located at the Company's office in Malmö. As of 31 December 2018, the Group had 448 employees.

The first quarter of 2019 has been characterised by the acquisition of a large property portfolio in the Netherlands. According to the Company's consolidated annual report for 2018, the rental income increased to SEK 3,393 million in 2018 compared to a rental income of SEK 2,013 million for 2017. The increase is a consequence of successful acquisitions, investments in existing properties and beneficial rental negotiations.

#### *Sweden*

As of 31 December 2018, the Group owned 761 properties in Sweden, total lettable area of 1,921,044 sqm, with a market value of SEK 36,005 million.

#### *Denmark*

As of 31 December 2018, the Group owned 97 properties in Denmark, total lettable area of 562,660 sqm, with a market value of SEK 23,782 million.

#### *Norway*

As of 31 December 2018, the Group owned 82 properties in Norway, total lettable area of 216,347 sqm, with a market value of SEK 15,521 million.

#### *Germany*

As of 31 December 2018, the Group owned 10 properties in Germany, total lettable area of 27,831 sqm, with a market value of SEK 703 million.

#### *The Netherlands*

As of 31 December 2018, the Group owned one property in the Netherlands, total lettable area of 4,478 sqm, with a market value of SEK 236 million. The property portfolio in the Netherlands will expand significantly upon the completion of the acquisition of the Dutch property portfolio described in section 4.4 below "*Significant adverse changes and recent events*".

### 4.4 Significant adverse changes and recent events

There has been no material adverse change in the prospects of the Company since the date of publication of its latest audited financial report and no significant change has occurred in the financial or market

position of the Company since the end of the last financial period for which interim financial information has been published.

In November 2018, Heimstaden Bostad established an EMTN programme and issued notes thereunder, with maturity dates between 2 to 5.5 years, amounting to a total equivalent of approximately SEK 10,600 million. The proceeds thereof were to a large extent to be used to repay existing short-term secured bank financing. On 26 February 2019, Heimstaden Bostad issued additional notes of EUR 700 million with a maturity of 4.5 years under the EMTN program (the “**EMTN February Issue**”). The proceeds of the EMTN February Issue have been converted into SEK and NOK through cross-currency swaps and have *inter alia* been used to repay short-term bank debt and for general corporate purposes.

On 27 December 2018, Heimstaden announced that it has signed an agreement to acquire 24 properties located primarily in Esbjerg, Aalborg, Aarhus, Svendborg and Copenhagen. Heimstaden was granted possession of the acquired properties on 8 January 2019 (the “**Danish Acquisition**”). The Danish Acquisition was financed by existing cash and by raising of new loans. The acquired properties comprise a total of approximately 116,600 sqm divided into 1,375 apartments and approximately 50 commercial premises. The acquisition was carried out on basis of an agreed property value of DKK 1,520 million.

On 27 March 2019, Heimstaden announced that it has signed an agreement to acquire 536 residential properties in the Netherlands at a purchase price of approximately EUR 1,400 million (the “**Dutch Acquisition**”). The Dutch Acquisition was financed by new syndicated credit facilities of EUR 875 million, a shareholder loan of SEK 1,025 million from Fredensborg AS to the Company (the “**Shareholder Loan**”) and available cash. The acquired properties comprise 9,544 residential units, with a lettable area of approximately 805,900 sqm, of which approximately 793,800 sqm is residential space and approximately 12,100 sqm is commercial space. Through the Dutch Acquisition, Heimstaden has become the third largest private residential property owner in the Netherlands.

On 27 March 2019, Heimstaden announced its intention to transfer residential properties in Denmark and Sweden through a transfer of shares in wholly-owned subsidiaries to Heimstaden Bostad, with expected date of completion in April 2019 (the “**Intragroup Transfer**”). The Intragroup Transfer is based on an underlying property value of SEK 16,247 million relating partly to investment properties which property value was estimated to SEK 4,797 million and partly to ongoing or future projects which underlying property value amounts to SEK 11,450 million (at completion).

As of 31 December 2018, the book value of the investment properties covered by the Intragroup Transfer amounted to SEK 2,680 million, whereas the remaining SEK 2,117 million has been acquired by Heimstaden during 2019.

Other than the EMTN February Issue, the Danish Acquisition, the Dutch Acquisition, the Shareholder Loan, the Intragroup Transfer and the issuance of the SEK Capital Securities on 11 April 2019, there have been no recent events particular to the Company which are to a material extent relevant to the evaluation of the Company’s solvency.

#### **4.5 Shareholders’ agreements relating to the Company**

As far as the Company is aware, there are no shareholders’ agreements or other agreements in place which could result in a change of control of the Company.



#### **4.6 Material agreements**

The largest Group Company Heimstaden Bostad is subject to a shareholders' agreement between Heimstaden Invest AB (a wholly owned subsidiary of the Company) and the other shareholders of Heimstaden Bostad. The agreement regulates the governance and management of Heimstaden Bostad and the rights and obligations between the shareholders. In accordance with the shareholders' agreement, the Company acts as asset manager for Heimstaden Bostad. The shareholders' agreement further stipulates, amongst others, that actions of Heimstaden Bostad, for example acquisitions exceeding a certain purchase price amount, directed shares issuances and changes in financial policies, have to be carried out with both Heimstaden's and Alecta's approval. Dividends may, however, be decided by a simple majority vote subject to the dividend policy.

The Group has issued several financial instruments. Currently the Company has two outstanding senior unsecured bond loans, each of an aggregated nominal amount of SEK 1,250 million. Both instruments are admitted to trading on the corporate bond list of Nasdaq Stockholm. The bond loans are subject to floating rate interest of STIBOR (3 months) plus 3.00 per cent. *per annum* and 3.15 per cent. *per annum*, respectively, and mature in September 2019 and May 2021, respectively, in accordance with the applicable terms and conditions. The purpose of the bond loans is to use the proceeds towards investments, acquisitions and general corporate purposes of the Group.

Heimstaden Bostad has issued approximately an amount equivalent to SEK 18,000 million through five issuances of unsecured notes, denominated in SEK, NOK and EUR, under its established EMTN program. In accordance with the terms of the note issuances, floating interest rates apply and the maturity dates range between December 2020 and June 2024. The purpose of all notes issues is to use the proceeds towards general corporate purposes of Heimstaden Bostad.

Some Group Companies have incurred bank loan financing for financing acquisitions of properties, where mortgages over property have been provided as security. Such bank loan financing does not deviate from the market standard terms and conditions applied in the real estate market and are within the ordinary course of business of the Group.

Other than the shareholders' agreement and the terms of the Group's outstanding financial instruments and loan financings, as described above, no Group Company is a party to any material agreements outside of the ordinary course of business which could result in an entity within the Group having a right or an obligation that could materially affect the Company's ability to meet its obligations under the Capital Securities to the Holders.

#### **4.7 Credit rating**

Neither the Company nor the Capital Securities have a credit rating from an international credit rating institute.

#### **4.8 Disputes and litigation**

During the past twelve months, there have been no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened and of which the Company is aware) which may have, or have had in the past twelve months, a significant effect on the financial position or profitability of the Company and its consolidated subsidiaries as a whole.

## **5 Board of directors, management and auditor**

### **5.1 Board of directors**

The Company's board of directors consists of four ordinary board members, including the chairman, appointed on a one year's basis for the period until the end of the next annual general meeting. The members of the board of directors, their position, the year of their initial election and other relevant assignments are set forth below. All board members can be contacted through the Company's registered address, Östra Promenaden 7 A, SE-211 28 Malmö, Sweden.

#### **Ivar Tollefsen (born 1961) – chairman of the board of directors**

Member of the board of directors since: 2005

Other relevant assignments outside the Group: Chairman of the board of directors, as well as owner, of Fredensborg AS, member of the board of directors of Fredensborg Bolig AS, Romania Invest AS, Båtgutta AS and Probond AS.

#### **Patrik Hall (born 1965) – member of the board of directors, chief executive officer**

Member of the board of directors since: 2005

Other relevant assignments outside the Group: Owner and member of the board of directors of Halwad Invest AB.

#### **Magnus Nordholm (born 1974) – member of the board of directors**

Member of the board of directors since: 2009

Other relevant assignments outside the Group: CEO and member of the board of directors of Fredensborg AS, owner and member of the board of directors of North Island REIM AB, chairman of the board of directors of Fjellhvil Utvikling AS, Estatia Resort Holding AS, Estatia Resort Nor AS and Romania Invest AS, member of the board of directors of Heimstaden Bostad Invest 10 AS, Heimstaden Invest AS, Storsand Utvikling AS and Møllerveien 2 AS, Nordic Depository Services (Sweden) AB, and deputy member of the board of directors of Norefjell Arena AS, Estatia Resort Hotels AS, Fredensborg Boligutleie ANS and Norefjell Utvikling AS.

#### **John Giverholt (born 1952) – member of the board of directors**

Member of the board of directors since: 2018

Other relevant assignments outside the Group: Chairman of the board of directors of Aktuarfirmaet Lillevold & Partners AS and Ortomedic AS and member of the board of directors of Scatec Solar ASA, Aars AS and Gjensidige Forsikring ASA.

### **5.2 Management**

The key members of the Company's management, their position, the year of their employment and other relevant assignments outside the Company are set forth below. All management members can be contacted through the Company's registered address, Östra Promenaden 7 A, SE-211 28 Malmö, Sweden.

#### **Patrik Hall (born 1965) - chief executive officer**

In current position since 2003. See section 5.1 above "*Board of directors*".

#### **Ingvor Sundbom (born 1972) - chief financial officer**

In current position since 2018.

Other relevant assignments outside the Group: CEO and member of the board of directors of Santya AB.

**Göran Bengtsson (born 1962) - chief management officer**

In current position since 2018. Göran Bengtsson has no relevant assignments outside the Group.

**Christian Fladeland (born 1986) - chief investment officer**

In current position since 2019.

Other relevant assignments outside the Group: member of the board of directors in Sadolin & Albæk Partner ApS and CEO of Fladeland Invest ApS.

**Suzanna Malmgren (born 1971) - chief human resources**

In current position since 2017.

Other relevant assignments outside the Group: member of the board of directors of Kortirion 2 AB.

**Helge Krogsböl (born 1968) - chief operating officer**

In current position since 2018.

Other relevant assignments outside the Group: member of the board of directors of Grefsenveien 55 AS and CEO and chairman of the board of directors in Krog forvaltning AS.

**5.3 Auditor**

The Company's auditor is currently Ernst & Young AB with Peter von Knorring (authorised accountant and member of FAR) as the auditor in charge. Ernst & Young AB has been the Company's auditor since the financial year 2015. Ernst & Young AB was elected as auditor of the Company at the general meeting held 15 April 2015 for the time until the end of the annual general meeting 2019. The address to Ernst & Young AB is Jakobsbergsgatan 24, SE-111 44 Stockholm.

Unless otherwise explicitly stated, no information contained in this Prospectus has been audited or reviewed by the Company's auditor.

**5.4 Conflicts of interest**

As described above, Ivar Tollefsen held, through an intermediary company, approximately 86 per cent. of the share capital and 98 per cent. of the votes in the Company as of 31 December 2018. Such indirect ownership may entail conflict of interests. Ivar Tollefsen's share capital in the company will decrease marginally as a result of a management incentive programme for certain employees of Fredensborg AS and its subsidiaries and the Group which is planned to be established in the near future.

John Giverholt and Helge Krogsböl will become minority shareholders of the Company through participation in the above mentioned planned management incentive programme. Their combined holding of shares in the Company will not exceed 2 per cent. of the share capital and will not result in any voting rights.

Patrik Hall and Magnus Nordholm are minority shareholders of the Group Company Heimstaden Bostad AB in which the Company owns 62.7 per cent. of the shares. As of 31 December, Patrik Hall also held 900 preference shares in the Company.

Apart from the above, there are no current conflicts of interest or potential conflicts of interests between the duties of the members of the board of directors and the members of management towards the Company and their private interests and/or other duties.

Even if there are no current conflicts of interest, it cannot be excluded that conflicts of interest may arise between companies to which members of the board of directors and members of the senior management owe their duties, as described above, and the Company.

The Joint Bookrunners and/or their affiliates may have engaged in, and may in the future engage in, investment banking and/or other services for the Group in the ordinary course of business. Accordingly, conflicts of interest may exist or may arise as a result of the Joint Bookrunners and/or their affiliates having previously engaged, or will in the future engage, in transactions with other parties, having multiple roles or carrying out other transactions for third parties with conflicting interests.

## **5.5 Financial interests**

Members of the board of directors and the management have financial interests in the Company through their, direct and indirect, holdings of shares in the Company.

## 6 Overview of financial reporting and documents incorporated by reference

The accounting principles applied in the preparation of the Company's financial statements are set out below and have been consistently applied to all the years presented, unless otherwise stated.

The financial information for the financial years ending 31 December 2018 and 31 December 2017 have been prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), interpretations of these standards (IFRICs) issued by the IFRS Interpretations Committee, RFR 1 (Sw. *Kompletterande redovisningsregler för koncerner*) and the Swedish Annual Accounts Act.

