IMPORTANT NOTICE

THIS OFFERING IS AVAILABLE ONLY TO INVESTORS WHO ARE NON-U.S. PERSONS (AS DEFINED BELOW) LOCATED OUTSIDE THE UNITED STATES.

IMPORTANT: You must read the following before continuing. The following applies to the listing particulars following this page (the "**Listing Particulars**") and you are therefore advised to read this page carefully before reading, accessing or making any other use of the Listing Particulars. In accessing the Listing Particulars, you agree to be bound by the following terms and conditions, including any modifications to them any time you receive any information as a result of such access.

NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER OF SECURITIES FOR SALE IN THE UNITED STATES OR ANY OTHER JURISDICTION WHERE IT IS UNLAWFUL TO DO SO. THE CAPITAL SECURITIES DESCRIBED IN THE LISTING PARTICULARS HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "**SECURITIES ACT**"), OR THE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR OTHER JURISDICTION, AND THE CAPITAL SECURITIES DESCRIBED IN THE LISTING PARTICULARS MAY NOT BE OFFERED OR SOLD, DIRECTLY OR INDIRECTLY, WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS (AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT ("**REGULATION S**")) EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND APPLICABLE STATE OR LOCAL SECURITIES LAWS.

THE LISTING PARTICULARS MAY NOT BE FORWARDED OR DISTRIBUTED TO ANY OTHER PERSON AND MAY NOT BE REPRODUCED IN ANY MANNER WHATSOEVER AND, IN PARTICULAR, MAY NOT BE FORWARDED TO ANY U.S. PERSON OR U.S. ADDRESS. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THE LISTING PARTICULARS IN WHOLE OR IN PART IS UNAUTHORISED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS. IF YOU HAVE GAINED ACCESS TO THIS TRANSMISSION CONTRARY TO ANY OF THE FOREGOING RESTRICTIONS, YOU ARE NOT AUTHORISED AND WILL NOT BE ABLE TO PURCHASE ANY OF THE CAPITAL SECURITIES DESCRIBED IN THE LISTING PARTICULARS.

Confirmation of your representation: In order to be eligible to view the Listing Particulars or make an investment decision with respect to the Capital Securities described in the Listing Particulars, prospective investors must be, or acting on behalf of, non-U.S. persons (as defined in Regulation S) located outside the United States. The Listing Particulars are being sent to you at your request, and by accessing the Listing Particulars you shall be deemed to have represented to Samhällsbyggnadsbolaget i Norden AB (publ) (the "**Issuer**") and the Joint Bookrunners (as defined in the Listing Particulars) that (i) you are not a U.S. person, or acting on behalf of a U.S. person and the electronic mail address that you gave us and to which this e-mail has been delivered is not located in the United States, its territories, its possessions and other areas subject to its jurisdiction, and its possessions include Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, Wake Island and the Northern Mariana Islands, and (ii) you consent to delivery of the Listing Particulars by electronic transmission.

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

PRIIPs Regulation / PROHIBITION OF SALES TO EEA RETAIL INVESTORS – The Capital Securities are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the EEA. For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; or (ii) a customer within the meaning of Directive (EU) 2016/97, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II. Consequently no key information document required by Regulation (EU) No 1286/2014 (as amended, the "**PRIIPs Regulation**") for offering or selling the Capital Securities or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Capital Securities or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

Singapore Securities and Futures Act Product Classification – Solely for the purposes of its obligations pursuant to sections 309B(1)(a) and 309B(1)(c) of the Securities and Futures Act (Chapter 289 of Singapore) (the "**SFA**"), the Issuer has determined, and hereby notifies all relevant persons (as defined in Regulation 3(b) of the Securities and Futures (Capital Markets Products) Regulations 2018 (the "**SF (CMP) Regulations**") that the Capital Securities are "prescribed capital markets products" (as defined in the SF (CMP) Regulations) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

You are reminded that the Listing Particulars have been delivered to you on the basis that you are a person into whose possession the Listing Particulars may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located and you may not, nor are you authorised to, deliver the Listing Particulars to any other person.

The materials relating to this offering do not constitute, and may not be used in connection with, an offer or solicitation in any place where offers or solicitations are not permitted by law. No action has been or will be taken in any jurisdiction by the Issuer or the Joint Bookrunners that would, or is intended to, permit a public offering of the securities, or possession or distribution of the Listing Particulars or any other offering or publicity material relating to the Bonds described in the Listing Particulars, in any country or jurisdiction where action for that purpose is required. If a jurisdiction requires that the offering be made by a licensed broker or dealer, and the Joint Bookrunners or any affiliate of the Joint Bookrunners is a licensed broker or dealer in the relevant jurisdiction, the offering shall be deemed to be made by the Joint Bookrunners or such affiliate on behalf of the Issuer in such jurisdiction.

This communication is directed only at persons who (a) are outside the United Kingdom or (b) have professional experience in matters relating to investments or (c) are persons falling within Article 49(2)(a) to (d) ("high net worth companies, unincorporated associations, etc.") of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (all such persons together being referred to as "**relevant persons**"). This communication must not be acted on or relied on by persons who are not relevant persons. Any investment or investment activity to which the Listing Particulars relate is available only to relevant persons and will be engaged in only with relevant persons.

The Listing Particulars have been sent to you in electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of electronic transmission and consequently none of the Issuer or the Joint Bookrunners, any person who controls them or any director, officer, employee or agent of them or affiliate of any such person accepts any liability or responsibility whatsoever in respect of any difference between the Listing Particulars distributed to you in electronic format and the hard copy version available to you on request from the Joint Bookrunners.

LISTING PARTICULARS DATED 28 JANUARY 2020

SAMHÄLLSBYGGNADSBOLAGET I NORDEN AB (PUBL)

(incorporated in the Kingdom of Sweden as a public company with limited liability)

EUR 500,000,000 Subordinated Fixed to Reset Rate Undated Capital Securities

Issue price: 100 per cent.

Samhällsbyggnadsbolaget i Norden AB (publ), a public limited company with limited liability incorporated under the laws of the Kingdom of Sweden (the "**Issuer**") is offering EUR 500,000,000 Subordinated Fixed to Reset Rate Undated Capital Securities (the "**Capital Securities**").

Interest will accrue on the Capital Securities from (and including) 30 January 2020 (the "**Issue Date**") to (but excluding) 30 April 2025 (the "**First Reset Date**") at a rate of 2.624 per cent. per annum, and thereafter at the relevant Reset Interest Rate (as defined in the terms and conditions of the Capital Securities (the "**Conditions**") under Condition 4(d) (*Reset Interest Rates*)). Interest on the Capital Securities will (subject to the option of the Issuer to defer payments, as provided below) be payable annually in arrear on 30 April in each year from (and including) 30 April 2020. The first payment of interest will be made on 30 April 2020 in respect of the period from (and including) the Issue Date to (but excluding) 30 April 2020 (short first coupon).

Payments of interest on the Capital Securities may, at the option of the Issuer, be deferred, as set out in Condition 5(a). Deferred interest, which shall itself bear interest, may be paid at any time at the option of the Issuer (upon notice to the holders of the Capital Securities), and must be paid in the circumstances provided in Condition 5(b)(ii) (*Mandatory Settlement*).

If the Issuer does not elect to redeem the Capital Securities in accordance with Condition 6(e) (*Redemption for Change of Control Event*) following the occurrence of a Change of Control Event (as defined in the Conditions), the then prevailing interest rate per annum (and each subsequent interest rate per annum otherwise determined in accordance with the Conditions) for such Capital Securities shall be increased by an additional five percentage points per annum with effect from (and including) the day immediately following the Change of Control Step-up Date, as set out in Condition 4(i) (*Step-Up after Change of Control Event*).

The Capital Securities are perpetual securities in respect of which there is no fixed redemption date. The Issuer will have the right to redeem the Capital Securities in whole, but not in part, on (a) any date in the three months up to and including the First Reset Date or (b) any Interest Payment Date thereafter. The Issuer may also redeem the Capital Securities upon the occurrence of a Change of Control Event, a Tax Deductibility Event, a Substantial Repurchase Event, a Capital Event, an Accounting Event or a Withholding Tax Event and may in certain circumstances vary the terms of, or substitute, the Capital Securities, all as set out in the Conditions.

The Capital Securities have not been and will not be registered under the United States Securities Act of 1933, as amended (the "**Securities Act**") or with any securities regulatory authority of any state or other jurisdiction of the United States. The Capital Securities are being offered and sold outside the United States in accordance with Regulation S under the Securities Act ("**Regulation S**"), and may not be offered and sold or delivered within the United States or to, for the account or benefit of, U.S. persons (as defined in Regulation S), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act.

These Listing Particulars have been approved by the Irish Stock Exchange plc, trading as Euronext Dublin ("**Euronext Dublin**"). Application has been made to Euronext Dublin for the Capital Securities to be admitted to Euronext Dublin's official list (the "**Official List**") and to trading on its Global Exchange Market (the "**GEM**").

These Listing Particulars constitute a "Listing Particulars" for the purposes of the admission of the Capital Securities to the Official List and to trading on the GEM and, for such purposes, do not comprise a "prospectus" for the purposes of Regulation (EU) 2017/1129 (the "**Prospectus Regulation**").

References in these Listing Particulars to the Capital Securities being listed (and all related references) shall mean that the Capital Securities have been admitted to the Official List and have been admitted to trading on the GEM. The GEM is the exchange regulated market of Euronext Dublin and is not a regulated market for the purposes of Directive 2014/65/EU (as amended, "**MiFID II**").

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

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Singapore Securities and Futures Act Product Classification – Solely for the purposes of its obligations pursuant to sections 309B(1)(a) and 309B(1)(c) of the Securities and Futures Act (Chapter 289 of Singapore) (the **SFA**), the Issuer has determined, and hereby notifies all relevant persons (as defined in Regulation 3(b) of the Securities and Futures (Capital Markets Products) Regulations 2018 (the "**SF (CMP) Regulations**") that the Capital Securities are "prescribed capital markets products" (as defined in the SF (CMP) Regulations) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

The Issuer has been rated BBB- (positive) by S&P Global Ratings Europe Limited ("**S&P**") and BBB- (stable) by Fitch Ratings Ltd ("**Fitch**"**)**. The Capital Securities are expected to be rated BB by S&P and BB by Fitch. A rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the assigning rating organisation. Each of S&P and Fitch is established in the European Union ("**EU**") and is registered under Regulation (EC) No. 1060/2009 (as amended) (the "**CRA Regulation**"). As such, each of S&P and Fitch is included in the list of credit rating agencies published by the European Securities and Markets Authority on its website in accordance with the CRA Regulation.

The Capital Securities will initially be represented by a temporary global capital security (the "**Temporary Global Capital Security**"), without interest coupons, which will be deposited on or about the Issue Date with a common depositary for Euroclear Bank SA/NV ("**Euroclear**") and Clearstream Banking S.A. ("**Clearstream, Luxembourg**"). Interests in the Temporary Global Capital Security will be exchangeable for interests in a permanent global capital security (the "**Permanent Global Capital Security**" and, together with the Temporary Global Capital Security, the "**Global Capital Securities**"), without interest coupons, not earlier than 40 days after the Issue Date upon certification as to non-U.S. beneficial ownership. Interests in the Permanent Global Capital Security will be exchangeable for definitive Capital Securities only in certain limited circumstances. See "*Summary of Provisions relating to the Capital Securities while represented by the Global Capital Securities*".

An investment in Capital Securities involves certain risks. Prospective investors should have regard to the factors described under the heading "*Risk Factors*" on page 1.

Structuring Agent to the Issuer

J.P. MORGAN

Joint Bookrunners

J.P. MORGAN	**CITIGROUP**
DANSKE BANK	**DEUTSCHE BANK**

NORDEA

The date of these Listing Particulars is 28 January 2020

IMPORTANT INFORMATION

The Issuer accepts responsibility for the information contained in these Listing Particulars. To the best of the knowledge of the Issuer (having taken all reasonable care to ensure that such is the case) the information contained in these Listing Particulars is in accordance with the facts and does not omit anything likely to affect the import of such information.

In these Listing Particulars, all information described in the section "Description of Hemfosa", unless otherwise indicated, has been retrieved from publicly available information, from Hemfosa's annual reports for the financial years ended 31 December 2017 and 2018, the interim reports for the nine months ended 30 September 2019 and 2018 and Hemfosa's webpage. Accordingly, all such information relating to Hemfosa has not been independently verified by the Issuer or the Joint Bookrunners.

These Listing Particulars are to be read in conjunction with all documents which are incorporated herein by reference (see "*Documents Incorporated by Reference*" below) and shall be read and construed on the basis that such documents are incorporated and form part of these Listing Particulars.

References to the "**Issuer**" are to Samhällsbyggnadsbolaget i Norden AB (publ). References to "**SBB**" or "**Group**" are to Samhällsbyggnadsbolaget i Norden AB (publ) and its subsidiaries taken as a whole, except where it is clear from the context that the term means Samhällsbyggnadsbolaget i Norden AB (publ), and except that references and matters relating to the shares and share capital of Samhällsbyggnadsbolaget i Norden AB (publ) or matters of corporate governance shall refer to shares, share capital and corporate governance of Samhällsbyggnadsbolaget i Norden AB (publ).

The Issuer, having made all reasonable enquiries, confirms that these Listing Particulars contain all material information with respect to the Issuer and the Capital Securities (including all information which, according to the particular nature of the Issuer and of the Capital Securities, is necessary to enable investors to make an informed assessment of the assets and liabilities, financial position, profits and losses and prospects of the Issuer and of the rights attaching to the Capital Securities), that the information contained or incorporated in these Listing Particulars is true and accurate in all material respects and is not misleading, that the opinions and intentions expressed in these Listing Particulars are honestly held and that there are no other facts known to the Issuer, the omission of which would make these Listing Particulars or any of such information or the expression of any such opinions or intentions misleading.

These Listing Particulars contain certain market, historical and forward looking economic and industry data, including information in "*Risk Factors*", "*Description of the Issuer and its operations*" and "*Description of Hemfosa*" which have been obtained from publicly available information, independent industry publications and reports prepared by industry consultants. The Issuer has relied on the accuracy of such information without an independent verification thereof, however, the Issuer believes the information to be reliable. Where information in these Listing Particulars has been sourced from a third party, this information has been accurately reproduced and, so far as the Issuer is aware, and is able to ascertain from information published by such third party, no facts have been omitted which would render the reproduced information inaccurate or misleading. Such information, data and statistics may be approximations or estimates or use rounded numbers. Information in these Listing Particulars which has been sourced from a third party is identified as such with the name of the third party source. None of the Issuer or the Joint Bookrunners represent that such information is accurate.

Save for the Issuer, no party has independently verified the information contained herein. Accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by Citigroup Global Markets Limited, Danske Bank A/S, Deutsche Bank AG, London Branch, J.P. Morgan Securities plc and Nordea Bank Abp as joint bookrunners (the "**Joint Bookrunners**") as to the accuracy or completeness of the information contained or incorporated in these Listing Particulars or any other information provided by the Issuer in connection with the offering of the Capital Securities. No Joint Bookrunner accepts any liability in relation to the information contained in these Listing Particulars or any other information provided by the Issuer in connection with the offering of the Capital Securities or their distribution.

No person is or has been authorised by the Issuer or any Joint Bookrunner to give any information or to make any representation not contained in or not consistent with these Listing Particulars or any other information supplied in connection with the offering of the Capital Securities and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer or any of the Joint Bookrunners.

Neither these Listing Particulars nor any other information supplied in connection with the offering of the Capital Securities (a) is intended to provide the basis of any credit or other evaluation or (b) should be considered as a recommendation by the Issuer or any of the Joint Bookrunners that any recipient of these Listing Particulars or any other information supplied in connection with the offering of the Capital Securities should purchase any Capital Securities. Each investor contemplating purchasing any Capital Securities should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuer. Neither these Listing Particulars nor any other information supplied in connection with the offering of the Capital Securities constitutes an offer or invitation by or on behalf of the Issuer or any of the Joint Bookrunners to any person to subscribe for or to purchase any Capital Securities.

Neither the delivery of these Listing Particulars nor the offering, sale or delivery of the Capital Securities shall in any circumstances imply that the information contained herein concerning the Issuer is correct at any time subsequent to the date hereof or that any other information supplied in connection with the offering of the Capital Securities is correct as of any time subsequent to the date indicated in the document containing the same. The Joint Bookrunners expressly do not undertake to review the financial condition or affairs of the Issuer during the life of the Capital Securities or to advise any investor in the Capital Securities of any information coming to their attention. The Capital Securities have not been and will not be registered under the United States Securities Act of 1933, as amended, (the "**Securities Act**") and are subject to U.S. tax law requirements. Subject to certain exceptions, the Capital Securities may not be offered, sold or delivered within the United States or to U.S. persons. For a further description of certain restrictions on the offering and sale of the Capital Securities and on distribution of these Listing Particulars, see "*Subscription and Sale*" below.

None of the Issuer or the Joint Bookrunners, or any of their respective representatives, is making any representation to any offeree or purchaser of the Capital Securities regarding the legality of an investment in the Capital Securities by such offeree or purchaser under the laws applicable to such offeree or purchaser. Prospective investors should not construe anything in these Listing Particulars as legal, tax, business or financial advice. Each investor should consult with his or her own advisors as to the legal, tax, business, financial and related aspects of a purchase of the Capital Securities.

IMPORTANT INFORMATION RELATING TO THE USE OF THESE LISTING PARTICULARS AND OFFERS OF CAPITAL SECURITIES GENERALLY

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

PRESENTATION OF INFORMATION

The language of these Listing Particulars is English. Any foreign language text that is included with or within this document has been included for convenience purposes only and does not form part of these Listing Particulars.

All references in these Listing Particulars to "**euro**" and "**€**" refer to the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty establishing the European Community, as amended, references to "**U.S.$**", "**U.S. dollars**" or "**USD**" are to the lawful currency for the time being of the United States, references to "**£**", "**sterling**" and "**GBP**" are to the lawful currency for the time being of the United Kingdom and references to "**SEK**" are to the lawful currency for the time being of the Kingdom of Sweden.

These Listing Particulars contains certain financial measures that are not defined or recognised under International Financial Reporting Standards ("**IFRS**"). Such non-IFRS financial measures and ratios include Passing Rent, Passing NOI, EPRA NAV, EPRA NAV per share, Adjusted EPRA NAV, Adjusted EPRA NAV per share, EPRA NNNAV, EPRA NNNAV per share, Net Operating Margin, Net Initial Yield, Loan-to-Value Ratio, Secured Loan-to-Value Ratio, Interest Coverage Ratio and Return on Shareholders' Equity (each as defined in the section "*Selected Consolidated Financial Operating and other Data"*).

Passing Rent, Passing NOI, EPRA NAV, EPRA NAV per share, Adjusted EPRA NAV, Adjusted EPRA NAV per share, EPRA NNNAV, EPRA NNNAV per share, Net Operating Margin, Net Initial Yield, Loan-to-Value Ratio, Secured Loan-to-Value Ratio, Interest Coverage Ratio and Return on Shareholders' Equity are presented because the Group believes they are important supplemental measures of the Group's performance and a basis upon which the Group's management assesses performance. The Issuer also believes Passing Rent, Passing NOI, EPRA NAV, EPRA NAV per share, Adjusted EPRA NAV, Adjusted EPRA NAV per share, EPRA NNNAV, EPRA NNNAV per share, Net Operating Margin, Net Initial Yield, Loan-to-Value Ratio, Secured Loan-to-Value Ratio, Interest Coverage Ratio and Return on Shareholders' Equity are useful to investors because they and similar measures, are frequently used by securities analysts, investors, ratings agencies and other interested parties to evaluate other companies in the Group's industry and as supplemental measures of performance and liquidity. The Group further believe that these and similar measures are widely used in the markets in which the Group operates as a means of evaluating a company's operating performance and financing structure.

The Issuer's definition of and method of calculating Passing Rent, Passing NOI, EPRA NAV, EPRA NAV per share, Adjusted EPRA NAV, Adjusted EPRA NAV per share, EPRA NNNAV, EPRA NNNAV per share, Net Operating Margin, Net Initial Yield, Loan-to-Value Ratio, Secured Loan-to-Value Ratio, Interest Coverage Ratio and Return on Shareholders' Equity may not be comparable to other similarly titled measures of other companies and are not measurements under IFRS or other generally accepted accounting principles, are not measures of financial condition, liquidity or profitability and should not be considered as an alternative to profit from operations for the period or operating cash flows determined in accordance with IFRS, nor should they be considered as substitutes for the information contained in the Historical Financial Information. Additionally, Passing Rent, Passing NOI, EPRA NAV, EPRA NAV per share, Adjusted EPRA NAV, Adjusted EPRA NAV per share, EPRA NNNAV, EPRA NNNAV per share, Net Operating Margin, Net Initial Yield, Loan-to-Value Ratio, Secured Loan-to-Value Ratio, Interest Coverage Ratio and Return on Shareholders' Equity are not intended to:

- represent the Group's cash expenditures or future requirements for capital expenditures or contractual commitments;
- represent changes in, or cash requirements for, the Group's working capital needs;
- reflect significant interest expense, or the cash requirements necessary to service interest or principal payments, on the Group's debt;
- reflect any cash income taxes that the Group may be required to pay;
- represent cash requirements for replacements such as assets that are depreciated or amortised over estimated useful lives and often have to be replaced in the future;
- adjust for all non-cash income or expense items that are reflected in the Group's statements of cash flows; or
- reflect limitations on, or costs related to, transferring earnings from the Group's subsidiaries to us.