The Company has prepared, on a voluntary basis for illustrative purposes, consolidated *pro forma* financial statements for the financial year 2018 in order to provide information about how the EMTN February Issue, the Danish Acquisition, the Dutch Acquisition and the Shareholder Loan (jointly the "Transactions") would have affected the consolidated balance sheet and the consolidated earnings capacity for the Company as of 31 December 2018 and the consolidated income statement for the Company for the year ended 31 December 2018 as if the Transactions had occurred on 31 December 2018 (as regards the balance sheet and earnings capacity) and on 1 January 2018 (as regards the income statement). The consolidated *pro forma* financial statements for the financial year 2018 have been audited by the Company's auditor. The *pro forma* financial statement and the audit report can be obtained in paper format at the Company's head office and the documents are also available at the Company's website, [www.heimstaden.com](http://www.heimstaden.com).

The Company's audited and consolidated financial statements for the financial years ended 31 December 2017 and 31 December 2018 have been audited by the Company's auditor and are incorporated in this Prospectus by reference, together with the audit report for respective year.

In this Prospectus the following documents are incorporated by reference. The documents have been made public and have been handed in to the Swedish Financial Supervisory Authority.

Reference	Document	Page(s)
Financial information regarding Heimstaden and its business for the financial year ended 31 December 2017	Heimstaden's annual and consolidated annual report for the financial year ended 31 December 2017	<ul style="list-style-type: none"> <li>- 51 (Definitions of alternative performance measures)</li> <li>- 62 (Group's consolidated statement on comprehensive income)</li> <li>- 64 (Group's consolidated statement of financial position)</li> <li>- 66 (Group's consolidated statement of changes in equity)</li> <li>- 68 (Group's consolidated cash flow statement)</li> <li>- 70–85 (Group's accounting principles and notes)</li> <li>- 86 (Company's income statement)</li> <li>- 87 and 88 (Company's balance sheet)</li> <li>- 88 (Company's statement of changes in equity)</li> <li>- 89 (Company's cash flow statement)</li> </ul>

		- 90–93 (Company’s accounting principles and notes)
Auditor’s report for the financial year ended 31 December 2017	Auditor’s report for the financial year ended 31 December 2017	- 96–98 (Auditor’s report)
Financial information regarding Heimstaden and its business for the financial year ended 31 December 2018	Heimstaden’s annual and consolidated annual report for the financial year ended 31 December 2018	- 98 (Group’s consolidated statement on comprehensive income) - 100 and 102 (Group’s consolidated statements of financial position) - 102 (Group’s consolidated statement of changes in equity) - 104 (Group’s consolidated cash flow statement) - 106–127 (Group’s accounting principles and notes) - 128 (Company’s income statement) - 129 and 130 (Company’s balance sheet) - 130 (Company’s statement of changes in equity) - 131 (Company’s cash flow statement) - 132–137 (Company’s accounting principles and notes) - 145 ( Definitions of alternative performance measures )
Auditor’s report for the financial year ended 31 December 2018	Heimstaden’s report for the financial year ended 31 December 2018	- 140–142 (Auditor’s report)

Investors should read all information which is incorporated in the Prospectus by reference. Information in the above documents which is not incorporated by reference is either deemed by the Company not to be relevant for investors in the Capital Securities or is covered elsewhere in the Prospectus. The documents can be obtained in paper format at the Company’s head office and are also available at the Company’s website, [www.heimstaden.com](http://www.heimstaden.com).

## 7 Documents available for inspection

Hard copies of the following documents are available for review during the period of validity of this Prospectus at the Company's head office at Östra Promenaden 7 A, SE-211 28 Malmö, Sweden, during ordinary weekday office hours:

- (a) the Company's articles of association as of the date of this Prospectus;
- (b) the certificate of registration of the Company;
- (c) the annual reports for the previous two financial years of the Company's subsidiaries;
- (d) the consolidated *pro forma* financial information for the financial year 2018 and the auditor's report on the *pro forma* financial statement, as referred to in section 6 above "*Overview of financial reporting and documents incorporated by reference*"; and
- (e) other than as set out in (d) above, the documents listed in section 6 above, which are incorporated by reference.

**TERMS AND CONDITIONS FOR  
HEIMSTADEN AB (PUBL)**

**Heimstaden**

**MAXIMUM SEK 5,000,000,000  
(WHICH MAY IN PART BE ISSUED IN EUR)  
SUBORDINATED PERPETUAL FLOATING RATE CALLABLE  
CAPITAL SECURITIES**

**SEK ISIN: SE0012455111  
EUR ISIN: SE0012455129**

**LEI: 549300WD2QBD89VBPV88**

First Issue Date: 11 April 2019

*The distribution of this document and the private placement of the Capital Securities in certain jurisdictions may be restricted by law. Persons into whose possession this document comes are required to inform themselves about, and to observe, such restrictions.*



**TERMS AND CONDITIONS FOR  
HEIMSTADEN AB (PUBL)  
MAXIMUM SEK 5,000,000,000  
(WHICH MAY IN PART BE ISSUED IN EUR)  
SUBORDINATED PERPETUAL FLOATING RATE CALLABLE CAPITAL SECURITIES  
SEK ISIN: SE0012455111  
EUR ISIN: SE0012455129**

**1 DEFINITIONS AND CONSTRUCTION**

1.1 Definitions

In these terms and conditions (the “**Terms and Conditions**”):

“**Account Operator**” means a bank or other party duly authorised to operate as an account operator pursuant to the Central Securities Depositories and Financial Instruments Accounts Act and through which a Holder has opened a Securities Account in respect of its Capital Securities.

“**Accounting Event**” means, prior to the occurrence of a Positive Rating Event, the receipt by the Issuer of an opinion of an authorised accountant (Sw. *auktoriserad revisor*) from a well-reputed accounting firm in Sweden (experienced in such matters) to the effect that, as a result of a change in the Accounting Principles or interpretation thereof, the equity treatment of the Capital Securities as “equity” in full in the Issuer’s consolidated financial statements has or will cease.

“**Accounting Principles**” means international financial reporting standards (IFRS) within the meaning of Regulation 1606/2002/EC (or as otherwise adopted or amended from time to time).

“**Adjusted Nominal Amount**” means the Total Nominal Amount of the Capital Securities less the Nominal Amount of all Capital Securities owned by a Group Company or an Affiliate thereof, irrespective of whether such person is directly registered as owner of such Capital Securities.

“**Affiliate**” means, in respect of any Person, any other Person, directly or indirectly, controlling or controlled by or under direct or indirect common control with such specified Person. For the purpose of this definition, “control” when used with respect to any Person means the power to direct the management and policies of such Person, directly or indirectly, whether through the ownership of voting securities by contract or otherwise; and the terms “controlling” and “controlled” have meanings correlative to the foregoing.

“**Agency Agreement**” means the agreement entered into on or before the First Issue Date between the Issuer and the Agent, or any replacement agent agreement entered into after the First Issue Date between the Issuer and an Agent.

“**Agent**” means the Holders’ agent under these Terms and Conditions from time to time, initially Intertrust (Sweden) AB, reg. no. 556625-5476, Box 16285, SE-103 25, Stockholm, Sweden.

“**Business Day**” means a day in Sweden other than a Sunday or other public holiday. Saturdays, Midsummer Eve (Sw. *midsommarafton*), Christmas Eve (Sw. *julafton*) and New Year’s Eve (Sw. *nyårsafton*) shall for the purpose of this definition be deemed to be public holidays.

“**Business Day Convention**” means the first following day that is a Business Day unless that day falls in the next calendar month, in which case that date will be the first preceding day that is a Business Day.

“**Capital Security**” means debt instruments (Sw. *skuldförbindelser*), each for the Nominal Amount and as defined in Chapter 1 Section 3 of the Central Securities Depositories and Financial Instruments Accounts Act, issued by the Issuer as SEK Capital Securities or EUR Capital Securities under these Terms and Conditions.

“**Central Securities Depositories and Financial Instruments Accounts Act**” means the Swedish Central Securities Depositories and Financial Instruments Accounts Act (Sw. *lag (1998:1479) om värdepapperscentraler och kontoföring av finansiella instrument*).

“**Change of Control**” means if Fredensborg AS, reg. no. 943 582 815, ceases to control the Issuer, and where “**control**” means that Fredensborg AS ceases to:

- (a) own, directly or indirectly, and vote as it sees fit for, more than fifty (50.00) per cent. of the total number of shares and votes in the Issuer; or
- (b) have the right to, directly or indirectly, appoint or remove the whole or a majority of the directors of the board of directors of the Issuer.

“**Change of Control Period**” means the period (i) commencing on the date that is the earlier of (A) the date of the first public announcement of the relevant Change of Control and (B) the date of the earliest Potential Change of Control Announcement, if any, and (ii) ending on the date which is the one hundred and twentieth (120<sup>th</sup>) day after the date of the first public announcement of the relevant Change of Control (such one hundred and twentieth (120<sup>th</sup>) day, the “**Initial Longstop Date**”); provided that , unless any other Rating Agency has on or prior to the Initial Longstop Date effected a Rating Downgrade in respect of its rating of the Issuer, if a Rating Agency publicly announces, at any time during the period commencing on the date which is sixty (60) days prior to the Initial Longstop Date and ending on the Initial Longstop Date, that it has placed its rating of the Issuer under consideration for rating review either entirely or partially as a result of the relevant public announcement of the Change of Control or Potential Change of Control Announcement, the Change of Control Period shall be extended to the date which falls ninety (90) days after the date of such public announcement by such Rating Agency.

“**Change of Control Step-up Date**” means the date falling six (6) months after the date on which a Change of Control has occurred.

“**CSD**” means the Issuer’s central securities depository and registrar in respect of the Capital Securities from time to time; initially Euroclear Sweden AB reg. no. 556112-8074, P.O. Box 191, SE-101 23 Stockholm, Sweden.

“**CSD Regulations**” means the CSD’s rules and regulations applicable to the Issuer, the Agent and the Capital Securities from time to time.

“**Deferred Interest**” has the meaning ascribed to it in Clause 11.1 (*Deferral of Interest Payments*).

“**Deferred Interest Payment Event**” means any one or more of the following events:

- (a) declaration or payment of any distribution or dividend or any other payment made by the Issuer on its share capital or any other obligation of the Issuer which ranks or is expressed by its terms to rank junior to the Capital Securities or any Parity Securities;
- (b) declaration or payment of any distribution or dividend or any other payment made by the Issuer or any Subsidiary of the Issuer, as the case may be, on any Parity Securities;
- (c) redemption, repurchase, repayment, cancellation, reduction or other acquisition by the Issuer or any Subsidiary of the Issuer of any shares of the Issuer or any other obligation of the Issuer which ranks or is expressed by its terms to rank junior to the Capital Securities or any Parity Securities; and/or
- (d) redemption, repurchase, repayment, cancellation, reduction or other acquisition by the Issuer or any Subsidiary of the Issuer of any Parity Securities,

save for:

- (i) in each case, any compulsory distribution, dividend, other payment, redemption, repurchase, repayment, cancellation, reduction or other acquisition required by the terms of such securities or by mandatory operation of applicable law;
- (ii) in each case, any declaration or payment of any distribution or dividend or any other payment made by the Issuer on its share capital, which is made by reason of a claim (in accordance with the Swedish Companies Act (Sw. *aktiebolagslagen (2005:551)*) by shareholder(s) owning not less than ten (10.00) per cent. of the shares in the Issuer;
- (iii) in the case of paragraph (c) above only, any redemption, repurchase, repayment, cancellation, reduction or other acquisition that is executed in connection with, or for the purpose of:
  - (A) any reduction of the quota value of the share capital of the Issuer without a corresponding return of cash, capital or assets to shareholders of the Issuer; or
  - (B) any share buyback programme then in force and duly approved by the shareholders’ general meeting of the Issuer or the relevant Subsidiary of the Issuer (as applicable) or any existing or future stock option plan or free share allocation plan or other incentive plan, in all cases, reserved for directors, officers and/or employees of the Issuer or the relevant Subsidiary of the Issuer or any associated hedging transaction; and

- (iv) in the case of (d) above only, any redemption repurchase, repayment, cancellation, reduction or other acquisition executed in whole or in part in the form of a public tender offer or public exchange offer at a consideration per Parity Security below its par value.

“**EUR**” or “**euro**” means the single currency of the participating member states in accordance with the legislation of the European Community relating to Economic and Monetary Union.

“**EUR Capital Securities**” means a debt instrument for the Nominal Amount, denominated in EUR and which are governed by and issued under these Terms and Conditions, with ISIN SE0012455129.

“**EUR Margin**” means:

- (a) from (but excluding) the First Issue Date to (and including) the date falling ten and a half (10.5) years after the First Issue Date, the Initial EUR Margin;
- (b) from (but excluding) the date falling ten and a half (10.5) years after the First Issue Date to (and including) the date falling twenty five and a half (25.5) years after the First Issue Date, the Initial EUR Margin plus 0.25 per cent. *per annum*; and
- (c) from (but excluding) the date falling twenty five and a half (25.5) years after the First Issue Date to (and including) the Redemption Date, the Initial EUR Margin plus 1.00 per cent. *per annum*.

“**EUR Step-up Margin**” means:

- (a) from (but excluding) the First Call Date to (and including) the date falling ten and a half (10.5) years after the First Issue Date, the Initial EUR Margin plus 2.50 per cent. *per annum*;
- (b) from (but excluding) the date falling ten and a half (10.5) years after the First Issue Date to (and including) the date falling twenty five and a half (25.5) years after the First Issue Date, the Initial EUR Margin plus 2.75 per cent. *per annum*; and
- (c) from (but excluding) the date falling twenty five and a half (25.5) years after the First Issue Date to (and including) the Redemption Date, the Initial EUR Margin plus 3.50 per cent. *per annum*.

“**EURIBOR**” means:

- (a) the applicable percentage rate per annum displayed on Reuters screen EURIBOR01 (or through another system or website replacing it) as of or around 11.00 a.m. (Brussels time) on the Quotation Day for the offering of deposits in euro and for a period comparable to the relevant Interest Period; or
- (b) if no screen rate as set out in paragraph (a) above is available for the relevant Interest Period, the rate calculated by the Issuing Agent (rounded upwards to four (4) decimal places) which results from interpolating on a linear basis between:
  - (i) the applicable screen rate for the longest period (for which that screen rate is available) which is less than the Interest Period; and

- (ii) the applicable screen rate for the shortest period (for which that screen rate is available) which exceeds that Interest Period, as of or around 11 a.m. on the Quotation Date; or
- (c) if no screen rate is available for the relevant Interest Period pursuant to paragraph (a) and/or (b) above, the arithmetic mean of the rates (rounded upwards to four decimal places), as supplied to the Issuing Agent at its request quoted by the Reference Banks, for deposits of EUR 10,000,000 for the relevant period; or
- (d) if no quotation is available pursuant to paragraph (c), the interest rate which according to the reasonable assessment of the Issuing Agent best reflects the interest rate for deposits in euro offered for the relevant period.

“**First Call Date**” means the date falling five and a half (5.5) years after the First Issue Date or, to the extent such day is not a Business Day, the Business Day following from an application of the Business Day Convention.

“**First Issue Date**” means 11 April 2019.

“**Force Majeure Event**” has the meaning ascribed to it in Clause 26.1.

“**Group**” means the Issuer and its Subsidiaries from time to time (each a “**Group Company**” and all together the “**Group**”).

“**Holder**” means the Person who is registered on a Securities Account as direct registered owner (Sw. *ägare*) or nominee (Sw. *förvaltare*) with respect to a Capital Security.

“**Holders’ Meeting**” means a meeting among the Holders held in accordance with Clause 17 (*Holders’ Meeting*).

“**Initial Capital Securities**” means the Capital Securities issued on the First Issue Date.

“**Initial EUR Margin**” means a per cent. *per annum* as determined at the first issue of EUR Capital Securities.

“**Initial Exchange Ratio**” means the SEK/EUR exchange rate quoted on the Swedish Central Bank’s website ([www.riksbank.se](http://www.riksbank.se)) at 12:00 Swedish time on the First Issue Date.

“**Initial Interest Rate**” means:

- (a) in relation to SEK Capital Securities, a floating rate of STIBOR (3 months) plus the applicable SEK Margin; and
- (b) in relation to EUR Capital Securities, a floating rate of EURIBOR (3 months) plus the applicable EUR Margin.

“**Initial Issue**” means the issuance of Capital Securities on the First Issue Date.

“**Interest**” means the interest on the Capital Securities calculated in accordance with Clause 10 (*Interest*).

“**Interest Payment**” means, in respect the payment of Interest on an Interest Payment Date, the amount of Interest payable for the relevant Interest Period in accordance with Clause 10 (*Interest*).

“**Interest Payment Date**” means, subject to Clause 11 (*Optional interest deferral*), 11 January, 11 April, 11 July and 11 October in each year or, to the extent such day is not a Business Day, the Business Day following from an application of the Business Day Convention, with the first Interest Payment Date for the Capital Securities being 11 July 2019 and the last Interest Payment Date being the relevant Redemption Date.

“**Interest Period**” means each period beginning on (but excluding) the First Issue Date or any Interest Payment Date and ending on (and including) the next succeeding Interest Payment Date (or, if the Capital Securities are redeemed prior to such Interest Payment Date, the relevant Redemption Date) and, in respect of any Subsequent Capital Securities, each Interest Period beginning on (but excluding) the Interest Payment Date falling immediately prior to their issuance (or the First Issue Date if there is no such Interest Payment Date) and ending on (and including) the next succeeding Interest Payment Date (or, if the Capital Securities are redeemed prior to such Interest Payment Date, the relevant Redemption Date).

“**Interest Rate**” the Initial Interest Rate, the Step-up Interest Rate and the Change of Control Step-up in accordance with Clause 10.5 (*Step-up after a Change of Control*).

“**Issue Date**” means the First Issue Date or any subsequent date when Subsequent Capital Securities are issued.

“**Issuer**” means Heimstaden AB (publ), a public limited liability company incorporated under the laws of Sweden with reg. no. 556670-0455, Östra Promenaden 7A, SE-211 28, Malmö, Sweden

“**Issuer Winding-up**” has the meaning ascribed to it in paragraph (a) of Clause 3.2.

“**Issuing Agent**” means Carnegie Investment Bank AB (publ), reg. no. 516406-0138, SE-103 38, Stockholm, Sweden, or another party replacing it, as Issuing Agent, in accordance with these Terms and Conditions.

“**Margin**” means the SEK Margin, the EUR Margin, the SEK Step-up Margin, the EUR Step-up Margin including Change of Control Step-up in accordance with Clause 10.5 (*Step-up after a Change of Control*).

“**Moody’s**” means Moody’s Investors Services Ltd.

“**Nasdaq Stockholm**” means the Regulated Market of Nasdaq Stockholm Aktiebolag, reg. no. 556420-8394, SE-105 78 Stockholm, Sweden.

“**Net Proceeds**” means the proceeds from the issuance of any Capital Securities after deduction has been made for all fees, costs and expenses, stamp, registration and other taxes incurred by the Issuer in connection with the issuance and listing of such Capital Securities.

“**Nominal Amount**” has the meaning ascribed to it in Clause 2.1.

“**Parity Securities**” means any obligations of:

- (a) the Issuer, issued directly or indirectly by it, which rank, or are expressed to rank, *pari passu* with the Capital Securities; and

- (b) any Subsidiary of the Issuer having the benefit of a guarantee or support agreement from the Issuer which ranks or is expressed to rank *pari passu* with the Capital Securities.

“**Person**” means any individual, corporation, partnership, limited liability company, joint venture, association, joint-stock company, trust, unincorporated organisation, government, or any agency or political subdivision thereof, or any other entity, whether or not having a separate legal personality.

“**Positive Rating Event**” shall be deemed to occur if the Issuer has received a credit rating from S&P and/or from Moody’s.

“**Potential Change of Control Announcement**” means any public announcement or statement by the Issuer, any actual or potential bidder or any designated advisor thereto relating to any specific and near-term potential Change of Control (where “near-term” shall mean that such potential Change of Control is reasonably likely to occur, or is publicly stated by the Issuer, any such actual or potential bidder or any such designated advisor to be intended to occur, within one hundred and twenty (120) days of the date of such announcement or statement).

“**Quotation Day**” means, in relation to any period for which an interest rate is to be determined, two (2) Business Days before the first day of that period.

“**Rating Agency**” means Moody’s or S&P and any other rating agency of equivalent international standing requested by the Issuer to grant corporate credit rating to the Issuer and, in each case, their successors or affiliates.

“**Rating Downgrade**” shall be deemed to have occurred in respect of a Change of Control if within the Change of Control Period (i) the rating previously assigned to the Issuer is withdrawn and not subsequently reinstated within the Change of Control Period or (ii) the rating previously assigned to the Issuer by the relevant Rating Agency is lowered one rating category below the rating category provided and not subsequently upgraded to at least the same rating category within the Change of Control Period, provided that a Rating Downgrade otherwise arising by virtue of a particular change in rating shall be deemed not to have occurred in respect of a particular Change of Control if the relevant Rating Agency making the change in rating to which this definition would otherwise apply does not publicly announce or publicly confirm that the withdrawal or reduction was the result of the applicable Change of Control.

“**Rating Event**” shall be deemed to occur if the Issuer has received confirmation from any Rating Agency either directly or via a publication by such Rating Agency, that an amendment, clarification or change has occurred in the equity credit criteria of such Rating Agency effectively after the date a Positive Rating Event occurs and this has resulted in lower equity credit (or such other nomenclature that the relevant Rating Agency may then use to describe the degree to which an instrument exhibits the characteristics of an ordinary share) for the Capital Securities than the equity credit assigned on the date a Positive Rating Event occurs.

“**Record Date**” means the fifth (5<sup>th</sup>) Business Day prior to:

- (a) an Interest Payment Date;

- (b) a Redemption Date; or
- (c) another relevant date, or in each case such other Business Day falling prior to a relevant date if generally applicable on the Swedish bond market.

“**Redemption Date**” means the date on which the relevant Capital Securities are to be redeemed or repurchased in accordance with Clause 12 (*Redemption and repurchase of the Capital Securities*).

“**Reference Banks**” means Nordea Bank Abp, filial i Sverige, Skandinaviska Enskilda Banken AB (publ), Svenska Handelsbanken AB (publ) and Swedbank AB (publ) (or such other banks as may be appointed by the Issuing Agent in consultation with the Issuer).

“**Regulated Market**” means any regulated market for the purposes of Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments.

“**S&P**” means Standard and Poor’s Credit Market Services Europe Limited.

“**Securities Account**” means the account for dematerialised securities maintained by the CSD pursuant to the Central Securities Depositories and Financial Instruments Accounts Act in which:

- (a) an owner of such security is directly registered; or
- (b) an owner’s holding of securities is registered in the name of a nominee.

“**SEK**” or “**Swedish Kronor**” means the lawful currency of Sweden.

“**SEK Capital Securities**” means a debt instrument for the Nominal Amount, denominated in SEK and which are governed by and issued under these Terms and Conditions, with ISIN SE0012455111.

“**SEK Margin**” means:

- (a) from (but excluding) the First Issue Date to (and including) the date falling ten and a half (10.5) years after the First Issue Date, 5.90 per cent. per annum;
- (b) from (but excluding) the date falling ten and a half (10.5) years after the First Issue Date to (and including) the date falling twenty five and a half (25.5) years after the First Issue Date, 6.15 per cent. per annum; and
- (c) from (but excluding) the date falling twenty five and a half (25.5) years after the First Issue Date to (and including) the Redemption Date, 6.90 per cent. per annum.

“**SEK Step-up Margin**” means:

- (a) from (but excluding) the First Call Date to (and including) the date falling ten and a half (10.5) years after the First Issue Date, 8.40 per cent. *per annum*;
- (b) from (but excluding) the date falling ten and a half (10.5) years after the First Issue Date to (and including) the date falling twenty five and a half (25.5) years after the First Issue Date, 8.65 per cent. *per annum*; and



- (c) from (but excluding) the date falling twenty five and a half (25.5) years after the First Issue Date to (and including) the Redemption Date, 9.40 per cent. *per annum*.

“**Special Event**” means any of an Accounting Event, a Rating Event, a Substantial Repurchase Event, a Tax Event, a Withholding Tax Event or any combination of the foregoing.

“**Step-up Interest Rate**” means:

- (a) in relation to SEK Capital Securities, a floating rate of STIBOR (three (3) months) plus the applicable SEK Step-up Margin; and
- (b) in relation to EUR Capital Securities, a floating rate of EURIBOR (three (3) months) plus the applicable EUR Step-up Margin.

“**STIBOR**” means:

- (a) the applicable percentage rate *per annum* displayed on Nasdaq Stockholm’s website for STIBOR fixing (or through another website replacing it) as of or around 11.00 a.m. on the Quotation Day for the offering of deposits in Swedish Kronor and for a period comparable to the relevant Interest Period; or
- (b) if no such rate as set out in paragraph (a) above is available for the relevant Interest Period, the rate calculated by the Issuing Agent (rounded upwards to four decimal places) which results from interpolating on a linear basis between:
  - (i) the applicable screen rate for the longest period (for which that screen rate is available) which is less than the Interest Period; and
  - (ii) the applicable screen rate for the shortest period (for which that screen rate is available) which exceeds that Interest Period, as of or around 11.00 a.m. on the relevant Quotation Day;
- (c) if no rate is available for the relevant Interest Period pursuant to paragraph (a) or (b) above, the arithmetic mean of the rates (rounded upwards to four decimal places) as supplied to the Issuing Agent at its request quoted by the Reference Banks, for deposits of SEK 100,000,000 for the relevant period; or
- (d) if no quotation is available pursuant to paragraph (c) above, the interest rate which according to the reasonable assessment of the Issuing Agent best reflects the interest rate for deposits in Swedish Kronor offered in the Stockholm interbank market for the relevant period.

“**Subordinated Indebtedness**” means any obligation of the Issuer, whether or not having a fixed maturity, which by its terms is, or is expressed to be, subordinated in the event of an Issuer Winding-up to the claims of all unsubordinated creditors of the Issuer but senior to the Capital Securities or to the obligations of the Issuer in respect of any Parity Securities.

“**Subsequent Capital Securities**” means any Capital Security issued in a Subsequent Issue.

“**Subsequent Issue**” has the meaning ascribed to it in Clause 2.5.

“**Subsidiary**” means, in relation to any person, any Swedish or foreign legal entity (whether incorporated or not), which at any time is a subsidiary (Sw. *dotterföretag*) to such person, directly or indirectly, as defined in the Swedish Companies Act (Sw. *aktiebolagslagen 2005:551*).