Because of these limitations, Passing Rent, Passing NOI, EPRA NAV, EPRA NAV per share, Adjusted EPRA NAV, Adjusted EPRA NAV per share, EPRA NNNAV, EPRA NNNAV per share, Net Operating Margin, Net Initial Yield, Loan-to-Value Ratio, Secured Loan-to-Value Ratio, Interest Coverage Ratio and Return on Shareholders' Equity should not be considered as measures of discretionary cash available to the Group to invest in the growth of our business or a measure of cash that will be available to us to meet our obligations.

For a detailed overview of non-IFRS information that the Group presents to supplement the Historical Financial Information (as defined below), see "*Selected Consolidated Financial, Operating and Other Data—Non-IFRS financial data and reconciliations*".

SUITABILITY OF INVESTMENT

The Capital Securities are complex financial instruments and may not be a suitable investment for all investors. 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 may wish to consider, either on its own or with the help of its financial and other professional advisers, whether it:

(i) has sufficient knowledge and experience to make a meaningful evaluation of the Capital Securities, the merits and risks of investing in the Capital Securities and the information contained in these Listing Particulars or any applicable supplement;

(ii) has access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Capital Securities and the impact the Capital Securities will have on its overall investment portfolio;

(iii) has sufficient financial resources and liquidity to bear all of the risks of an investment in the Capital Securities, including where the currency for principal or interest payments is different from the potential investor's currency;

(iv) understands thoroughly the terms of the Capital Securities and be familiar with the behaviour of any relevant financial markets; and

(v) is 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.

Prospective investors should consult their tax advisers as to the tax consequences of the purchase, ownership and disposition of the Capital Securities.

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

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RISK FACTORS

Before making an investment decision, prospective investors should carefully review the specific risk factors described below, in addition to the other information contained in these Listing Particulars. The Issuer believes that the following factors may affect the Issuer's ability to fulfil its obligations under the Capital Securities. Most of these factors are contingencies which may or may not occur and the Issuer is not in a position to express a view on the likelihood of any such contingency occurring. The Issuer's business, financial condition and results of operations could be materially affected by each of these risks presented. Also other risks and uncertainties not described herein could affect the Issuer's ability to fulfil its obligations under the Capital Securities. Additional risks and uncertainties not presently known to the Issuer, or that the Issuer currently believes are immaterial, could impair the ability of the Issuer to fulfil its obligations under the Capital Securities. Certain other matters regarding the operations of the Issuer that should be considered before making an investment in the Capital Securities are set out, in the section "*Description of the Issuer and its operations*", amongst other places. The order of presentation of the risk factors in these Listing Particulars is not intended to be an indication of the probability of their occurrence or of their potential effect on the Issuer's ability to fulfil its obligations under the Capital Securities.

The capitalised words and expressions in this section shall have the meanings defined in "*Terms and Conditions of the Capital Securities*".

FACTORS THAT MAY AFFECT THE ISSUER'S ABILITY TO FULFIL ITS OBLIGATIONS UNDER THE CAPITAL SECURITIES

Risks relating to the Offer (as defined below)

After the completion of the Offer, Hemfosa will be a part of the operations of the Group

On 15 November 2019, the Issuer made a recommended public takeover offer *(the "**Offer**")* to shareholders in Hemfosa Fastigheter AB (publ), reg. no. 556917-4377 *("**Hemfosa**"),* to acquire all ordinary and preference shares in Hemfosa. The Offer was accepted and the acquisition of Hemfosa by the Issuer is now unconditional. When the Offer is completed, Hemfosa's business will become a part of the Group's business. There is a risk that the merger of the Group and Hemfosa is made more difficult or impossible by factors currently unknown to the Issuer.

In the section "*The Combined Company*", the expected effects of the Transaction (as defined below) are described. Amongst others the cost and growth synergies that the Transaction may entail are described. Whether these synergies will be realised depends on a number of factors and is based on the Issuer's assessment of future circumstances. However, there is a risk that the synergies might not be fully realised.

Improved integration is required upon the acquisition of a new company to enable synergies in the new business. Since the intent is to coordinate the business in several different operations it is important that the integration process runs efficiently and without material loss of customers or personnel leaving. If the integration process continues for a longer period of time than currently expected, there is a risk that the Group with Hemfosa as a fully owned subsidiary (together, the "**Combined Company**") is adversely affected. There is a risk that the synergies and other positive effects that the Issuer expects do not realise fully, or at all, which could adversely impact the Combined Company's business.

In connection with the completion of the Offer, goodwill will be accrued that over time may turn out to be misleading and lead to write-downs.

In connection with the completion of the Offer, goodwill will be accrued. This goodwill will be stated in its entirety in the Combined Company's statement of financial position. If the consideration paid by the Issuer to acquire Hemfosa over time would prove to be misleading and lead to write-downs it would mean that the Combined Company's equity and thereby solvency, would be diminished.

Information on Hemfosa has been derived from public sources and has not been independently verified by the Issuer

The information included in these Listing Particulars in relation to Hemfosa has principally been compiled on the basis of publicly available information and has not been verified by the Issuer or Hemfosa or Hemfosa's directors. Therefore, following completion of the Offer, the Group may become subject to unknown liabilities or obligations of Hemfosa, which may have a material adverse effect on the Group's business, results of operations and financial condition.

Risks relating to the Issuer and the Group

Macroeconomic factors

The real estate business is affected by macroeconomic factors such as the general economic trend, regional economic development, employment rate, production rate of new premises, changes of infrastructure, inflation and interest rates. The development of the economy is a material factor for supply and demand in the real estate market and accordingly affects vacancy and rental rates for the properties.

Global financial markets continue to experience disruptions, including increased volatility and diminished liquidity and credit availability. Concerns about credit risk (including that of sovereigns) have increased, especially with the presence of significant sovereign debts and/or fiscal deficits in a number of European countries and the United States. This has raised concerns regarding the financial condition of financial institutions and other corporates located in these countries, having direct or indirect exposure to these countries, and/or whose banks, customers, service providers, sources of funding and/or suppliers have direct or indirect exposure to these countries. The default, or a significant decline in the credit rating, of one or more sovereigns or financial institutions could cause severe stress in the financial system generally and could adversely affect the markets in which the Group operates and the businesses and economic condition and prospects of the Group's counterparties or customers, directly or indirectly, in ways which are difficult to predict.

Expectations regarding the rate of inflation affect the interest rate and therefore affect the Group's net financial income. In addition, the interest cost for debt to financial institutions is one of the Group's main cost items. In the long term, changes in interest rates have a significant effect on the Issuer's and the Group's results and cash flow. Inflation also affects the Group's costs. Any such changes in the interest rate and the inflation may also affect the yield requirements and thus the market value of the Group's properties.

Additionally, the Group's community service portfolio is affected by demographic trends such as the growing prevalence of aging populations and increasing rural-to-urban migration in the Nordic region. The demographic trends impact the level of supply and demand for the Group's properties and fluctuations in demography could have a have a material adverse effect on the Group's results of operations and profitability.

If any of the above risks materialise, it could have a material adverse effect on the Group's operations, earnings and financial position.

Geographical risks

The supply and demand for properties and the return on property investments varies between different geographical markets and may develop differently within such geographical markets. The Group has a diversified property portfolio with properties in different geographical markets within Sweden such as Oskarshamn, Ludvika, Norrköping, Linköping, Borlänge and Skaraborg. In addition, the Group has expanded its operations in Norway and Finland. Certain markets may be more sensitive to fluctuations in demand. If the demand for premises to lease declines in any or all of the geographical markets where the Group's properties are located, this could have a material adverse effect on the Issuer's and the Group's operations, earnings and financial position.

Technical risks

Real estate investments involve technical risks. A technical risk can be described as the risk related to the technical operations of the properties, such as the risk of defects relating to the construction of the properties, other latent shortcomings or deficiencies, damages (for instance due to fire or other forces of nature) and environmental hazards. If any technical problems should occur with respect to the Group's properties, this may result in significantly increased costs for such properties which, in turn, could have a material adverse effect on the Issuer's and the Group's earnings and financial position.

Rental Income and rental development

In the long term, Rental Income for commercial properties is affected by, *inter alia*, the supply and demand in the market. The Group's Rental Income will be affected by vacancies of its properties, contracted rental levels and whether the tenants pay their rents on time.

Decreased Occupancy Rates and rental rates will negatively affect the Group's earnings. This risk increases where a company has a high concentration of single large tenants. There is a risk that the Group's larger tenants do not renew or extend their lease agreements upon expiry, which in the long term could lead to a decrease in Rental Income and an increase in vacancies.

The Group is also dependent on the tenants paying their rents on time. The Issuer's and the Group's earnings and cash flow could be impacted negatively if tenants fail to make their payments, or otherwise do not fulfil their obligations.

Operating and maintenance costs

Tenants leasing social infrastructure premises typically have a relatively extensive liability for operations and maintenance. Operating costs are mainly costs that are tariff-based, such as costs for electricity, cleaning, water and heating. Several of these goods and services can be bought from only one provider, which may also increase the price. When a cost increase is not compensated through the lease, for example by an increase in rent by renegotiation of the lease agreement, it could have a material adverse effect on the Issuer's and the Group's earnings and financial position.

Maintenance costs include costs that are necessary in order to maintain the standard of the properties in the long term. The occurrence of unforeseen and extensive renovation needs on the Group's properties could have a material adverse effect on the Issuer's and the Group's earnings and financial position (which have not been budgeted for).

Risks relating to the Issuer being dependent on cash flow from its subsidiaries

The Issuer is the ultimate parent company in the Group and does not conduct any business operations, but merely functions as a holding company for the operating business of the Group, with its business comprising of group management and group-wide functions. The Issuer's ability to make required payments of interest on its debts (including the Capital Securities) and funding is affected by the ability of its subsidiaries to transfer available cash resources to it. The transfer of funds to the Issuer from its subsidiaries may be restricted or prohibited by legal and contractual requirements applicable to the respective subsidiaries. Limitations or restrictions on the transfer of funds between companies within the Group may become more restrictive in the event that the Group experiences difficulties with respect to liquidity and its financial position which may negatively affect the Group's operations, earnings and financial position and in turn the performance of the Issuer under the Capital Securities. Furthermore, in the event of insolvency, liquidation or a similar event relating to one of the subsidiaries, all creditors of such subsidiary would be entitled to payment in full out of the assets of such subsidiary before the Issuer, as a shareholder, would be entitled to any payments. Thus, the Capital Securities are structurally subordinated to the liabilities of the subsidiaries of the Issuer.