“**Substantial Repurchase Event**” shall be deemed to occur if the Issuer and/or any of its Subsidiaries repurchases and cancels or has at any time repurchased and cancelled, a principal amount of Capital Securities equal to or greater than eighty (80.00) per cent. of the aggregate principal amount of the Capital Securities initially issued (which shall include, for these purposes any Subsequent Capital Securities).

“**Tax Event**” means the receipt by the Issuer of an opinion of a well-reputed counsel in Sweden (experienced in such matters) to the effect that, as a result of a Tax Law Change, any interest payments under the Capital Securities were, but are no longer, tax-deductible by the Issuer for Swedish tax purposes to the same extent as any unsubordinated obligations of the Issuer.

“**Tax Law Change**” means:

- (a) any amendment to, clarification of, or change in, the laws or treaties (or any regulations thereunder) of Sweden, or any political subdivision or any authority thereof or therein having the power to tax, affecting taxation;
- (b) any governmental action; or
- (c) any amendment to, clarification of, or change in the application, official position or the interpretation of such law, treaty (or regulations thereunder) or governmental action or any interpretation, decision or pronouncement that provides for a position with respect to such law, treaty (or regulations thereunder) or governmental action that differs from the theretofore generally accepted position,

in each case, by any legislative body, court, governmental authority or regulatory body in Sweden, irrespective of the manner in which such amendment, clarification, change, action, pronouncement, interpretation or decision is made known, which amendment, clarification or change is effective or such governmental action, pronouncement, interpretation or decision is announced on or after the First Issue Date.

“**Total Nominal Amount**” means the total aggregate Nominal Amount of the Capital Securities outstanding at the relevant time.

“**Withholding Tax Event**” shall be deemed to occur if, as a result of any Tax Law Change, in making any payments on the Capital Securities, the Issuer has paid or will or would on the next Interest Payment Date be required to pay additional amounts on the Capital Securities and the Issuer cannot avoid the foregoing by taking reasonable measures available to it.

“**Written Procedure**” means the written or electronic procedure for decision making among the Holders in accordance with Clause 18 (*Written Procedure*).

**The following text in italics does not form part of these Terms and Conditions:**

*The Issuer intends (without thereby assuming any legal or contractual obligations whatsoever) that it will only redeem or repurchase Capital Securities to the extent that the equity credit of the Capital Securities to be redeemed or repurchased does not exceed the equity credit resulting from the sale or issuance during the 360-day period ending on the date of such redemption or repurchase by the Issuer or any subsidiary of the Issuer of replacement hybrid securities to third party purchasers (other than subsidiaries of the Issuer).*

*The foregoing shall not apply if:*

- (a) the issuer rating assigned by S&P or by Moody's to the Issuer is equivalent to the rating assigned by S&P or by Moody's upon a Positive Rating Event or higher at the time of such redemption or repurchase and the Issuer is of the view that such issuer credit rating would not fall as a result of such redemption or repurchase; or*
- (b) the Capital Securities are redeemed following a Change of Control or pursuant to a Special Event; or*
- (c) less than (x) 10 per cent. of the aggregate principal amount of the Capital Securities originally issued is repurchased pursuant to Clause 12.2 in any period of 12 consecutive months or (y) 25 per cent. of the aggregate principal amount of the Capital Securities originally issued is repurchased in any period of 10 consecutive years; or*
- (d) the relevant repurchase has followed an issuance of any class of ordinary shares or other instruments which are granted on issuance of high equity content where the amount of equity credit resulting from such issuance is equal to or more than the amount of equity credit assigned by S&P or Moody's to the Capital Securities being repurchased at the time of their issuance; or*
- (e) such replacement would cause the Issuer's outstanding hybrid capital which is assigned equity credit by S&P or Moody's to exceed the maximum aggregate principal amount of hybrid capital which S&P or Moody's, under their then prevailing methodology; would assign equity credit to., based on the Issuer's adjusted total capitalisation; or*
- (f) if such redemption or repurchase occurs on or after the date falling twenty-five and a half (25.5) years from the First Issue Date.*

*For the avoidance of doubt, the Issuer wishes to clarify that at any time, including during the period up to the fifth and a half (5.5) anniversary of the First Issue Date, the Issuer shall not be required to replace the Capital Securities if paragraph (b), (d) or (e) above applies.*

*For the purpose of the foregoing, "equity credit" (or such similar nomenclature then used by S&P or Moody's) describes:*

- (i) the part of the nominal amount of the Capital Securities that was assigned equity credit by S&P or Moody's at the time of their issuance, or when the Capital Securities were first assigned more than minimal equity credit; and*

- (ii) *the part of the net proceeds received from issuance of replacement hybrid securities or any class of ordinary shares that was assigned equity credit by S&P or Moody's at the time of their sale or issuance (or the equity credit S&P or Moody's has confirmed will be assigned by it upon expiry or waiver of issuer call rights which prevent the assignment of equity credit by S&P or Moody's on the issue date of such replacement hybrid securities).*

## 1.2 Construction

- 1.2.1 Unless a contrary indication appears, any reference in these Terms and Conditions to:
- (a) “**assets**” includes present and future properties, revenues and rights of every description;
  - (b) any agreement or instrument is a reference to that agreement or instrument as supplemented, amended, novated, extended, restated or replaced from time to time;
  - (c) a “**regulation**” includes any regulation, rule or official directive (whether or not having the force of law) of any governmental, intergovernmental or supranational body, agency or department or regulatory, self-regulatory or other authority or organisation;
  - (d) a provision of law is a reference to that provision as amended or re-enacted; and
  - (e) a time of day is a reference to Stockholm time.
- 1.2.2 Subject to Clause 1.2.3 below, when ascertaining whether a limit or threshold specified in Swedish Kronor has been attained or broken, an amount in another currency shall be counted on the basis of the rate of exchange for such currency against Swedish Kronor for the previous Business Day, as published by the Swedish Central Bank (Sw. Riksbanken) on its website ([www.riksbank.se](http://www.riksbank.se)). If no such rate is available, the most recently published rate shall be used instead.
- 1.2.3 Notwithstanding Clause 1.2.2 above, at a Holders' Meeting or by way of a Written Procedure, the calculations of whether a quorum exists and if the relevant consent has been obtained, shall be made in SEK. Each Capital Security shall always entitle to one vote at a Holders' Meeting or by way of Written Procedure. The value of the vote of each SEK Capital Security shall be the Nominal Amount and the value of the vote of each EUR Capital Security shall be the Nominal Amount of the EUR Capital Security converted into SEK at the Initial Exchange Ratio. For the avoidance of doubt, the Adjusted Nominal Amount shall at all times be calculated based on the Initial Exchange Ratio.
- 1.2.4 No delay or omission of the Agent or of any Holder to exercise any right or remedy under these Terms and Conditions shall impair or operate as a waiver of any such right or remedy.

## **2 THE AMOUNT OF THE CAPITAL SECURITIES**

- 2.1 The aggregate amount of the Capital Securities will be an amount of up to equivalent of SEK 5,000,000,000 (which may in part be issued in EUR) which will be represented by Capital Securities, each SEK Capital Security of a nominal amount of SEK 1,250,000 and each EUR Capital Security of a nominal amount of EUR 100,000 (the “Nominal Amount”) or full multiples thereof. The total Nominal Amount of the Initial Capital Securities issued is SEK 2,000,000,000 SEK Capital Securities.
- 2.2 The ISIN for the SEK Capital Securities is SE0012455111 and the ISIN for EUR Capital Securities is SE0012455129.
- 2.3 The Initial Capital Securities are issued on a fully paid basis at an issue price of one hundred (100.00) per cent. of the Nominal Amount.
- 2.4 The minimum permissible investment in connection with the Initial Issue is SEK 1,250,000 in relation to SEK Capital Securities and EUR 100,000 in relation to EUR Capital Securities.
- 2.5 Provided that a Positive Rating Event has not occurred, the Issuer may at one or more occasions after the First Issue Date issue Subsequent Capital Securities under these Terms and Conditions (each such issue, a “Subsequent Issue”), provided the Total Nominal Amount of the Capital Securities (the Initial Capital Securities and all Subsequent Capital Securities) may not exceed SEK 5,000,000,000 (whereof part thereof may be issued in EUR) unless consent is obtained from the Holders in accordance with paragraph (a) of Clause 16.5. Following a Positive Rating Event, no Subsequent Capital Securities may be issued unless such are issued at one or maximum two occasions within six (6) months from the First Issue Date.
- 2.6 Subsequent Capital Securities shall be issued subject to these Terms and Conditions and, for the avoidance of doubt, the relevant ISIN, the Interest Rate, the Nominal Amount and the Maturity Date applicable to the Capital Securities issued in the Initial Issue shall also apply to Subsequent Capital Securities (except for issues of EUR Capital Securities which will have a different interest rate than the Interest Rate set at the Initial Issue, any subsequent issues of EUR Capital Securities after an initial issue of EUR Capital Securities shall, however, have the same Interest Rate applicable to the first issue of EUR Capital Securities).
- 2.7 The price of Subsequent Capital Securities may be set at the Nominal Amount, at a discount or at a higher price than the Nominal Amount.
- 2.8 The SEK Capital Securities are denominated in SEK, the EUR Capital Securities are denominated in EUR and each Capital Security is constituted by these Terms and Conditions.
- 2.9 By subscribing for Capital Securities, each initial Holder agrees that the Capital Securities shall benefit from and be subject to these Terms and Conditions and by acquiring Capital Securities each subsequent Holder confirms these Terms and Conditions.

### 3 STATUS OF THE CAPITAL SECURITIES

- 3.1 The Capital Securities, including the obligation to pay interest thereon, constitute direct, general, unconditional, unsecured and subordinated obligations of the Issuer. The rights and claims of the Holders in respect of the Capital Securities against the Issuer are subordinated as described under Clause 3.2.
- 3.2 In the event of:
- (a) a voluntary or involuntary liquidation (Sw. *likvidation*) or bankruptcy (Sw. *konkurs*) of the Issuer (each an “**Issuer Winding-up**”), the Holders shall, in respect of their Capital Securities, have a claim for the principal amount of their Capital Securities and any accrued and unpaid interest (including any Deferred Interest) thereon and such claims will rank:
    - (i) *pari passu* without any preference among themselves and with any present or future claims in respect of obligations of the Issuer in respect of Parity Securities;
    - (ii) in priority to all present and future claims in respect of:
      - (A) the shares of the Issuer; and
      - (B) any other obligation of the Issuer expressed by its terms as at its original issue date to rank junior to the Capital Securities or any Parity Securities; and
    - (iii) junior in right of payment to any present or future claims of:
      - (A) all unsubordinated obligations of the Issuer; and
      - (B) all Subordinated Indebtedness; or
  - (b) a company re-construction (Sw. *företagsrekonstruktion*) of the Issuer under the Swedish Company Reorganisation Act (Sw. *lag (1996:764) om företagsrekonstruktion*), the Holders shall, in respect of their Capital Securities, have a claim for the principal amount of their Capital Securities and any accrued and unpaid interest (including any Deferred Interest) thereon and such claims will rank:
    - (i) *pari passu* without any preference among themselves and with any present or future claims in respect of obligations of the Issuer in respect of Parity Securities; and
    - (ii) junior in right of payment to any present or future claims of:
      - (A) all unsubordinated obligations of the Issuer; and
      - (B) all Subordinated Indebtedness.

*Claims in respect of the share capital of the Issuer are not subject to loss absorbing measures under a company re-construction of the Issuer.*

- 3.3 Subject to applicable law, no Holder may exercise, claim or plead any right of set-off, compensation or retention in respect of any amount owed to it by the Issuer in respect of, or arising under or in connection with the Capital Securities and each Holder shall, by virtue of its holding of any Capital Security, be deemed to have waived all such rights of set-off, compensation or retention.

#### **4 USE OF PROCEEDS**

The Net Proceeds of the Initial Issue or any Subsequent Issue shall be applied by the Issuer towards general corporate purposes of the Group, including investments and financing acquisitions. The Net Proceeds of the Initial Issue will also be used towards repayment of any shareholder loans provided in connection with acquisition made in the Netherlands in close connection to the issuance of the Capital Securities.

#### **5 CONDITIONS PRECEDENT**

##### **5.1 Conditions precedent in respect of the Initial Capital Securities**

- 5.1.1 The Issuing Agent shall pay the Net Proceeds from the Initial Issue to Issuer on the later of:
- (a) the First Issue Date; and
  - (b) the date on which the Agent notifies the Issuing Agent that it has received the following, in form and substance satisfactory to the Agent (acting reasonably):
    - (i) copies of the articles of association and certificate of registration of the Issuer;
    - (ii) a copy of a resolution from the board of directors of the Issuer:
      - (A) approving the issue of the Initial Capital Securities and resolving that it executes and performs these Terms and Conditions and Agency Agreement; and
      - (B) authorising a specified person or persons to execute these Terms and Conditions and Agency Agreement on its behalf;
    - (iii) a copy of these Terms and Conditions and the Agency Agreement duly executed by the Issuer; and
    - (iv) evidence that the Capital Securities has been or will be registered with the CSD.
- 5.1.2 The Agent shall confirm to the Issuing Agent when the conditions set out in paragraph (b) of Clause 5.1.1 have been satisfied.

##### **5.2 Conditions precedent in respect of any Subsequent Capital Securities**

- 5.2.1 The Issuing Agent shall pay the Net Proceeds from any Subsequent Issue to Issuer on the later of:
- (a) the relevant Issue Date; and
  - (b) the date on which the Agent notifies the Issuing Agent that it has received, in form and substance satisfactory to the Agent (acting reasonably), a copy of a resolution from the board of directors of the Issuer approving the issue such Subsequent Capital Securities and resolving to that it execute and perform any documents necessary in connection therewith.

- 5.2.2 The Agent shall confirm to the Issuing Agent when the conditions set out in paragraph (b) of Clause 5.2.1 have been satisfied.

### **5.3 No responsibility for documentation**

The Agent may assume that the documentation and evidence delivered to it pursuant to this Clause 5 is accurate, legally valid, enforceable, correct, true and complete unless it has actual knowledge to the contrary and the Agent does not have to verify or assess the contents of any such documentation or evidence. The Agent does not have any obligation to review the documentation and evidence set out in this Clause 5 from a legal or commercial perspective of the Holders.

## **6 THE CAPITAL SECURITIES AND TRANSFERABILITY**

- 6.1 Each Holder is bound by these Terms and Conditions without there being any further actions required to be taken or formalities to be complied with.

- 6.2 The Capital Securities are freely transferable. All Capital Securities transfers are subject to these Terms and Conditions and these Terms and Conditions are automatically applicable in relation to all Capital Securities transferees upon completed transfer.

- 6.3 Upon a transfer of Capital Securities, any rights and obligations under these Terms and Conditions relating to such Capital Securities are automatically transferred to the transferee.

- 6.4 No action is being taken in any jurisdiction that would or is intended to permit a public offering of the Capital Securities or the possession, circulation or distribution of any document or other material relating to the Issuer or the Capital Securities in any jurisdiction other than Sweden, where action for that purpose is required. Each Holder must inform itself about, and observe, any applicable restrictions to the transfer of material relating to the Issuer or the Capital Securities, (due to, *e.g.*, its nationality, its residency, its registered address or its place(s) of business). Each Holder must ensure compliance with such restrictions at its own cost and expense.

- 6.5 For the avoidance of doubt and notwithstanding the above, a Holder which allegedly has purchased Capital Securities in contradiction to mandatory restrictions applicable may nevertheless utilise its voting rights under these Terms and Conditions and shall be entitled to exercise its full rights as a Holder hereunder in each case until such allegations have been resolved.

## **7 CAPITAL SECURITIES IN BOOK-ENTRY FORM**

- 7.1 The Capital Securities will be registered for the Holders on their respective Securities Accounts and no physical Capital Securities will be issued. Accordingly, the Capital Securities will be registered in accordance with the Central Securities Depositories and Financial Instruments Accounts Act. Registration requests relating to the Capital Securities shall be directed to an Account Operator.



- 7.2 Those who according to assignment, security, the provisions of the Swedish Children and Parents Code (Sw. *föräldrabalken (1949:381)*), conditions of will or deed of gift or otherwise have acquired a right to receive payments in respect of a Capital Security shall register their entitlements to receive payment in accordance with the Central Securities Depositories and Financial Instruments Accounts Act.
- 7.3 The Issuer (and the Agent when permitted under the CSD's applicable regulations) shall be entitled to obtain information from the debt register (Sw. *skuldbok*) kept by the CSD in respect of the Capital Securities. At the request of the Agent, the Issuer shall promptly obtain such information and provide it to the Agent.
- 7.4 For the purpose of or in connection with any Holders' Meeting or any Written Procedure, the Issuing Agent shall be entitled to obtain information from the debt register kept by the CSD in respect of the Capital Securities. If the Agent does not otherwise obtain information from such debt register as contemplated under these Terms and Conditions, the Issuing Agent shall at the request of the Agent obtain information from the debt register and provide it to the Agent.
- 7.5 The Issuer shall issue any necessary power of attorney to such persons employed by the Agent, as notified by the Agent, in order for such individuals to independently obtain information directly from the debt register kept by the CSD in respect of the Capital Securities. The Issuer may not revoke any such power of attorney unless directed by the Agent or unless consent thereto is given by the Holders.
- 7.6 At the request of the Agent, the Issuer shall promptly instruct the Issuing Agent to obtain information from the debt register kept by the CSD in respect of the Capital Securities and provide it to the Agent.
- 7.7 The Issuer (and the Agent when permitted under the CSD's applicable regulations) may use the information referred to in Clause 7.3 only for the purposes of carrying out their duties and exercising their rights in accordance with these Terms and Conditions and shall not disclose such information to any Holder or third party unless necessary for such purposes.

## **8 RIGHT TO ACT ON BEHALF OF A HOLDER**

- 8.1 If any Person other than a Holder wishes to exercise any rights under these Terms and Conditions, it must obtain a power of attorney (or, if applicable, a coherent chain of powers of attorney), a certificate from the authorised nominee or other sufficient proof of authorisation for such Person.
- 8.2 A Holder may issue one or several powers of attorney to third parties to represent it in relation to some or all of the Capital Securities held by it. Any such representative may act independently under these Terms and Conditions in relation to the Capital Securities for which such representative is entitled to represent the Holder.
- 8.3 The Agent shall only have to examine the face of a power of attorney or other proof of authorisation that has been provided to it pursuant to Clauses 8.1 and 8.2 and may assume that it has been duly authorised, is valid, has not been revoked or superseded and that it is in full force and effect, unless otherwise is apparent from its face.

## **9 PAYMENTS IN RESPECT OF THE CAPITAL SECURITIES**

- 9.1 Any payment or repayment under these Terms and Conditions, or any amount due in respect of a repurchase of any Capital Securities, shall be made to such Person who is registered as a Holder on the Record Date prior to the relevant payment date, or to such other Person who is registered with the CSD on such date as being entitled to receive the relevant payment, repayment or repurchase amount.
- 9.2 If a Holder has registered, through an Account Operator, that principal, Interest and any other payment that shall be made under these Terms and Conditions shall be deposited in a certain bank account, such deposits will be effectuated by the CSD on the relevant payment date. In other cases, payments will be transferred by the CSD to the Holder at the address registered with the CSD on the Record Date. Should the CSD, due to a delay on behalf of the Issuer or some other obstacle, not be able to effectuate payments as aforesaid, the Issuer shall procure that such amounts are paid to the Persons who are registered as Holders on the relevant Record Date as soon as possible after such obstacle has been removed.
- 9.3 If, due to any obstacle for the CSD, the Issuer cannot make a payment or repayment, such payment or repayment may be postponed until the obstacle has been removed.
- 9.4 If payment or repayment is made in accordance with this Clause 9, the Issuer and the CSD shall be deemed to have fulfilled their obligation to pay, irrespective of whether such payment was made to a Person not entitled to receive such amount, unless the Issuer or the CSD (as applicable) was aware of that the payment was being made to a Person not entitled to receive such amount.
- 9.5 The Issuer is not liable to gross-up any payments under these Terms and Conditions by virtue of any withholding tax, public levy or similar.

## **10 INTEREST**

### **10.1 Interest accrual**

Subject to Clause 11 (*Optional interest deferral*), the Capital Securities (and any unpaid amounts thereon) will carry Interest from, but excluding, the First Issue Date up to and including the relevant Redemption Date. Any Subsequent Capital Security will, however, carry Interest at the Interest Rate from, but excluding, the Interest Payment Date falling immediately prior to its issuance up to and including the relevant Redemption Date.

### **10.2 Initial Interest Rate**

- 10.2.1 Subject to Clause 10.3 (Step-up Interest Rate) and Clause 10.5 (Step-up after a Change of Control), the Interest Rate in respect of each Interest Period shall be the aggregate of the applicable:
- (a) SEK Margin and STIBOR (3 months) in relation to SEK Capital Securities; and
  - (b) EUR Margin and EURIBOR (3 months) in relation to EUR Capital Securities.
- 10.2.2 Interest shall be calculated on the basis of the actual number of days in the Interest Period in respect of which payment is being made divided by 360 (actual/360-days basis).

### 10.3 Step-up Interest Rate

- 10.3.1 Subject to Clause 10.5 (Step-up after a Change of Control) and provided a Positive Rating Event has not occurred prior to the First Call Date, commencing from (but excluding) the First Call Date, the Interest Rate in respect of each Interest Period shall be the aggregate of the applicable:
- (a) SEK Step-up Margin and STIBOR (3 months) in relation to SEK Capital Securities; and
  - (b) EUR Step-up Margin and EURIBOR (3 months) in relation to EUR Capital Securities.
- 10.3.2 Interest shall be calculated on the basis of the actual number of days in the Interest Period in respect of which payment is being made divided by 360 (actual/360-days basis).
- 10.3.3 For an illustration of the Step-up Interest Rate, please see the Appendix (Table of Step-up Interest Rate).

### 10.4 Interest Payment Dates

- 10.4.1 Subject to Clause 11 (Optional interest deferral) and the Business Day Convention, payment of interest in respect of the Capital Securities shall be made quarterly in arrears to the Holders on each Interest Payment Date for the preceding Interest Period.
- 10.4.2 The Interest Payment in respect of each Interest Period may be deferred in accordance with Clause 11 (Optional interest deferral).

### 10.5 Step-up after a Change of Control

Notwithstanding any other provision of this Clause 10, if the Issuer does not elect to redeem the Capital Securities in accordance with Clause 12.5 (*Voluntary redemption due to a Change of Control*) following the occurrence of a Change of Control, the then prevailing Interest Rate, and each subsequent Interest Rate otherwise determined in accordance with the provisions of this Clause 10, on the Capital Securities shall be increased by five (5.00) per cent. *per annum* (the “**Change of Control Step-up**”) with effect from (but excluding) the Change of Control Step-up Date.

### 10.6 Default Interest

If the Issuer fails to pay any amount payable by it pursuant to Clause 11.3 (*Mandatory settlement of Deferred Interest*) or Clause 12 (*Redemption and repurchase of the Capital Securities*) (except for Clause 12.1 (*No maturity*), Clause 12.2 (*The Group Companies’ purchase of Capital Securities*) and Clause 12.6 (*Cancellation of Capital Securities*)) on its due date, default interest shall accrue on the overdue amount from (but excluding) the due date up to (and including) the date of actual payment at a rate of two (2.00) per cent. *per annum*. Accrued default interest shall not be capitalised. No default interest shall accrue where the failure to pay was solely attributable to the Agent or the CSD.

## **11 OPTIONAL INTEREST DEFERRAL**

### **11.1 Deferral of Interest Payments**

- 11.1.1 The Issuer may, at any time and at its sole discretion, elect to defer any Interest Payment, in whole or in part, which is otherwise scheduled to be paid on an Interest Payment Date (except on any Interest Payment Date on which the Capital Securities are to be redeemed) by giving notice of such election to the Holders in accordance with Clause 25 (Notices), the Issuing Agent and the Agent not less than seven (7) Business Days prior to the relevant Interest Payment Date. Notwithstanding the foregoing, failure to give such notice shall not prejudice the right of the Issuer to defer any Interest Payment as described above.
- 11.1.2 If the Issuer makes only a partial payment of interest on an Interest Payment Date, such amount shall be applied equally to each Capital Security.
- 11.1.3 Any Interest Payment so deferred pursuant to this Clause 11 shall, from (but excluding) the Interest Payment Date on which such Interest Payment would (but for its deferral) have been payable to (and including) the date on which it is paid in full, itself bear interest at the Interest Rate prevailing from time to time (which interest shall compound on each Interest Payment Date) and, for so long as the same remains unpaid, such deferred interest (together with the interest accrued thereon) shall constitute “**Deferred Interest**”.
- 11.1.4 The deferral of an Interest Payment in accordance with this Clause 11 shall not constitute a default pursuant to Clause 15 (Default and Enforcement) by the Issuer under the Capital Securities or for any other purpose.

### **11.2 Optional settlement of Deferred Interest**

Deferred Interest may be paid, in whole or in part, at any time at the option of the Issuer following delivery of a notice to such effect given by the Issuer to the Holders in accordance with Clause 25 (*Notices*), the Issuing Agent and the Agent not less than seven (7) Business Days prior to the date (to be specified in such notice) on which the Issuer will pay such Deferred Interest. Any such notice shall state the date fixed for the payment and the relevant Record Date and is irrevocable.

### **11.3 Mandatory settlement of Deferred Interest**

- 11.3.1 The Issuer shall pay any Deferred Interest, in whole but not in part, on the first to occur of the following dates:
- (a) the tenth (10<sup>th</sup>) Business Day following the date on which a Deferred Interest Payment Event occurs;
  - (b) any Interest Payment Date in respect of which the Issuer does not elect to defer all of the interest accrued in respect of the relevant Interest Period; and
  - (c) the date on which the Capital Securities are redeemed or repaid in accordance with Clause 12 (*Redemption and repurchase of the Capital Securities*) or Clause 15 (*Default and Enforcement*).
- 11.3.2 Notice of any Deferred Interest Payment Event shall be given by the Issuer to the Holders in accordance with Clause 25 (Notices), the Issuing Agent and the Agent within three (3) Business Days of such event.

## **12 REDEMPTION AND REPURCHASE OF THE CAPITAL SECURITIES**

### **12.1 No maturity**

The Capital Securities are perpetual and have no specified maturity date. The Issuer may only redeem the Capital Securities in the circumstances described in this Clause 12 (*Redemption and repurchase of the Capital Securities*). The Capital Securities are not redeemable at the option of the Holders at any time.