Dependency on members of management and other key personnel

The knowledge, experience and commitment of the Group's employees are important for the Group's future development. If the Group is unable to retain members of management and other key personnel or recruit new members of management or other key personnel to replace people who leave the Group, this could have a material adverse effect on the Issuer's and the Group's operations, earnings and financial position.

Acquisitions and sales of properties

The Group's property portfolios may vary over time and the acquisition and sale of additional properties and property-owning companies is a part of the Group's ordinary business and involves a degree of risk and uncertainty. This may lead to attractive properties or property-owning companies being disposed of and less attractive properties or property-owning companies being acquired. If attractive properties or property-owning companies were to be disposed of or less attractive properties or property-owning companies were to be acquired, the market value of the Group's property portfolios could decrease, which could have a material adverse effect on the Issuer's and the Group's earnings and financial position.

Selling properties involves uncertainties regarding, *inter alia*, achieving a reasonable sales price for the properties. Further, the Group may be subject to claims resulting from the sale or the condition of the sold properties. If the Group is unable to sell its properties on favourable terms or if claims are directed at the Group, this may lead to delays in projects as well as increased and unexpected costs for the properties and transactions.

The disposal of existing properties could also have a significant negative effect on the Group's cash flow if such properties are sold at a low price. If the properties are sold at a lower price than expected, this could have a material adverse effect on the Issuer's and the Group's earnings and financial position.

The willingness and ability to pay for properties that the Group wishes to sell are affected by several factors. The willingness to pay for properties is dependent on how well the Group's properties are performing taking into account market demand, general price trends on the real estate market, as well as the supply, and cost of, other properties. The ability to pay for properties depends on the general wage trends, employment rates and other factors affecting the economy, such as the ability to make interest deductions and access to financing. These factors may affect potential buyers' willingness and ability to pay for the properties that the Group wishes to sell.

Additionally, in the Group's acquisition agreements, fixed-term warranties regarding the property and the acquired company are regularly provided by the seller. These warranties may not cover all risks or may fail to cover such risks sufficiently. Additionally, there is a risk that a warranty made by a seller may be unenforceable due to the seller's insolvency or otherwise, as well as the risk that when subsidiaries of the Group sell properties and companies, the buyer may bring warranty claims against the Group in relation to any damage that may have arisen. Moreover the Group's business includes the ongoing disposal of properties for recycling of capital and there are risks associated with this owing to the nature of the Group's portfolio and potential difficulties finding prospective buyers.

Any of the foregoing factors could lead to properties being sold at a price considerably lower than anticipated, which could have a material adverse impact on the Group's financial position and results of operations.

Risks relating to acquisitions and company integration

The Group is continuously exploring opportunities to acquire companies, and therefore the Group is exposed to the risk of unexpectedly increased transaction costs or cancelled acquisitions, which could have a negative effect on the Group's earnings and financial position. Due to the high frequency of acquisition(s), the Group is exposed to integration risks related to increased merging costs, organisational costs, risks related to the inability to retain key personnel and unexpected costs related to management of new tenants, unexpected environmental clean-up costs or costs related to unexpected real estate property condition and technical deficiencies in the acquired properties, such as design defects and other hidden deficiencies. There are also additional risks in relation to potential tax and legal liabilities associated with such acquisitions. Such increased costs could have a material adverse effect on the Issuer's and the Group's earnings and financial position.

Risks relating to developing and renovating projects

Developing new property as well as renovating existing properties or acquiring properties which are not fully vacant involves risks such as miscalculations of customer demand leading to unsold or unleased premises, lower profitability for the project and undesired tied-up capital on the balance sheet. Following the development of new property or the renovation of existing properties, where the Group is unable to lease such properties, or where the sum of contracted rents and the value of vacant areas ("**Rental Value**") of such properties turns out to be less profitable than expected, or where premises remain unsold and the Group has undesired tied-up capital on the balance sheet, any of these factors or a combination of them, could have a material adverse effect on the Issuer's and the Group's earnings and financial position.

Risks relating to local plans and permits for new construction and re-construction

The Group is involved in a number of development projects relating to its properties at any given time. Property development projects (including new construction, re-construction of buildings or changes of use) are subject to receipt of permits and decisions from authorities. Such permits and decisions may not always be granted which can cause delays, increased costs and even jeopardise the completion of such projects. Further, modified municipal planning may lead to local plans not being approved causing delays and increased costs resulting from the necessary restructuring of the project. If necessary permits or approvals are not obtained, this can cause delays, increase costs or even jeopardise the project's realisation, and these factors in turn could have a material adverse effect on the Group's earnings and financial position.

Risks relating to insurances

The Group has insured its operations against usual losses and/or potential liability in relation to third party claims. Certain types of losses and/or damages are generally not covered by insurance policies due to such losses being considered as impossible to insure, for example losses resulting from the act of war, terrorism, professional liability or personal liability (the latter two where damages are caused by negligence, wilful misconduct or criminal acts). Further, most of the Group's insurances (i.e. the insured amounts) are limited by specified maximum amounts per claim and specified insurance periods. In the event that a loss is not covered by the Group's insurance policies or where an incurred loss exceeds the maximum amount covered by the relevant insurance policy, the Issuer's and the Group's operations, earnings and financial position could be materially adversely affected.

Changes in value of properties

The Group's properties are reported at market value in the Group's consolidated balance sheet and with changes in value being shown in the income statement. Different factors may cause the Group to write down the fair value of its properties, which could have a material adverse effect on the Group's earnings and financial position.

Such factors could both be property specific, such as rent levels, occupancy ratio and operative expenses, and market specific, such as macroeconomic effects, general economic trends, growth, unemployment levels, the rate of production of new premises, population growth, inflation and interest rates.

If the market value of the properties decreases and the relevant Group company writes down the value of them, it could result in a number of consequences, such as a breach of the covenants of the financing agreements that the relevant Group company has entered into from time to time, which in turn could result in such financings being accelerated prior to maturity and consequently affecting the liquidity of the Group. A material decrease of the market value of the properties could also have a negative impact on the Group's ability to dispose of its properties without incurring losses, which in turn could have a material adverse effect on the Issuer's and the Group's earnings and financial position.

Operational risk

Operational risk is the risk of incurring losses due to inadequate systems or policies relating to, among other things, internal control, administration, competence development and access to reliable valuation and risk models. If the Group's systems or policies are not adequate to address operational risks that might arise, there is a risk that the Group may incur losses which could have a material negative impact on the Group's operations, earnings and financial position.

The Group is subject to counterparty risk with respect to its outsourcing arrangements with external service providers

The Group's existing operational model includes the use of external service providers for certain finance and accounting functions, human resources services and certain marketing, property management and property development activities. These external service providers are used for, among other things, property management services such as billing and collection of rent, and property maintenance, the provision of certain information technology ("**IT**") services and marketing services. See "*Legal considerations and supplementary information—Intellectual Technology*". While these outsourcing relationships are closely monitored, there is a risk that the Group's external service providers may fail to perform their required duties adequately and therefore the Group may experience delayed or reduced rental income, interruptions or malfunctions in its IT systems, or other negative outcomes that may negatively impact the Group's operating performance or reputation. Additionally, the Group enters into contractual agreements with these external service providers and is exposed to the risk that these contracts may need to be revised in the future. If any of the Group's external service providers are unable or unwilling to fulfil their obligations towards the Group, this could have a material adverse impact on the Group's business.

System malfunctions in the Group's operations may decrease the efficiency and/or profitability of the Group's operations

The Group's operations are dependent on information systems and on its ability to operate such information systems efficiently and to introduce new technologies, systems and safety and back-up systems. Such information systems include telecommunication systems as well as software applications that the Group uses to control business operations, manage its property portfolio and risks, prepare operating and financial reports and to execute treasury operations. The operation of the Group's information systems may be interrupted due to, among other things, power cuts, computer or telecommunication malfunctions, computer viruses, defaults by IT suppliers, crime targeted at information systems, such as security breaches and cyber-attacks from unauthorised persons outside and inside the Group, or major disasters, such as fires or natural disasters, as well as human error by the Group's own staff. Material interruptions or serious malfunctions in the operation of the information systems may impair and weaken the Group's operations, earnings and financial position. The Group may also face difficulties when developing new systems and maintaining or updating current systems in order to maintain its competitiveness. In particular, malfunctions in its IT systems could delay the Group in issuing rental invoices to, or securing tenancy agreements with, its customers. Materialisation of any of the above risks could have a material adverse effect on the Group's operations, earnings and financial position.

Environmental risks

The Group's operations in property management carry environmental risks. Property management and property development have an impact on the environment. The Swedish Environmental Code (Sw. *Miljöbalken (1998:808)*) (the "**Swedish Environmental Code**") states that any person or entity that has conducted a business operation on its property which has contributed to contamination also has a responsibility for remediation of the property. If the responsible person cannot carry out or pay for the remediation of a contaminated property, the person who has acquired the property is liable for remediation provided that the buyer at the time of the acquisition knew of or should have discovered the contamination. This means that claims, under certain conditions, may be raised against the Group for soil remediation or for remediation concerning the presence or the suspicion of contamination in soil, water areas or ground water, in order to place the property in a satisfactory condition pursuant to the Swedish Environmental Code. If any significant claims in this respect are made against the Group's properties, this could have a material adverse effect on the Group's operations, earnings and financial position. There is a risk that future environmental risks may materially affect the Issuer's and the Group's operations, earnings or financial position adversely.

Furthermore, any future changes to the laws, regulations and requirements from authorities in the environmental sector could result in increased costs for the Group with respect to sanitation or remediation regarding currently held or future acquired properties. Such changes could also result in increased costs or delays for the Group in carrying out any of its development projects. Any of these factors could have a material adverse effect on the Group's operations, earnings and financial position.

Counterparty risk

The Group's current and potential customers may find themselves in situations, for example due to financial circumstances, where they cannot pay the agreed rent as it falls due or otherwise fail to fulfil their obligations under their rental agreements with respect to the Group's properties. Further, new developments and renovation projects may be delayed due to suppliers not being able to deliver on time or contractors being unable to finish projects as planned. If the Group's counterparties are unable or unwilling to fulfil their obligations towards the Issuer or any other Group company, it could have a material adverse effect on the Issuer's and the Group's earnings and financial position.

In addition to the credit risks associated with its tenants/purchasers, the Group is exposed to credit risks relating to its financial operations. Such credit risks arise in connection with, among other things, investments of excess liquidity, entering into interest swap agreements and when entering into long-term and short-term credit agreements. If the counterparties in these operations cannot fulfil their obligations towards the Group, it could have a material adverse impact on the Group's operations, earnings and financial position.

Competition

The Group operates in a competitive industry. The Group's competitiveness is, amongst other things, dependent on its ability to predict future changes in the industry and to quickly adapt to current and future market needs. It may become necessary for the Group to make significant investments, restructuring operations or price reductions in order to adapt to new competition and the Group's competitors may have greater resources and capabilities to better withstand downturns in the market, compete more effectively, retain skilled personnel and react faster to changes in local markets. The Group may have to make significant investments, restructurings or price reductions due to increased competition, and this could, in turn, have a material adverse effect on the Issuer's and the Group's earnings and financial position.

Liquidity risk

Liquidity risk is the risk that the Group cannot meet its payment obligations under its financing arrangements. If the Group's liquidity sources prove not to be sufficient, it could have a material adverse impact on the Group's operations, earnings and financial position. There is also a risk that the cost for obtaining cash to service the Group's payment obligations increases significantly.

The Group is also exposed to risks arising from the illiquidity of its portfolio. The market for the types of properties the Group owns or may acquire in the future is generally illiquid. Were the Group required to liquidate parts of its portfolio on short notice for any reason, including raising funds to support its operations or repay outstanding indebtedness, the Group may not be able to sell any portion of its portfolio on favourable terms or at all. In the case of an accelerated sale, there may be a significant shortfall between the fair value of the property and the price at which the Group could sell such property. In planned disposals in the ordinary course of business, an illiquid market may result in a sales price that is lower than anticipated or in a delay to the sale. Any such shortfall could have a material adverse effect on the business, earnings or financial position of the Group. In addition, the Group may be subject to restrictions on its ability to sell properties pursuant to covenants and pledges limiting asset disposals in the Group's financing agreements.

Refinancing could turn out to be impossible or associated with heavily increased costs

Refinancing risk is the risk that financial costs could be higher and/or the refinancing possibilities could be limited or non-existent when the debt owed by the Issuer or any other Group company falls due and needs to be refinanced.

The Group's business is partly financed by externally provided capital. The majority of the capital required to finance the development of the Group's existing properties and future acquisitions by the Group is and will be provided by banks, credit institutions or other lenders.

There is a risk that lenders will not extend credit to the Group when the loans mature, that there are no alternative credit facilities available or that credit will be provided at a significantly higher cost than as at present. Further, certain loan agreements and terms and conditions of debt instruments contain provisions which may limit the Issuer's and the Group's ability to incur new debt.

The Issuer is planning on renegotiating certain loan agreements with its creditors within the next 24-month period. Should the Issuer not receive equally or more beneficial terms for such loans than its present terms, this could have a material adverse effect on the Issuer's and the Group's earnings and financial position.

During the financial crisis, the volatility and disruption in the financial and credit markets resulted in a reduction in liquidity and higher credit risk premiums for many credit institutions. While the turmoil in the financial markets has eased in recent years due to central banks' quantitative easing programmes, there is still uncertainty and volatility in the financial markets. If the Issuer or any other Group company cannot refinance its debt or is only able to do so at much higher costs, this could have a material adverse effect on the Issuer's and the Group's earnings and financial position.

Historical earnings not indicating future performance

The financial information provided for and discussed in the Listing Particulars and the financial statements of the Group included in the Listing Particulars relate to the past performance of the Issuer and the Group. The future development of the Group could deviate significantly from past results due to a large number of internal and external factors. The historical earnings, historical dividends and other historical financial data of the Group are, therefore, not necessarily predictive of earnings or other key financial figures for the Group going forward.

There can be no assurance that the Group will be successful in implementing its strategy or achieving its financial targets or investment objectives

No assurance can be given that the implementation of the Group's strategy and/or the achievement of its financial targets or investment objectives will be successful under current or future market conditions. The Group's approach may be modified and altered from time to time. It is therefore possible that the approach adopted to implement its strategy and achieve its financial targets and investment objectives in the future may be different from that presently expected to be used and disclosed in these Listing Particulars. Moreover, the availability of potential investments that meet the Group's acquisition criteria will depend on the state of the economy and financial markets in the countries in which the Group operates or is interested in entering into. The Group can offer no assurance that it will be able to identify and make investments that are consistent with its acquisition criteria or investment strategy.

Interest-rate risk

Aside from equity contributions, the Group's operations are largely financed by borrowings, including loans from credit institutions and listed bonds and, as a result, the cost of interest payments on such debts is one of the Group's main expenses. Changes in interest rates can affect the Group's profitability by affecting the spread between, among other things, the income on its assets and the expense of its interest-bearing liabilities, the value of any interest-earning assets, its ability to make acquisitions and its ability to realise gains from the sale of its assets. Market interest rates are highly sensitive to many factors, including the expected inflation rate, governmental, monetary and tax policies, domestic and international economic and political considerations, fiscal deficits, regulatory requirements and other factors beyond the Group's control. The short-term interest rates are mainly determined by reference to the respective national bank's repo rate, which is a monetary policy rate. In times of increasing inflation expectations, the interest rate can be expected to increase and in times of decreasing inflation expectations, the interest rate can be expected to decrease.

The Group's interest costs are mainly affected by the current market interest rate, the margin imposed by credit institutions and the method for determining the rate of interest on the debts entered into by the Group. With respect to fixed rate debt, a longer average fixed interest term on the Group's debts means that the Group is tied to a fixed interest rate that may or may not be in line with the prevailing market interest rate. With respect to floating rate debt, the Group's floating rate loan expenses may increase with a rise in market interest rates. An increase in interest rates may increase the Group's interest expense and this could have a material adverse impact on the Group's operations, earnings and financial position.

Fluctuations in currency exchange rates may adversely affect the Group's profit and property value

The Group is exposed to foreign exchange translation risk due to its investments in Finland and Norway. The Group's most significant exchange rate risk relates currently to NOK Rental Income, maintenance costs and property valuation. The Group'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 an adverse effect on the Group's operations, earnings and financial position.

The Issuer is dependent on its current long-term credit rating to pursue its financing strategy

The Issuer has sought and obtained a long-term issuer credit rating. If the Issuer's long-term credit ratings were to be downgraded, future issuances of bonds and notes may become significantly more expensive or may not be possible in the targeted amounts. A credit rating agency could downgrade the Issuer's long-term issuer credit rating if, for example, the value of the Issuer's unencumbered assets was not to reach certain levels, or the Issuer's effective leverage (adjusted total debt divided by total assets) or fixed charge cover ratios were to exceed certain levels, both on a sustainable basis, or the Issuer was unable to maintain an adequate liquidity profile at all times. If any of the risks described above were to materialise, it would be more difficult for the Issuer to pursue its current financing strategy, which could have a material adverse effect on the Group's operations, earnings and financial position.

Joint ventures may introduce additional risks to the Issuer

The Issuer does not have a controlling interest in certain of the businesses (i.e. joint ventures) in which it has invested and may invest in other businesses where it will not have a controlling interest in the future. Due to the absence of full control of joint ventures and associates, important decisions such as the approval of business plans and the timing and amount of cash distributions and capital expenditures may require the consent of partners or may be approved without the Issuer's consent. In addition, the lack of controlling interest may give rise to the non-realisation of operating synergies and lower cash flows than anticipated at the time of investment, thereby increasing the likelihood of impairment of goodwill or other assets. These limitations could impair the Issuer's ability to manage joint ventures effectively and/or realise the strategic goals for these businesses. In addition, improper management or ineffective policies, procedures or controls for non-controlled entities could adversely affect the operations, earnings and financial position of the relevant joint venture investment and of the Group.

Reputational risk

The Issuer is dependent on its reputation. The Issuer's reputation is particularly important in relation to new and current tenants. As an example, operative problems or maintenance problems could damage the Issuer's reputation, which could lead to difficulties attracting new, or keeping current, tenants. The Issuer may also be negatively exposed in public media, with a limited ability to anticipate or respond to such publications. Damage to the Issuer's reputation could lead to loss of income or loss of growth potential, which could have a material adverse effect on the Issuer's and the Group's operations, earnings and financial position.

Legal risks

The Group's business is regulated by and must be conducted in accordance with several laws and regulations, (*inter alia*, the Swedish Companies Act (Sw. *aktiebolagslagen (2005:551)*), the Swedish Land Code (Sw. *Jordabalken (1970:994)*), the Swedish Environmental Code (Sw. *Miljöbalken (1998:808)*) and the Swedish Planning and Building Act (Sw. *plan- och bygglagen (2010:900)*)), detailed development plans, building standards and security regulations, amongst others. There is a risk that the Group's interpretation of applicable laws and regulations may be incorrect or that such laws or regulations or their interpretation may change in the future. The Issuer and other Group companies may also be required to apply for various permits and registrations with municipalities and authorities in order to pursue property development. There is a risk that the Issuer or any other Group company will not be granted necessary permits or other decisions for its business activities or that such permits or decisions are appealed, which may result in increased costs and delay in planned development of properties or otherwise have a negative impact on the conduct and development of its business.

The Group operates part of its business in Norway and Finland, where domestic law applies on certain agreements and facilities. Similar legal risks may apply to the interpretation of foreign law, requirements for permits and registration in Norway and Finland and the general development of Norwegian and Finnish law.

New laws or regulations, or changes concerning the application of existing laws or regulations that are applicable to the Group's business activities or the tenants' business activities could have a material adverse effect on the Issuer's and the Group's operations, earnings and financial position.

Tax risks

The Group's business is conducted in accordance with the Group's interpretation of applicable tax laws, treaties and regulations. However, in the event that the Group's interpretation of tax laws, treaties and regulations or their applicability is incorrect, a governmental authority successfully makes negative tax adjustments with regard to an entity of the Group or if the applicable laws, treaties, regulations or governmental interpretations thereof or administrative practice in relation thereto change, including with retroactive effect, the Group's past or current tax positions may be challenged. In the event tax authorities were to succeed with such claims, this could result in an increased tax cost, including tax surcharges and interest, which could have a negative impact on the Group's operations, earnings and financial position.

The Group's operations are affected by the tax rules in force from time to time. Since the laws, treaties and other regulations on taxation, as well as other fiscal charges, have historically been subject to frequent changes, further changes are expected in the future in the jurisdictions where the Group operates, possibly with a retroactive effect. Any such changes could have a material adverse effect on the Group's tax burden, as well as a negative impact on the Group's operations, earnings and financial position.

It is currently unclear under Swedish tax law whether equity-accounted periodical payments on perpetual instruments, such as interest payments in relation to the Capital Securities, are tax deductible for the payor. Also, even if the payments are generally considered tax deductible for the Issuer, the deductibility may, similar to other interest expenses for Swedish entities within the Group, be limited by the Swedish general interest deduction limitation rules.