### **12.2 The Group Companies' purchase of Capital Securities**

The Issuer or any other Group Company may, subject to applicable law, at any time and at any price purchase Capital Securities in the market or in any other way. Capital Securities held by a Group Company may at such Group Company's discretion be retained or sold or, if held by the Issuer, cancelled by the Issuer.

### **12.3 Voluntary redemption by the Issuer (call option)**

12.3.1 The Issuer may redeem all, but not only some, of the Capital Securities in full on the First Call Date or on any Interest Payment Date falling thereafter at a price per Capital Security equal to one hundred (100.00) per cent. of the Nominal Amount together with any Deferred Interest and any interest accrued from (but excluding) the immediately preceding Interest Payment Date to (and including) the Redemption Date.

12.3.2 Redemption in accordance with Clause 12.3.1 shall be made by the Issuer giving at least thirty (30) but not more than sixty (60) Business Days' notice, prior to the proposed Redemption Date, to the Holders, the Issuing Agent and the Agent. Any such notice shall state the Redemption Date and the relevant Record Date and is irrevocable. Upon expiry of such notice, the Issuer is bound to redeem the Capital Securities in full at the applicable amounts.

### **12.4 Voluntary redemption due to a Special Event**

12.4.1 Upon a Special Event occurring, the Issuer may redeem all, but not some only, of its Capital Securities at any time at a price per Capital Security equal to:

- (a) if the Redemption Date falls prior to the First Call Date, one hundred and one (101.00) per cent. of the Nominal Amount; or
- (b) if the Redemption Date falls on or after the First Call Date, one hundred (100.00) per cent. of the Nominal Amount,

in each case together with any Deferred Interest and any interest accrued from (but excluding) the immediately preceding Interest Payment Date to (and including) the Redemption Date.

12.4.2 Redemption in accordance with Clause 12.4.1 shall be made by the Issuer giving at least thirty (30) but not more than sixty (60) Business Days' notice, prior to the proposed Redemption Date, to the Holders, the Issuing Agent and the Agent. Any such notice shall state the Redemption Date and the relevant Record Date and is irrevocable. Upon expiry of such notice, the Issuer is bound to redeem the Capital Securities in full at the applicable amounts.

## **12.5 Voluntary redemption due to a Change of Control**

- 12.5.1 Upon a Change of Control and, if a Positive Rating Event has occurred prior to the Change of Control, a Rating Downgrade occurs in respect of that Change of Control within the Change of Control Period,, the Issuer may, no later than the Change of Control Step-up Date, redeem all, but not some only, of its Capital Securities at an amount equal to:
- (a) if the Redemption Date falls prior to the First Call Date, one hundred and one (101.00) per cent. of the Nominal Amount; and
  - (b) if the Redemption Date falls on or after the First Call Date, one hundred (100.00) per cent. of the Nominal Amount,

in each together with any Deferred Interest and any interest accrued from (but excluding) the immediately preceding Interest Payment Date to (and including) the Redemption Date.

- 12.5.2 Redemption in accordance with Clause 12.5.1 shall be made by the Issuer giving at least thirty (30) but not more than sixty (60) Business Days' notice, prior to the proposed Redemption Date, to the Holders, the Issuing Agent and the Agent. Any such notice shall state the Redemption Date and the relevant Record Date and is irrevocable. Upon expiry of such notice, the Issuer is bound to redeem the Capital Securities in full at the applicable amounts.
- 12.5.3 Immediately upon the Issuer becoming aware that a Change of Control has occurred, the Issuer shall give notice to the Agent and the Holders in accordance with Clause 25 (Notices), specifying the nature of the Change of Control.

## **12.6 Cancellation of Capital Securities**

All Capital Securities which are redeemed pursuant to this Clause 12 and all Capital Securities purchased and elected to be cancelled pursuant to Clause 12.2 (*The Group Companies' purchase of Capital Securities*) will be cancelled and may not be reissued or resold. The Issuer shall promptly inform the Holders in accordance with Clause 25 (*Notices*), the Agent and the Issuing Agent of any such cancellation and for so long as the Capital Securities are admitted to trading on Nasdaq Stockholm and the rules of such exchange so require, the Issuer shall promptly inform Nasdaq Stockholm (or any other relevant Regulated Market on which the Capital Securities are admitted to trading) of the cancellation of any Capital Securities under this Clause 12.6.

## **13 PRECONDITIONS TO SPECIAL EVENT REDEMPTION OR CHANGE OF CONTROL REDEMPTION**

- 13.1 Prior to the publication of any notice of redemption pursuant to Clause 12 (*Redemption and repurchase of the Capital Securities*) (other than redemption pursuant to Clause 12.3 (*Voluntary redemption by the Issuer (call option)*)), the Issuer shall deliver to the Agent a certificate signed by two authorised signatories of the Issuer stating:
- (a) that the relevant requirement or circumstance giving rise to the right to redeem the Capital Securities is satisfied; and
  - (b) in the case of a Withholding Tax Event, that the Issuer is unable to avoid paying additional amounts by taking measures reasonably available to it.

- 13.2 In addition, in the case of a Special Event, the Issuer shall deliver to the Agent and the Issuing Agent an opinion of independent legal, accounting or other tax advisers to the effect that the relevant requirement or circumstance giving rise to the right to redeem is satisfied (save, in the case of a Withholding Tax Event, as to whether reasonable measures to avoid paying additional amounts are available to the Issuer). Such certificate and, if applicable, opinion, shall be conclusive and binding on the Holders.
- 13.3 Any redemption of the Capital Securities in accordance with Clause 12 (*Redemption and repurchase of the Capital Securities*) shall be conditional on all Deferred Interest being paid in full in accordance with the provisions of Clause 11.3 (*Mandatory settlement of Deferred Interest*) on or prior to the date of such redemption.

## 14 **ADMISSION TO TRADING**

The Issuer has the intention and shall use its best efforts (without assuming any legal or contractual obligation) to ensure that:

- (a) the Initial Capital Securities are admitted to trading on the corporate bond list of Nasdaq Stockholm or, if such admission to trading is not possible to obtain or maintain, admitted to trading on another Regulated Market within thirty (30) days after the First Issue Date;
- (b) any Subsequent Capital Securities are admitted to trading on the corporate bond list of Nasdaq Stockholm or, if such admission to trading is not possible to obtain or maintain, admitted to trading on another Regulated Market within thirty (30) days following the relevant subsequent issue date; and
- (c) the Capital Securities, once admitted to trading on the relevant Regulated Market, continue being listed thereon (however, taking into account the rules and regulations of the relevant Regulated Market and the CSD (as amended from time to time) preventing trading in the Capital Securities in close connection to the redemption of the Capital Securities).

## 15 **DEFAULT AND ENFORCEMENT**

### 15.1 **Proceedings**

- 15.1.1 Without prejudice to the Issuer's right to defer the payment of interest under Clause 11 (Optional interest deferral), if a default is made by the Issuer for a period of thirty (30) days or more in relation to the payment of any interest, principal or premium in respect of the Capital Securities which is due and payable, then the Issuer shall be deemed to be in default under the Capital Securities and the Agent (acting on instructions of the Holders in accordance with these Terms and Conditions) or (subject to Clause 23.2) any Holder may institute proceedings for an Issuer Winding-up provided that such default is still continuing.
- 15.1.2 In the event of an Issuer Winding-up, a Holder may, provided such Holder does not contravene a previously adopted resolution (if any), either independently or through the Agent prove and/or claim in such Issuer Winding-up in respect of the Capital Securities, such claim being for such amount, and being subordinated in such manner, as is provided under Clause 3.2.

## 15.2 Enforcement

The Agent (acting on the instructions of the Holders in accordance with these Terms and Conditions) may institute such proceedings against the Issuer as it may think fit to enforce any term or condition binding on the Issuer under the Capital Securities but in no event shall the Issuer, by virtue of the institution of any such proceedings, be obliged to pay any sum or sums sooner than the same would otherwise have been payable by it.

## 15.3 Extent of Holders' Remedy

No remedy against the Issuer, other than as referred to in this Clause 15, shall be available to the Agent and the Holders, whether for the recovery of amounts owing in respect of the Capital Securities or in respect of any breach by the Issuer of any of its other obligations under or in respect of the Capital Securities.

## 16 DECISIONS BY HOLDERS

16.1 A request by the Agent for a decision by the Holders on a matter relating to these Terms and Conditions shall (at the option of the Agent) be dealt with at a Holders' Meeting or by way of a Written Procedure.

16.2 Any request from the Issuer or a Holder (or Holders) representing at least ten (10.00) per cent. of the Adjusted Nominal Amount (such request may only be validly made by a Person who is a Holder on the Business Day immediately following the day on which the request is received by the Agent and shall, if made by several Holders, be made by them jointly) for a decision by the Holders on a matter relating to these Terms and Conditions shall be directed to the Agent and dealt with at a Holders' Meeting or by way of a Written Procedure, as determined by the Agent. The Person requesting the decision may suggest the form for decision making, but if it is in the Agent's opinion more appropriate that a matter is dealt with at a Holders' Meeting than by way of a Written Procedure, it shall be dealt with at a Holders' Meeting.

16.3 The Agent may refrain from convening a Holders' Meeting or instigating a Written Procedure if:

- (a) the suggested decision must be approved by any Person in addition to the Holders and such Person has informed the Agent that an approval will not be given; or
- (b) the suggested decision is not in accordance with applicable laws.

16.4 Only a Person who is, or who has been provided with a power of attorney or other proof of authorisation pursuant to Clause 8 (*Right to act on behalf of a Holder*) from a Person who is, registered as a Holder:

- (a) on the Business Day specified in the notice pursuant to Clause 17.3, in respect of a Holders' Meeting; or
- (b) on the Business Day specified in the communication pursuant to Clause 18.3, in respect of a Written Procedure,

may exercise voting rights as a Holder at such Holders' Meeting or in such Written Procedure, provided that the relevant Capital Securities are included in the definition of Adjusted Nominal Amount.



- 16.5 The following matters shall require consent of Holders representing at least two thirds (2/3) of the Adjusted Nominal Amount for which Holders are voting at a Holders' Meeting or for which Holders reply in a Written Procedure in accordance with the instructions given pursuant to Clause 18.3:
- (a) the issue of any Subsequent Capital Securities, if the Total Nominal Amount of the Capital Securities exceeds, or if such would cause the Total Nominal Amount of the Capital Securities to at any time exceed, equivalent of SEK 5,000,000,000 (for the avoidance of doubt, for which consent shall be required at each occasion such Subsequent Capital Securities are issued);
  - (b) a change to the currency, denomination, status or transferability of the Capital Securities;
  - (c) a change to the Nominal Amount or the Interest Rate (including, for the avoidance of doubt, changes to the Margin, STIBOR or EURIBOR);
  - (d) a change of Issuer or any delay of the due date for payment of any interest on the Capital Securities other than as permitted pursuant to Clause 11 (*Optional interest deferral*);
  - (e) early redemption of the Capital Securities, other than as otherwise permitted or required by these Terms and Conditions;
  - (f) a mandatory exchange of Capital Securities for other securities; and
  - (g) amend the provisions in this Clause 16.5 or in Clause 16.6.
- 16.6 Any matter not covered by Clause 16.5, including for the avoidance of doubt the initiation of an Issuer Winding-up, shall require the consent of Holders representing more than fifty (50.00) per cent. of the Adjusted Nominal Amount for which Holders are voting at a Holders' Meeting or for which Holders reply in a Written Procedure in accordance with the instructions given pursuant to Clause 18.3. This includes, but is not limited to, any amendment to or waiver of the terms of these Terms and Conditions that does not require a higher majority (other than an amendment or waiver permitted pursuant to paragraphs (a) or (b) of Clause 19.1).
- 16.7 Quorum at a Holders' Meeting or in respect of a Written Procedure only exists if a Holders (or Holders) representing at least fifty (50.00) per cent. of the Adjusted Nominal Amount in case of a matter pursuant to Clause 16.5 and otherwise twenty (20.00) per cent of the Adjusted Nominal Amount:
- (a) if at a Holders' Meeting, attend the meeting in person or by telephone conference (or appear through duly authorised representatives); or
  - (b) if in respect of a Written Procedure, reply to the request.

- 16.8 If a quorum does not exist at a Holders' Meeting or in respect of a Written Procedure, the Agent or the Issuer shall convene a second Holders' Meeting (in accordance with Clause 17.1) or initiate a second Written Procedure (in accordance with Clause 18.1), as the case may be, provided that the relevant proposal has not been withdrawn by the Person(s) who initiated the procedure for Holders' consent. The quorum requirement in Clause 16.7 shall not apply to such second Holders' Meeting or Written Procedure.
- 16.9 Any decision which extends or increases the obligations of the Issuer or the Agent, or limits, reduces or extinguishes the rights or benefits of the Issuer or the Agent, under these Terms and Conditions shall be subject to the Issuer's or the Agent's consent, as appropriate.
- 16.10 A Holder holding more than one Capital Security need not use all its votes or cast all the votes to which it is entitled in the same way and may in its discretion use or cast some of its votes only.
- 16.11 The Issuer may not, directly or indirectly, pay or cause to be paid any consideration to or for the benefit of any Holder for or as inducement to any consent under these Terms and Conditions, unless such consideration is offered to all Holders that consent at the relevant Holders' Meeting or in a Written Procedure within the time period stipulated for the consideration to be payable or the time period for replies in the Written Procedure, as the case may be.
- 16.12 A matter decided at a duly convened and held Holders' Meeting or by way of Written Procedure is binding on all Holders, irrespective of them being present or represented at the Holders' Meeting or responding in the Written Procedure. The Holders that have not adopted or voted for a decision shall not be liable for any damages that this may cause other Holders.
- 16.13 All costs and expenses incurred by the Issuer or the Agent for the purpose of convening a Holders' Meeting or for the purpose of carrying out a Written Procedure, including reasonable fees to the Agent, shall be paid by the Issuer.
- 16.14 If a decision shall be taken by the Holders on a matter relating to these Terms and Conditions, the Issuer shall promptly at the request of the Agent provide the Agent with a certificate specifying the number of Capital Securities owned by Group Companies or (to the knowledge of the Issuer) their Affiliates, irrespective of whether such Person is directly registered as owner of such Capital Securities. The Agent shall not be responsible for the accuracy of such certificate or otherwise be responsible to determine whether a Capital Security is owned by a Group Company or an Affiliate of a Group Company.
- 16.15 Information about decisions taken at a Holders' Meeting or by way of a Written Procedure shall promptly be sent by notice to the Holders and published on the websites of the Issuer and the Agent, provided that a failure to do so shall not invalidate any decision made or voting result achieved. The minutes from the relevant Holders' Meeting or Written Procedure shall at the request of a Holders be sent to it by the Issuer or the Agent, as applicable.