The Swedish general interest deduction limitation rules entered into force on 1 January 2019. Under the rules, a general limitation of interest deductions in the corporate sector is introduced where the cap for a deduction of net interest expenses is calculated as 30 per cent. of tax EBITDA, with certain exceptions. Under Swedish tax laws and regulations, interest deductibility is calculated for each legal entity separately and, accordingly, these rules will apply to all Swedish entities within the Group. In connection with the introduction of the new interest limitation rules, the corporate income tax rate was as a first step reduced from 22 per cent. to 21.4 per cent. (as per 1 January 2019) and will as a second step be reduced from

21.4 per cent. to 20.6 per cent. (as per 1 January 2021). If the Swedish Group entities' net interest expenses, following the implementation of the rules, represent a substantial portion in relation to their tax EBITDA, or if any other additional restriction on the deductibility of interest expenses is introduced in Sweden, the Group's tax burden could, despite the lowering of the corporate income tax rate, increase and this could have a negative impact on the Group's operations, earnings and financial position.

Also, on 30 March 2017, a committee appointed by the Swedish government presented a law proposal (SOU 2017:27) that, if enacted, is likely to affect the future taxation of real estate investments. The proposal includes, *inter alia,* that the deferred tax liability related to the difference between tax residual value and market value on properties will be triggered upon a change of control of a real estate owning company and that such a change of control should also trigger a taxable notional income in the real estate owning company (to compensate for the fact that indirect sales of properties are not subject to stamp duty). The Swedish government has communicated that the law proposal is subject to further review and it is currently unclear if, and to what extent, the proposal will result in new legislation. If the law proposal is implemented in its current form, this could lead to tax being imposed upon all of the Group's future disposals of property owning companies. Depending on the difference between fair market value and tax residual value of the Swedish properties held by the Group, this could have a negative impact on the Group's operations, earnings and financial position.

Accounting risks

The Group is affected by current applicable accounting legislation and accounting principles. This means that the Group's accounting, financial reporting and internal control, in the future, may be affected and in need of adaption to new accounting principles and or changed application of such legislation. This could lead to uncertainty regarding the Issuer's accounting, financial reporting and internal control and could also affect the Group's reported earnings, balance sheet and equity, which could have a material adverse effect on the Issuer's and the Group's operations, earnings and financial position.

Disputes and litigation

The Issuer faces the risk of litigation and other proceedings in relation to its business. The outcome of any litigation may expose the Issuer to unexpected costs and losses, reputational and other non-financial consequences and divert management attention. In addition, the outcome of litigation and other proceedings may attract negative publicity, and the Issuer's reputation may be impacted in a way which could have a material adverse effect on its results of operations, earnings and financial position.

EU General Data Protection Regulation

The EU adopted a new general data protection regulation 2016/679/EU ("**GDPR**"), which entered into force on 24 May 2016 and applies from 25 May 2018. The main objectives of the GDPR are to harmonise EU laws on personal data and facilitate the flows of data across EU as well as to ensure that personal data enjoys a high standard of protection everywhere in the EU. The GDPR includes new requirements for the handling of personal data. Failure to comply with the GDPR could subject the Group to substantial monetary fines which could have a material negative impact on the Group's operations, earnings and financial position.

Covenants in credit agreements

If a Group company is in breach of any of its covenants (e.g. financial covenants) in its loan agreements or terms and conditions of debt instruments, it could lead to loans or debt instruments being accelerated, leading to immediate repayment or the creditor taking possession of security. Further, certain loan agreements and terms and conditions of debt instruments contain cross-default provisions which could trigger the acceleration of other payment obligations within the Group. A breach of any covenant could therefore have a material adverse effect on the Issuer's and the Group's operations, earnings and financial position.

Change of control and ownership

Some of the Group's credit agreements and terms and conditions of debt instruments contain change of control provisions that may be triggered by a change of control and/or ownership of the Issuer or another Group company, whereby the creditor may have the right to accelerate the loan or debt instrument.

Should change of control provisions in the Group's credit agreements and/or terms and conditions of debt instruments be triggered, which gives the creditor a right to accelerate the loan or debt instrument, it could have a material adverse effect on the Issuer's and the Group's operations, earnings and financial position.

Dividend restrictions

Some of the Group's credit arrangements and terms and conditions of debt instruments contain provisions that restrict the possibility to pay dividends. For example, Group companies may not pay dividends if a certain debt/equity ratio requirement is not met after such payment. There is a risk that such provisions restrict the ability to move funds within the Group and thus may impede the execution of scheduled renovation of properties. If the Group's properties may not be renovated as scheduled, this could have a material adverse effect on the Issuer's and the Group's operations, earnings and financial position.

FACTORS WHICH ARE MATERIAL FOR THE PURPOSE OF ASSESSING THE MARKET RISKS ASSOCIATED WITH THE CAPITAL SECURITIES

Risks related to the Capital Securities generally

Set out below is a brief description of certain risks relating to the Capital Securities generally.

The claims of holders of the Capital Securities are structurally subordinated to those of certain other creditors of the Issuer and to creditors of the Issuer's subsidiaries

Generally, lenders and trade and other creditors of the Issuer's subsidiaries are entitled to payment of their claims from the assets of such subsidiaries before these assets would be available for distribution to the Issuer, as direct or indirect shareholder, which would then allow for the Issuer to make payments under the Capital Securities. Any debt that the Issuer's subsidiaries may incur in the future will also rank structurally senior to Capital Securities.

A significant part of the Group's assets and revenues are generated by the Issuer's subsidiaries. The subsidiaries are legally separated from the Issuer and the subsidiaries' ability to make payments to the Issuer is restricted by, among other things, the availability of funds, corporate restrictions and local law. Furthermore, in the event of insolvency, liquidation or a similar event relating to one of the subsidiaries, all creditors of such subsidiary would be entitled to payment in full out of the assets of such subsidiary before any entity within the Group, as a shareholder, would be entitled to any payments. Thus, the Capital Securities are structurally subordinated to the liabilities of the subsidiaries of the Issuer.

The market price of the Capital Securities may be volatile

The market price of the Capital Securities could be subject to significant fluctuations in response to actual or anticipated variations in the Issuer's operating results and those of its competitors, adverse business developments, changes to the regulatory environment in which the Issuer operates, changes in financial estimates by securities analysts and the actual or expected sale of a large number of the Capital Securities, as well as other factors. 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 Issuer's results of operations, prospects or financial condition. Factors including increased competition or the Issuer's operating results, the regulatory environment, general market conditions, natural disasters, terrorist attacks and war may have an adverse effect on the market price of the Capital Securities.

Laws and practices applicable to the Capital Securities may change

The Conditions are based on and governed by English law (other than the Conditions relating to subordination of the Capital Securities, which are based on and governed by Swedish law) in force on the Issue Date. Any new statutes, ordinances and regulations, amendments to the legislation or changes in application of the law (including any amendments to or changes in application of tax laws or regulations) after the issue date may affect the Capital Securities and/or have a material adverse effect on the Issuer's business, financial condition, results of operations and future prospects, and, thereby, on the Issuer's ability to fulfil its obligations under the Capital Securities as well as the market price and value of the Capital Securities.

Denominations involve integral multiples; definitive Capital Securities

The Capital Securities have denominations consisting of a minimum of EUR 100,000 plus integral multiples of EUR 1,000 in excess thereof up to and including EUR 199,000.

It is possible that the Capital Securities may be traded in amounts that are not integral multiples of EUR 100,000. In such a case a holder who, as a result of trading such amounts, holds a principal amount which is less than EUR 100,000 in its account with the relevant clearing system would not be able to sell the remainder of such holding without first purchasing a principal amount of Capital Securities at or in excess of EUR 100,000 such that its holding amounts to EUR 100,000 or a higher integral multiple of EUR 1,000. Further, a holder of the Capital Securities (each a "**Holder**") who, as a result of trading such amounts, holds a principal amount which is less than EUR 100,000 in its account with the relevant clearing system at the relevant time may not receive a definitive Capital Security in respect of such holding (should definitive Capital Securities be printed) and would need to purchase a principal amount of Capital Securities such that its holding amounts to EUR 100,000.

If definitive Capital Securities are issued, holders should be aware that definitive Capital Securities which have a denomination that is not an integral multiple of EUR 100,000 may be illiquid and difficult to trade.

Modification, Waivers and Substitution

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

The Conditions also provide that the Issuer may, without the consent of Holders, amend the Capital Securities, the Conditions or the Deed of Covenant, if the modification is of a formal, minor or technical nature or is to correct a manifest error. The Conditions provide that the Issuer may, without the consent of the Holders agree to the substitution of another company as the principal debtor in relation to the Capital Securities, all in the circumstances described in the Conditions of the Capital Securities.

In addition, pursuant to Condition 4(j) (*Benchmark Event*), certain modifications may be made to the interest calculation provisions of the Capital Securities in the circumstances and as otherwise set out in such Condition, without the requirement for consent of the Holders.

Investors will have to rely on the procedures of Euroclear and Clearstream, Luxembourg

The Capital Securities will be represented by the Global Capital Security except in certain limited circumstances described in the Global Capital Securities. The Global Capital Security will be deposited with a common depositary for Euroclear and Clearstream, Luxembourg. Except in certain limited circumstances described in the Global Capital Security, investors will not be entitled to receive Capital Securities in definitive form. Euroclear and Clearstream, Luxembourg will maintain records of the beneficial interests in the Global Capital Security. While the Capital Securities are represented by the Global Capital Security, investors will be able to trade their beneficial interests only through Euroclear and Clearstream, Luxembourg. The Issuer will discharge its payment obligations under the Capital Securities by making payments to the common depositary for Euroclear and Clearstream, Luxembourg for distribution to their account holders. A holder of a beneficial interest in a Global Capital Security must rely on the procedures of Euroclear and Clearstream, Luxembourg to receive payments under the Capital Securities. The Issuer has no responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in the Global Capital Security.

Holders of beneficial interests in the Global Capital Security will not have a direct right to vote in respect of the Capital Securities. Instead, such holders will be permitted to act only to the extent that they are enabled by Euroclear and Clearstream, Luxembourg to appoint appropriate proxies.

Holders of Capital Securities have no voting rights

The Capital Securities are non-voting with respect to general meetings of the Issuer. Consequently, the holders of the Capital Securities cannot influence, *inter alia*, any decisions by the Issuer to defer payments or to optionally settle outstanding payments or any other decisions by the Issuer's shareholders concerning the capital structure of the Issuer.

Risks Related to the Market Generally

An active trading market for the Capital Securities may not develop

The Capital Securities may have no established trading market when issued, and the Issuer cannot assure investors that an active trading market for the Capital Securities will develop or be maintained. If a market does develop, it may not be liquid. In addition, liquidity may be limited if the Issuer makes large allocations to a limited number of investors. Therefore, investors may not be able to sell their Capital Securities at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. A lack of liquidity may have a material adverse effect on the market value of the Capital Securities.