## 17 HOLDERS' MEETING

- 17.1 The Agent shall convene a Holders' Meeting no later than five (5) Business Days after receipt of a request from the Issuer or the Holder(s) (or such later date as may be necessary for technical or administrative reasons) by sending a notice to each such Person who is registered as a Holder on the Business Day prior to the date on which the notice is sent. If the Holders' Meeting has been requested by the Holder(s), the Agent shall send a copy of the notice to the Issuer.
- 17.2 Should the Issuer want to replace the Agent, it may convene a Holders' Meeting by sending a notice to each Holder in accordance with Clause 17.1 with a copy to the Agent. Before such notice is sent the Issuer shall inform the Agent of its request to replace the Agent and, on the request of the Agent, append a statement from the Agent together with the notice. After a request from the Holders pursuant to Clause 20.4.3, the Issuer shall no later than five (5) Business Days after receipt of such request (or such later date as may be necessary for technical or administrative reasons) convene a Holders' Meeting in accordance with Clause 17.1.
- 17.3 The notice pursuant to Clause 17.1 shall include:
- (a) time for the meeting;
  - (b) place for the meeting,
  - (c) a specification of the Business Day on which a Person must be registered as a Holder in order to be entitled to exercise voting rights (such Business Day not to fall earlier than the effective date of the notice pursuant to Clause 17.1),
  - (d) agenda for the meeting (including each request for a decision by the Holders) and
  - (e) a form of power of attorney.

Only matters that have been included in the notice may be resolved upon at the Holders' Meeting. Should prior notification by the Holders be required in order to attend the Holders' Meeting, such requirement shall be included in the notice.

- 17.4 The Holders' Meeting shall be held no earlier than ten (10) Business Days and no later than twenty (20) Business Days from the notice.
- 17.5 If the Agent, in breach of these Terms and Conditions, has not convened a Holders' Meeting within five (5) Business Days after having received such notice, the requesting Person may convene the Holders' Meeting itself. If the requesting Person is a Holder, the Issuer shall upon request from such Holder provide the Holder with necessary information from the register kept by the CSD and, if no Person to open the Holders' Meeting has been appointed by the Agent, the meeting shall be opened by a Person appointed by the requesting Person.

- 17.6 At a Holders' Meeting, the Issuer, the Holders (or the Holders' representatives/proxies) and the Agent may attend along with each of their representatives, counsels and assistants. Further, the directors of the board, the managing director and other officials of the Issuer and the Issuer's auditors may attend the Holders' Meeting. The Holders' Meeting may decide that further individuals may attend. If a representative/proxy shall attend the Holders' Meeting instead of the Holder, the representative/proxy shall present a duly executed proxy or other document establishing its authority to represent the Holder.
- 17.7 Without amending or varying these Terms and Conditions, the Agent may prescribe such further regulations regarding the convening and holding of a Holders' Meeting as the Agent may deem appropriate. Such regulations may include a possibility for Holders to vote without attending the meeting in person.

## **18 WRITTEN PROCEDURE**

- 18.1 The Agent shall instigate a Written Procedure no later than five (5) Business Days after receipt of a request from the Issuer or the Holder(s) (or such later date as may be necessary for technical or administrative reasons) by sending a communication to each such Person who is registered as a Holder on the Business Day prior to the date on which the communication is sent. If the Written Procedure has been requested by the Holder(s), the Agent shall send a copy of the communication to the Issuer.
- 18.2 Should the Issuer want to replace the Agent, it may send a communication in accordance with Clause 18.1 to each Holder with a copy to the Agent.
- 18.3 A communication pursuant to Clause 18.1 shall include:
- (a) each request for a decision by the Holders;
  - (b) a description of the reasons for each request;
  - (c) a specification of the Business Day on which a Person must be registered as a Holder in order to be entitled to exercise voting rights (such Business Day not to fall earlier than the effective date of the communication pursuant to Clause 18.1);
  - (d) instructions and directions on where to receive a form for replying to the request (such form to include an option to vote yes or no for each request) as well as a form of power of attorney;
  - (e) the stipulated time period within which the Holder must reply to the request (such time period to last at least ten (10) Business Days but not more than twenty (20) Business Days from the communication pursuant to Clause 18.1); and
  - (f) if the voting shall be made electronically, instructions for such voting.
- 18.4 If the Agent, in breach of these Terms and Conditions, has not instigated a Written Procedure within five (5) Business Days after having received such notice, the requesting Person may instigate a Written Procedure itself. If the requesting Person is a Holder, the Issuer shall upon request from such Holder provide the Holder with necessary information from the register kept by the CSD.

- 18.5 When the requisite majority consents of the total Adjusted Nominal Amount pursuant to Clauses 16.5 and 16.6 have been received in a Written Procedure, the relevant decision shall be deemed to be adopted pursuant to Clause 16.5 or 16.6, as the case may be, even if the time period for replies in the Written Procedure has not yet expired.

## **19 AMENDMENTS AND WAIVERS**

- 19.1 The Issuer and the Agent (acting on behalf of the Holders) may agree to amend these Terms and Conditions or waive any provision in these Terms and Conditions, provided that:
- (a) such amendment or waiver is not detrimental to the interest of the Holders, or is made solely for the purpose of rectifying obvious errors and mistakes;
  - (b) such amendment or waiver is required by applicable law, a court ruling or a decision by a relevant authority; or
  - (c) such amendment or waiver has been duly approved by the Holders in accordance with Clause 16 (*Decisions by Holders*).
- 19.2 The consent of the Holders is not necessary to approve the particular form of any amendment or waiver to these Terms and Conditions. It is sufficient if such consent approves the substance of the amendment or waiver.
- 19.3 The Agent shall promptly notify the Holders of any amendments or waivers made in accordance with Clause 19.1, setting out the date from which the amendment or waiver will be effective, and ensure that any amendments to these Terms and Conditions are available on the website of the Agent and the Issuer shall ensure that such amendments to these Terms and Conditions are available on the website of the Issuer. The Issuer shall ensure that any amendments to these Terms and Conditions are duly registered with the CSD.
- 19.4 An amendment or waiver to these Terms and Conditions shall take effect on the date determined by the Holders' Meeting, in the Written Procedure or by the Agent, as the case may be.

## **20 APPOINTMENT AND REPLACEMENT OF THE AGENT**

### **20.1 Appointment of Agent**

- 20.1.1 By subscribing for Capital Securities, each initial Holder appoints the Agent to act as its agent and security agent in all matters relating to the Capital Securities and these Terms and Conditions, and authorises the Agent to act on its behalf (without first having to obtain its consent, unless such consent is specifically required by these Terms and Conditions) in any legal or arbitration proceedings relating to the Capital Securities held by such Holder, including the winding-up, dissolution, liquidation, company reorganisation (Sw. *företagsrekonstruktion*), or bankruptcy (Sw. *konkurs*) (or its equivalent in any other jurisdiction) of the Issuer. By acquiring Capital Securities, each subsequent Holder confirms such appointment and authorisation for the Agent to act on its behalf.

- 20.1.2 Each Holder shall immediately upon request by the Agent provide the Agent with any such documents, including a written power of attorney (in form and substance satisfactory to the Agent), as the Agent deems necessary for the purpose of exercising its rights and/or carrying out its duties under these Terms and Conditions. The Agent is under no obligation to represent a Holder which does not comply with such request.
- 20.1.3 The Issuer shall promptly upon request provide the Agent with any documents and other assistance (in form and substance satisfactory to the Agent), that the Agent deems necessary for the purpose of exercising its rights and/or carrying out its duties under these Terms and Conditions.
- 20.1.4 The Agent is entitled to fees for its work and to be indemnified for costs, losses and liabilities on the terms set out in these Terms and Conditions and the Agent's obligations as agent and security agent under these Terms and Conditions are conditioned upon the due payment of such fees and indemnifications.
- 20.1.5 The Agent may act as agent and/or security agent for several issues of securities issued by or relating to the Issuer and other Group Companies notwithstanding potential conflicts of interest.

## **20.2 Duties of the Agent**

- 20.2.1 The Agent shall represent the Holders in accordance with these Terms and Conditions. However, the Agent is not responsible for the execution, validity or enforceability of these Terms and Conditions.
- 20.2.2 The Agent shall keep the latest version of these Terms and Conditions (including any document amending these Terms and Conditions) available on the website of the Agent. The latest versions of these Terms and Conditions shall be available to the Holders at the office of the Agent during normal business hours.
- 20.2.3 Upon request by a Holder, the Agent may distribute to the Holders any information from such Holder which relates to the Capital Securities (at the discretion of the Agent). The Agent may require that the requesting Holder reimburses any costs or expenses incurred, or to be incurred, by the Agent in doing so (including a reasonable fee for the work of the Agent) before any such information is distributed. The Agent may upon request by a Holder disclose the identity of any other Holder who has consented to the Agent in doing so.
- 20.2.4 When acting in accordance with these Terms and Conditions, the Agent is always acting with binding effect on behalf of the Holders. The Agent shall carry out its duties under these Terms and Conditions in a reasonable, proficient and professional manner, with reasonable care and skill.
- 20.2.5 The Agent is entitled to delegate its duties to other professional parties, but the Agent shall remain liable for the actions of such parties under these Terms and Conditions.
- 20.2.6 The Agent shall treat all Holders equally and, when acting pursuant to these Terms and Conditions, act with regard only to the interests of the Holders and shall not be required to have regard to the interests or to act upon or comply with any direction or request of any other Person, other than as explicitly stated in these Terms and Conditions.

- 20.2.7 The Agent shall be entitled to disclose to the Holders any event or circumstance directly or indirectly relating to the Issuer or the Capital Securities. Notwithstanding the foregoing, the Agent may if it considers it to be beneficial to the interests of the Holders delay disclosure or refrain from disclosing certain information.
- 20.2.8 The Agent is entitled to engage external experts when carrying out its duties under these Terms and Conditions. The Issuer shall on demand by the Agent pay all costs for external experts engaged for the purpose of investigating or considering a matter relating to the Issuer which the Agent reasonably believes may be detrimental to the interests of the Holders under these Terms and Conditions.
- 20.2.9 The Agent shall enter into agreements with the CSD, and comply with such agreement and the CSD regulations applicable to the Agent, as may be necessary in order for the Agent to carry out its duties under these Terms and Conditions.
- 20.2.10 Notwithstanding any other provision of these Terms and Conditions to the contrary, the Agent is not obliged to do or omit to do anything if it would or might in its reasonable opinion constitute a breach of any law or regulation.
- 20.2.11 If in the Agent's reasonable opinion the cost, loss or liability which it may incur (including reasonable fees to the Agent) in complying with instructions of the Holders, or taking any action at its own initiative, will not be covered by the Issuer, the Agent may refrain from acting in accordance with such instructions, or taking such action, until it has received such funding or indemnities (or adequate security has been provided therefore) as it may reasonably require.
- 20.2.12 The Agent shall give a notice to the Holders (i) before it ceases to perform its obligations under these Terms and Conditions by reason of the non-payment by the Issuer of any fee or indemnity due to the Agent under these Terms and Conditions, or (ii) if it refrains from acting for any reason described in Clause 20.2.11.
- 20.2.13 Unless it has actual knowledge to the contrary, the Agent may assume that all information provided by or on behalf of the Issuer (including by its advisors) is correct, true and complete in all aspects.

### **20.3 Limited liability for the Agent**

- 20.3.1 The Agent will not be liable to the Holders for damage or loss caused by any action taken or omitted by it under or in connection with these Terms and Conditions, unless directly caused by its negligence or wilful misconduct. The Agent shall never be responsible for indirect loss.
- 20.3.2 The Agent shall not be considered to have acted negligently if it has acted in accordance with advice from or opinions of reputable external experts addressed to the Agent or if the Agent has acted with reasonable care in a situation when the Agent considers that it is detrimental to the interests of the Holders to delay the action in order to first obtain instructions from the Holders.