Exchange rate risks and exchange controls exist to the extent payments in respect of the Capital Securities are made in a currency other than the currency in which an investor's activities are denominated

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

Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate or the ability of the Issuer to make payments in respect of the Capital Securities. As a result, investors may receive less interest or principal than expected, or no interest or principal. Changes in market interest rates may adversely affect the value of the Capital Securities. Investment in the Capital Securities involves the risk that subsequent changes in market interest rates may adversely affect the value of the Capital Securities, since the Capital Securities have a fixed rate of interest and prevailing interest rates in the future may be higher than that fixed rate of interest.

Credit ratings may not reflect all risks

The Issuer's credit ratings are an assessment by the relevant rating agencies of its ability to pay its debts when due. Consequently, real or anticipated changes in its credit ratings will generally affect the market value of the Capital Securities. One or more independent credit rating agencies may assign credit ratings to the Capital Securities. The ratings may not reflect the potential impact of all risks related to the structure and marketing of the Capital Securities and additional factors discussed in these Listing Particulars or any other factors that may affect the value of 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, S&P or Fitch or any other rating agency may change their methodologies or their application for rating securities with features similar to 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 such securities in the future and the ratings of 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 (or if equity credit is not assigned on the issue date, at the date when the equity credit is assigned for the first time), the Issuer may redeem the Capital Securities in whole, but not in part, as further described in the Conditions. For a description of the risks related to the early redemption of the Capital Securities, see the Risk Factor entitled "*The Issuer may redeem the Capital Securities early; investors should consider reinvestment risk*".

In general, European regulated investors are restricted under the CRA Regulation from using credit ratings for regulatory purposes, unless such ratings are issued by a credit rating agency established in the EU and registered under the CRA Regulation (and such registration has not been withdrawn or suspended), subject to transitional provisions that apply in certain circumstances 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.

Risks related to the structure of the Capital Securities

The Capital Securities are subordinated obligations; accordingly, claims in respect of the Capital Securities would rank junior to claims in respect of unsubordinated obligations of the Issuer in the event of an Issuer Winding-up or Issuer Re-construction

The Capital Securities are direct, unsecured and subordinated obligations of the Issuer. In the event of an Issuer Winding-up, the Holders will have a claim ranking behind claims of unsubordinated creditors of the Issuer and creditors of the Issuer in respect of all Subordinated Indebtedness, *pari passu* without any preference among themselves and with any present and future claims in respect of obligations of the Issuer in respect of Parity Securities and in priority to any present and future claims in respect of (i) any class of Share Capital of the Issuer and (ii) any other obligation of the Issuer which ranks or is expressed by its terms to rank junior to the Capital Securities or any Parity Security.

In the event of an Issuer Re-construction, the Holders will have a statutory claim ranking *pari passu* among themselves and with any present or future claims in respect of obligations of the Issuer in respect of Parity Securities, but junior to any present or future claims in respect of all unsubordinated obligations of the Issuer and all Subordinated Indebtedness.

In the event of an Issuer Re-construction, unsecured debt could be subject to a mandatory write-down provided that a qualified majority of the unsecured creditors has approved such write-down. All unsecured debt will then be written down pro rata. A debt composition proposal, which yields at least 50 per cent. of the amount of the unsecured debt, shall be deemed to be accepted by the creditors, where three-fifths of the creditors voting have accepted the proposal and their claims amount to three-fifths of the total amount of claims held by the creditors entitled to vote. Where the debt composition percentage is lower, the debt composition proposal shall be deemed to be accepted where three-fourths of the creditors voting have approved the proposal and their claims amount to three-fourths of the total amount of the claims held by the creditors entitled to vote. If a debt composition is approved, all subordinated debt of the Issuer, including the Capital Securities, will be completely written-off. In respect of subordinated debt it is important to notice that subordinated creditors may only take part in the creditors' meeting voting on a proposed debt composition provided the unsubordinated creditors consent to such participation. Potential investors should note that claims in respect of the share capital of the Issuer are not subject to loss absorbing measures under an Issuer Re-construction.

In the event of an Issuer Winding-up or an Issuer Re-construction, Holders will only be eligible to recover any amounts in respect of their Capital Securities if all claims in respect of more senior-ranking obligations of the Issuer (whether secured or unsecured) have first been paid in full. If on an Issuer Winding-up or Issuer Re-construction, the assets of the Issuer are insufficient to repay the claims of all senior-ranking creditors in full, the Holders will lose their entire investment in the Capital Securities. If there are sufficient assets to repay the claims of senior-ranking creditors in full but insufficient assets to enable it to pay claims in respect of the Capital Securities and all other obligations of the Issuer ranking *pari passu* with the Capital Securities, Holders will lose some or substantially all of their investment in the Capital Securities. The Holders therefore face a higher recovery risk than holders of unsubordinated obligations and Subordinated Indebtedness of the Issuer. Furthermore, the Conditions do not limit the amount of the liabilities ranking senior to or *pari passu* with the Capital Securities which may be incurred or assumed by the Issuer from time to time, whether before or after the issue date of the Capital Securities.

Furthermore, 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 their holding, be deemed to have waived all such rights of set-off, compensation or retention.

In addition, if the financial condition of the Issuer deteriorates such that Issuer Winding-up may be anticipated, the market price of the Capital Securities can be expected to fall, and such fall may be significant. A Holder that sells its Capital Securities in such an event may lose some or substantially all of its initial investment in the Capital Securities (whether or not an Issuer Winding-up subsequently occurs).

The Capital Securities are undated securities and therefore an investment in the Capital Securities constitutes a financial risk for an indefinite period

The Capital Securities are perpetual securities in respect of which there is no fixed redemption date. The Issuer is under no obligation to redeem the Capital Securities at any time and Holders have no right to call for redemption of the Capital Securities.

Therefore, prospective investors should be aware that they may be required to bear the financial risks of an investment in the Capital Securities for a long period and may not recover their investment before the end of this period.

The Issuer may defer interest payments

The Issuer may, under the Conditions, at any time and in its sole discretion (except on any Interest Payment Date on which the Capital Securities are to be redeemed), elect to defer payment of all (but not some only) of the interest which would otherwise be paid on any Interest Payment Date, and the Issuer shall not have any obligation to make such payment and any failure to pay shall not constitute a default by the Issuer for any purpose.

Any interest not paid on an applicable Interest Payment Date and deferred shall constitute Deferred Interest and shall be paid in whole, but not in part, at any time, at the option of the Issuer or on the occurrence of certain mandatory settlement events described in the Conditions.

Any deferral of interest payments will be likely to have an adverse effect on the market price of the Capital Securities. In addition, as a result of such interest deferral provisions of the Capital Securities, the market price of the Capital Securities may be more volatile than the market prices of other debt securities on which interest accrues that are not subject to the above provisions and may be more sensitive generally to adverse changes in the Issuer's financial condition.

The Issuer may redeem the Capital Securities early; investors should consider reinvestment risk

The Issuer will have the right to redeem the Capital Securities in whole, but not in part, on any date in the three months up to and including the First Reset Date or any Interest Payment Date thereafter, at their principal amount together with any Deferred Interest and any other accrued and unpaid interest to (but excluding) the date of redemption.

The Issuer may also, at its option, redeem the Capital Securities in whole, but not in part, upon the occurrence of a Tax Deductibility Event, a Capital Event, a Change of Control Event, a Withholding Tax Event, an Accounting Event or a Substantial Repurchase Event with respect to the Capital Securities, as further described in the Conditions.

In the case of a Tax Deductibility Event, an Accounting Event or a Capital Event, such redemption will be at (i) 101 per cent. of the principal amount of the Capital Securities, where such redemption occurs before the date falling three months prior to the First Reset Date, or (ii) 100 per cent. of the principal amount of the Capital Securities, where such redemption occurs on or after the date falling three months prior to the First Reset Date, together in each case with any Deferred Interest and any other accrued and unpaid interest up to (but excluding) the redemption date.

In the case of a Withholding Tax Event, a Change of Control Event or a Substantial Repurchase Event, such redemption will be at 100 per cent. of the principal amount of the Capital Securities, together with any Deferred Interest and any other accrued and unpaid interest up to (but excluding) the redemption date.

During any period when the Issuer may elect to redeem the Capital Securities or is perceived to be able to redeem the Capital Securities, the market value of the Capital Securities generally will not rise substantially above the price at which they can be redeemed.

The Issuer might redeem the Capital Securities when its cost of borrowing is lower than the interest rate on the Capital Securities. There can be no assurance that, at the relevant time, Holders will be able to reinvest the amounts received upon redemption at a rate that will provide the same return as their investment in the Capital Securities. Potential investors should consider reinvestment risk in light of other investments available at that time.

Substitution or variation of the Capital Securities

There is a risk that, after the issue of the Capital Securities, a Tax Deductibility Event, a Capital Event, an Accounting Event or a Withholding Tax Event may occur which would entitle the Issuer, without any requirement for the consent or approval of the Holders, to substitute all, but not some only, of the Capital Securities for, or vary the terms of the Capital Securities so that they become or remain, Qualifying Capital Securities.

Whilst Qualifying Capital Securities are required to have terms which are not materially less favourable to Holders than the terms of the Capital Securities (as reasonably determined by the Issuer in consultation with an independent investment bank, independent financial adviser or legal counsel of international standing), there can be no assurance that the Qualifying Capital Securities will not have a significant adverse impact on the price of, and/or the market for, the Capital Securities, nor that there will not be any adverse tax consequences for any Holders of the Capital Securities arising from such substitution or variation.

Fixed rate securities have a market risk

The Capital Securities will bear interest at a fixed rate, reset by reference to the 5 Year EUR Mid-Swap Rate plus a margin on the First Reset Date for the Capital Securities and on each fifth anniversary of such First Reset Date. A holder of a security with a fixed interest rate is exposed to the risk that the price of such security falls as a result of changes in the current interest rate on the capital market (the "**Market Interest Rate**"). While the nominal interest rate of a security with a fixed interest rate is fixed during the life of such security or during a certain period of time, the Market Interest Rate typically changes on a daily basis. A change of the Market Interest Rate may cause the price of such security to change. If the Market Interest Rate increases, the price of such security typically falls. If the Market Interest Rate falls, the price of a security with a fixed interest rate typically increases. Potential investors should be aware that movements of the Market Interest Rate can adversely affect the price of the Capital Securities and can lead to losses for the Holders if they sell such Capital Securities.

Each Reset Interest Rate may be different from the initial interest rate of the Capital Securities and may adversely affect the yield of such Capital Securities.