- 20.3.3 The Agent shall not be liable for any delay (or any related consequences) in crediting an account with an amount required pursuant to these Terms and Conditions to be paid by the Agent to the Holders, provided that the Agent has taken all necessary steps as soon as reasonably practicable to comply with the regulations or operating procedures of any recognised clearing or settlement system used by the Agent for that purpose.
- 20.3.4 The Agent shall have no liability to the Holders for damage caused by the Agent acting in accordance with instructions of the Holders given in accordance with Clause 16 (*Decisions by Holders*) or a demand given by Holders in accordance with these Terms and Conditions.
- 20.3.5 Any liability towards the Issuer which is incurred by the Agent in acting under, or in relation to, these Terms and Conditions shall not be subject to set-off against the obligations of the Issuer to the Holders under these Terms and Conditions.
- 20.3.6 The Agent is not liable for information provided to the Holders by or on behalf of the Issuer or by any other Person.

#### **20.4 Replacement of the Agent**

- 20.4.1 Subject to Clause 20.4.6, the Agent may resign by giving notice to the Issuer and the Holders, in which case the Holders shall appoint a successor Agent at a Holders' Meeting convened by the retiring Agent or by way of Written Procedure initiated by the retiring Agent.
- 20.4.2 Subject to Clause 20.4.6, if the Agent is insolvent or becomes subject to bankruptcy proceedings, the Agent shall be deemed to resign as Agent and the Issuer shall within ten (10) Business Days appoint a successor Agent which shall be an independent financial institution or other reputable company which regularly acts as agent under debt issuances.
- 20.4.3 A Holder (or Holders) representing at least ten (10.00) per cent. of the Adjusted Nominal Amount may, by notice to the Issuer (such notice may only be validly given by a Person who is a Holder on the Business Day immediately following the day on which the notice is received by the Issuer and shall, if given by several Holders, be given by them jointly), require that a Holders' Meeting is held for the purpose of dismissing the Agent and appointing a new Agent. The Issuer may, at a Holders' Meeting convened by it or by way of Written Procedure initiated by it, propose to the Holders that the Agent be dismissed and a new Agent appointed.
- 20.4.4 If the Holders have not appointed a successor Agent within ninety (90) days after (i) the earlier of the notice of resignation was given or the resignation otherwise took place or (ii) the Agent was dismissed through a decision by the Holders, the Issuer shall appoint a successor Agent which shall be an independent financial institution or other reputable company which regularly acts as agent under debt issuances.
- 20.4.5 The retiring Agent shall, at its own cost, make available to the successor Agent such documents and records and provide such assistance as the successor Agent may reasonably request for the purposes of performing its functions as Agent under these Terms and Conditions.



- 20.4.6 The Agent's resignation or dismissal shall only take effect upon the appointment of a successor Agent and acceptance by such successor Agent of such appointment and the execution of all necessary documentation to effectively substitute the retiring Agent.
- 20.4.7 Upon the appointment of a successor, the retiring Agent shall be discharged from any further obligation in respect of these Terms and Conditions but shall remain entitled to the benefit of these Terms and Conditions and remain liable under these Terms and Conditions in respect of any action which it took or failed to take whilst acting as Agent. Its successor, the Issuer and each of the Holders shall have the same rights and obligations amongst themselves under these Terms and Conditions as they would have had if such successor had been the original Agent.
- 20.4.8 In the event that there is a change of the Agent in accordance with this Clause 20.4, the Issuer shall execute such documents and take such actions as the new Agent may reasonably require for the purpose of vesting in such new Agent the rights, powers and obligation of the Agent and releasing the retiring Agent from its further obligations under these Terms and Conditions. Unless the Issuer and the new Agent agrees otherwise, the new Agent shall be entitled to the same fees and the same indemnities as the retiring Agent.

## **21 APPOINTMENT AND REPLACEMENT OF THE ISSUING AGENT**

- 21.1 The Issuer appoints the Issuing Agent to manage certain specified tasks under these Terms and Conditions and in accordance with the legislation, rules and regulations applicable to and/or issued by the CSD and relating to the Capital Securities.
- 21.2 The Issuing Agent may retire from its assignment or be dismissed by the Issuer, provided that the Issuer has approved that a commercial bank or securities institution approved by the CSD accedes as new Issuing Agent at the same time as the old Issuing Agent retires or is dismissed. If the Issuing Agent is insolvent, the Issuer shall immediately appoint a new Issuing Agent, which shall replace the old Issuing Agent as issuing agent in accordance with these Terms and Conditions.

## **22 APPOINTMENT AND REPLACEMENT OF THE CSD**

- 22.1 The Issuer has appointed the CSD to manage certain tasks under these Terms and Conditions and in accordance with the legislation, rules and regulations applicable to the CSD.
- 22.2 The CSD may retire from its assignment or be dismissed by the Issuer, provided that the Issuer has effectively appointed a replacement CSD that accedes as CSD at the same time as the old CSD retires or is dismissed and provided also that the replacement does not have a negative effect on any Holder or the listing of the Capital Securities listed on the corporate bond list of Nasdaq Stockholm (or any other Regulated Market, as applicable). The replacing CSD must be authorised to professionally conduct clearing operations pursuant to the Swedish Securities Market Act (Sw. lag (2007:528) om värdepappersmarknaden).

## 23 NO DIRECT ACTIONS BY HOLDERS

- 23.1 A Holder may not take any action or take any legal steps whatsoever against the Issuer or a Subsidiary to enforce or recover any amount due or owing to it pursuant to these Terms and Conditions, or to initiate, support or procure the winding-up, dissolution, liquidation, company reorganisation (Sw. *företagsrekonstruktion*) or bankruptcy (Sw. *konkurs*) (or its equivalent in any other jurisdiction) of the Group Companies in relation to any of the liabilities of the Issuer or a Subsidiary under these Terms and Conditions. Such steps may only be taken by the Agent.
- 23.2 Clause 23.1 shall not apply if the Agent has been instructed by the Holders in accordance with these Terms and Conditions to take certain actions but fails for any reason to take, or is unable to take (for any reason other than a failure by a Holder to provide documents in accordance with Clause 20.1.2), such actions within a reasonable period of time and such failure or inability is continuing. However, if the failure to take certain actions is caused by the non-payment by the Issuer of any fee or indemnity due to the Agent under these Terms and Conditions or by any reason described in Clause 20.2.11, such failure must continue for at least forty (40) Business Days after notice pursuant to Clause 20.2.12 before a Holder may take any action referred to in Clause 23.1.

## 24 TIME-BAR

- 24.1 The right to receive repayment of the principal of the Capital Securities shall be time-barred and become void ten (10) years from the relevant Redemption Date. The right to receive payment of Interest (excluding any capitalised Interest) shall be time-barred and become void three (3) years from the relevant due date for payment. The Issuer is entitled to any funds set aside for payments in respect of which the Holders' right to receive payment has been time-barred and has become void.
- 24.2 If a limitation period is duly interrupted in accordance with the Swedish Act on Limitations (Sw. *preskriptionslagen (1981:130)*), a new time-bar period of ten (10) years with respect to the right to receive repayment of the principal of the Capital Securities, and of three (3) years with respect to the right to receive payment of Interest (excluding capitalised Interest) will commence, in both cases calculated from the date of interruption of the time-bar period, as such date is determined pursuant to the provisions of the Swedish Act on Limitations.

## 25 NOTICES

- 25.1 Any notice or other communication to be made under or in connection with these Terms and Conditions:
- (a) if to the Agent, shall be given at the address registered with the Swedish Companies Registration Office (Sw. *Bolagsverket*) on the Business Day prior to dispatch or to such address as notified by the Agent to the Issuer from time to time, and, if sent by email by the Issuer, to such email address as notified by the Agent to the Issuer from time to time;

- (b) if to the Issuer, shall be given at the address registered with the Swedish Companies Registration Office (Sw. *Bolagsverket*) on the Business Day prior to dispatch or such address as notified by the Issuer to the Agent from time to time or, if sent by email by the Agent, to such email address as notified by the Issuer to the Agent from time to time; and
  - (c) if to the Holders, shall be given at their addresses as registered with the CSD, on the Business Day prior to dispatch, and by either courier delivery (if practicable possible) or letter for all Holders, provided that the same means of communication shall be used for all Holders. A notice to the Holders shall also be published on the websites of the Issuer and the Agent.
- 25.2 Any notice or other communication made by one Person to another under or in connection with these Terms and Conditions shall be sent by way of courier, personal delivery or letter (and, if between the Agent and the Issuer, by email) and will only be effective, in case of courier or personal delivery, when it has been left at the address specified in Clause 25.1 or, in case of letter, three (3) Business Days after being deposited postage prepaid in an envelope addressed to the address specified in Clause 25.1 or, in case of email to the Agent or the Issuer, when received in legible form by the email address specified in Clause 25.1.
- 25.3 Failure to send a notice or other communication to a Holder or any defect in it shall not affect its sufficiency with respect to other Holders.

## **26 FORCE MAJEURE AND LIMITATION OF LIABILITY**

- 26.1 Neither the Agent nor the Issuing Agent shall be held responsible for any damage arising out of any legal enactment, or any measure taken by a public authority, or war, strike, lockout, boycott, blockade or any other similar circumstance (a “**Force Majeure Event**”). The reservation in respect of strikes, lockouts, boycotts and blockades applies even if the Agent or the Issuing Agent itself takes such measures, or is subject to such measures.
- 26.2 The Issuing Agent shall have no liability to the Holders if it has observed reasonable care. The Issuing Agent shall never be responsible for indirect damage with exception of gross negligence and wilful misconduct.
- 26.3 Should a Force Majeure Event arise which prevents the Agent or the Issuing Agent from taking any action required to comply with these Terms and Conditions, such action may be postponed until the obstacle has been removed.
- 26.4 The provisions in this Clause 26 apply unless they are inconsistent with the provisions of the Central Securities Depositories and Financial Instruments Accounts Act which provisions shall take precedence.

## **27 GOVERNING LAW AND JURISDICTION**

- 27.1 These Terms and Conditions, and any non-contractual obligations arising out of or in connection therewith, shall be governed by and construed in accordance with the laws of Sweden.

- 27.2 Any dispute or claim arising in relation to these Terms and Conditions shall, subject to Clause 27.3, be determined by Swedish courts and the District Court of Stockholm shall be the court of first instance.
- 27.3 The submission to the jurisdiction of the Swedish courts shall not limit the right of the Agent (or the Holders, as applicable) to take proceedings against the Issuer in any court which may otherwise exercise jurisdiction over the Issuer or any of its assets.

\* \* \*

## APPENDIX TO THE TERMS AND CONDITIONS: TABLE OF STEP-UP INTEREST RATE

### Interest Rate relating to EUR Capital Securities

	<b>If a Positive Rating Event has not occurred prior to the First Call Date:</b>	<b>If a Positive Rating Event has occurred prior to the First Call Date:</b>
From (but excluding) the First Issue Date up to (and including) the First Call Date	EURIBOR (3 months) plus the Initial EUR Margin.	EURIBOR (3 months) plus the Initial EUR Margin.
From (but excluding) the First Call Date up to (and including) the date falling 10.5 years after the First Issue Date	EURIBOR (3 months) plus the Initial EUR Margin plus 250 basis points.	EURIBOR (3 months) plus the Initial EUR Margin.
From (but excluding) the date falling 10.5 years after the First Issue Date up to (and including) the date falling 25.5 years after the First Issue Date	EURIBOR (3 months) plus the Initial EUR Margin plus 275 basis points.	EURIBOR (3 months) plus the Initial EUR Margin plus 25 basis points.
From (but excluding) the date falling 25.5 years after the First Issue Date up to (and including) the Redemption Date	EURIBOR (3 months) plus the Initial EUR Margin plus 350 basis points.	EURIBOR (3 months) plus the Initial EUR Margin plus 100 basis points.
In addition, following a Change of Control and if the Issuer does not elect to redeem the Capital Securities in accordance with Clause 12.5 ( <i>Voluntary redemption due to a Change of Control</i> ), the applicable Interest Rate shall be increased by an additional 500 bps.		

### Interest Rate relating to SEK Capital Securities

	<b>If a Positive Rating Event has not occurred prior to the First Call Date:</b>	<b>If a Positive Rating Event has occurred prior to the First Call Date:</b>
From (but excluding) the First Issue Date up to (and including) the First Call Date	STIBOR (3 months) plus 5.90 per cent. <i>per annum</i>	STIBOR (3 months) plus 5.90 per cent. <i>per annum</i>
From (but excluding) the First Call Date up to (and including) the date falling 10.5 years after the First Issue Date	STIBOR (3 months) plus 8.40 per cent. <i>per annum</i>	STIBOR (3 months) plus 5.90 per cent. <i>per annum</i>
From (but excluding) the date falling 10.5 years after the First Issue Date up to (and including) the date falling 25.5 years after the First Issue Date	STIBOR (3 months) plus 8.65 per cent. <i>per annum</i>	STIBOR (3 months) plus 6.15 per cent. <i>per annum</i>

From (but excluding) the date falling 25.5 years after the First Issue Date up to (and including) the Redemption Date	STIBOR (3 months) plus 9.40 per cent. <i>per annum</i>	STIBOR (3 months) plus 6.90 per cent. <i>per annum</i>
In addition, following a Change of Control and if the Issuer does not elect to redeem the Capital Securities in accordance with Clause 12.5 ( <i>Voluntary redemption due to a Change of Control</i> ), the applicable Interest Rate shall be increased by an additional 500 bps.		

## 9 Addresses

### Issuer

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### Agent

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### Issuing Agent and Bookrunner

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