Reform and Regulation of "benchmarks"

The euro interbank offered rate ("**EURIBOR**") (which is the floating leg of the 5 Year EUR Mid-Swap Rate used in the reset provisions for the Capital Securities), and other indices which are deemed "benchmarks" (each a "**Benchmark**" and together, the "**Benchmarks**"), to which the interest on the Capital Securities during any Reset Period is linked, have become the subject of regulatory scrutiny and recent national and international regulatory guidance and proposals for reform. Some of these reforms are already effective whilst others are still to be implemented. These reforms may cause such benchmarks to perform differently than in the past, to disappear entirely, or have other consequences which cannot be predicted. Any such consequence could have a material adverse effect on the value of and the amount payable under the Capital Securities. International proposals for reform of Benchmarks include the European Council's Regulation (EU) 2016/1011 on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds (the "**Benchmark Regulation**") which was published in the official journal on 29 June 2016 and has applied from 1 January 2018.

Any changes to a Benchmark as a result of the Benchmark Regulation or other initiatives, could have a material adverse effect on the costs of refinancing a Benchmark or the costs and risks of administering or otherwise participating in the setting of a Benchmark and complying with any such regulations or requirements. Such factors may have the effect of discouraging market participants from continuing to administer or participate in certain Benchmarks, trigger changes in the rules or methodologies used in certain Benchmarks or lead to the disappearance of certain Benchmarks. Although it is uncertain whether or to what extent any of the abovementioned changes and/or any further changes in the administration or method of determining a Benchmark could have an effect on the value of the Capital Securities, investors should be aware that they face the risk that any changes to the relevant Benchmark may have a material adverse effect on the value of and the amount payable under the Capital Securities.

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 Issuer 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 obligations; accordingly, claims in respect of the Capital Securities would rank junior to claims in respect of unsubordinated obligations of the Issuer 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 Holders may institute other proceedings against the Issuer to enforce the terms of the Capital Securities, the Issuer 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 on issuing or guaranteeing debt ranking senior to or pari passu with the Capital Securities

There is no restriction in the Conditions on the amount of debt which the Issuer may issue or guarantee. The Issuer and its subsidiaries and affiliates may incur additional indebtedness or grant guarantees in respect of indebtedness or guarantees of third parties, including indebtedness that ranks *pari passu* with or senior to the Capital Securities. The issue of any such securities or the incurrence of any such other liabilities may reduce the amount (if any) recoverable by Holders on an Issuer Winding-up and/or may increase the likelihood of a deferral of interest payments under the Capital Securities.

The current IFRS accounting classification of financial instruments such as the Notes as equity instruments may change, which may result in the occurrence of an Accounting Event

In June 2018, the IASB (International Accounting Standards Board) published the discussion paper DP/2018/1 on "Financial Instruments with Characteristics of Equity", (the "**DP/2018/1 Paper**"). While the final timing and outcome are uncertain, if the proposals set out in the DP/2018/1 Paper are implemented in their current form, the current IFRS accounting classification of financial instruments such as the Capital Securities as equity instruments may change and this may result in the occurrence of an Accounting Event. In such an event, the Issuer may have the option to redeem, in whole but not in part, the Capital Securities (pursuant to Condition 6(c)). The implementation of any of the proposals set out in the DP/2018/1 Paper or any other similar such proposals that may be made in the future, including the extent and timing of any such implementation, if at all, is uncertain. Accordingly, no assurance can be given as to the future classification of the Capital Securities from an accounting perspective or whether any such change may result in the occurrence of an Accounting Event, thereby providing the Issuer with the option to redeem the Capital Securities or substitute or vary the terms of the Capital Securities pursuant to the Conditions.

For a description of the risks related to the early redemption of the Capital Securities, see the Risk Factor entitled "*The Issuer may redeem the Capital Securities early; investors should consider reinvestment risk*".

Discontinuation of the Original Reference Rate

The Conditions provide that, if a Benchmark Event (as defined in the Conditions) (which, amongst other events, includes the Original Reference Rate ceasing to exist, be administered or be published) occurs, the Issuer shall use its reasonable endeavours to appoint an Independent Adviser. The Issuer and the Independent Adviser shall endeavour to determine a Successor Rate or an Alternative Rate to be used in place of the Original Reference Rate. The use of any such Successor Rate or Alternative Rate to determine the Reset Interest Rate for a Reset Period may result in the Capital Securities performing differently (which may include payment of a lower Reset Interest Rate for such Reset Period) than they would do if the Original Reference Rate were to continue to apply.

If a Successor Rate or Alternative Rate is determined by the Issuer and the Independent Adviser, the terms and conditions of the Capital Securities also provide that an Adjustment Spread may be determined by the Issuer and the Independent Adviser and applied to such Successor Rate or Alternative Rate. The aim of the

Adjustment Spread is to reduce or eliminate, to the extent reasonably practicable, any economic prejudice or benefit (as the case may be) to Holders as a result of the replacement of the Original Reference Rate with the Successor Rate or the Alternative Rate. However, it may not be possible to determine or apply an Adjustment Spread and, even if an Adjustment Spread is applied, such Adjustment Spread may not be effective to reduce or eliminate economic prejudice to Holders. If no Adjustment Spread can be determined, a Successor Rate or Alternative Rate may nonetheless be used to determine the Reset Interest Rate for a Reset Period. The use of any Successor Rate or Alternative Rate (including with the application of an Adjustment Spread) may still result in the Capital Securities performing differently (which may include payment of a lower Reset Interest Rate for such Reset Period) than they would if the Original Reference Rate were to continue to apply in its current form.

Furthermore, if a Successor Rate, Alternative Rate and/or Adjustment Spread, as applicable, is determined by the Issuer and the Independent Adviser, the terms and conditions of the Capital Securities provide that the Issuer and the Independent Adviser may agree to vary the terms and conditions of the Capital Securities, as necessary, to ensure the proper operation of such Successor Rate, Alternative Rate and/or Adjustment Spread, as applicable, without any requirement for consent or approval of the Holders.

Notwithstanding the occurrence of a Benchmark Event, the Issuer may be unable to appoint an Independent Adviser in accordance with the Terms and Conditions of the Capital Securities, or the Issuer and the Independent Adviser may not be able to determine, or may not agree on the selection of, a Successor Rate or Alternative Rate in accordance with the Terms and Conditions of the Capital Securities before the Reset Interest Determination Date in respect of a Reset Period. In such circumstances, the Conditions provide for certain additional fall-back provisions which may result in (i) the 5 Year EUR Mid-Swap Rate being set by reference to offered quotations from banks communicated to the Calculation Agent or (ii) the last 5 Year EUR Mid-Swap Rate that was available on the Reset Screen Page being used to determine the Reset Interest Rate for a Reset Period.

If the Issuer is unable to appoint an Independent Adviser or the Issuer and the Independent Adviser fail to determine, or do not agree on the selection of, a Successor Rate or Alternative Rate for the life of the Capital Securities, this could result in the Capital Securities, in effect, becoming fixed rate securities.

Any of the foregoing could have an adverse effect on the value or liquidity of, and return on the Capital Securities.

Interests of the Issuer's shareholders may conflict with those of the holders of the Capital Securities

The interests of the Issuer's shareholders, in certain circumstances, may conflict with those of the Holders, particularly if the Issuer encounters financial difficulties or is unable to pay its debts when due. In addition, the Issuer's shareholders may have an interest in pursuing acquisitions, divestitures, financings or other transactions that, in their judgment, could enhance their equity investments, even though such transactions might involve risks to the Holders. Any of these actions could have an adverse effect on the Issuer's business, financial condition, results of operations and future prospects.

DOCUMENTS INCORPORATED BY REFERENCE

The following documents which have previously been published or are published simultaneously with these Listing Particulars and have been filed with Euronext Dublin and shall be deemed to be incorporated in, and to form part of, these Listing Particulars:

1. the audited annual consolidated financial statements of the Issuer in respect of the year ended 31 December 2017 (the "**2017 Audited Financial Statements**") and the audit report from Ernst & Young AB in respect of the 2017 Audited Financial Statements, as set out on pages 87 – 144 (inclusive) of the Issuer's annual report for 2017:

   https://sbbnorden.se/wp-content/uploads/2018/04/Annaul-report-2017.pdf

2. the audited annual consolidated financial statements of the Issuer in respect of the year ended 31 December 2018 (the "**2018 Audited Financial Statements**") and the audit report from Ernst & Young AB in respect of the 2018 Audited Financial Statements, as set out on pages 90 - 145 (inclusive) of the Issuer's annual report for 2018:

   https://sbbnorden.se/wp-content/uploads/2019/04/%C3%85rsredovisning-SBB-2018-12-31-ENG.pdf

3. the unaudited interim consolidated financial statements of the Issuer in respect of the nine-month period ended 30 September 2019 (the "**Unaudited Q3 2019 Interim Financial Statements**") as set out on pages 8 to 15 (inclusive) and 28 to 32 (inclusive) of the Issuer's report for the first nine months of 2019:

   https://sbbnorden.se/wp-content/uploads/2019/10/2019-Q3-Interim-Report.pdf

save, that any statement contained in a document which is incorporated by reference herein shall be modified or superseded for the purpose of these Listing Particulars to the extent that a statement contained herein modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not, except as so modified or superseded, constitute a part of these Listing Particulars.

Copies of the documents incorporated by reference in these Listing Particulars may be inspected, free of charge, during usual business hours at the specified offices of the Fiscal Agent. Any documents themselves incorporated by reference in the documents incorporated by reference in these Listing Particulars shall not form part of these Listing Particulars. Any non-incorporated parts of a document referred to herein are either deemed not relevant for an investor or are otherwise covered elsewhere in these Listing Particulars.

The 2017 Audited Financial Statements, the 2018 Audited Financial Statements and the Unaudited Q3 2019 Interim Financial Statements are English translations of the Swedish financial statements prepared for and used in the Kingdom of Sweden.

FORWARD-LOOKING STATEMENTS

Certain statements included in these Listing Particulars may constitute "forward-looking statements". Forward-looking statements are all statements in these Listing Particulars that do not relate to historical facts and events, and include statements concerning the Issuer's plans, objectives, goals, strategies and future operations and performance and the assumptions underlying these forward-looking statements. The Issuer uses the words "may", "will", "could", "believes", "assumes", "intends", "estimates", "expects", "plans", "seeks", "approximately", "aims", "projects", "anticipates" or similar expressions, or the negative thereof, to generally identify forward- looking statements.

Forward-looking statements are set forth in a number of places in these Listing Particulars, including (without limitation) in the sections "*Risk Factors*" and "*Description of the Issuer and its operations*". The Issuer has based these forward-looking statements on the current view with respect to future events and financial performance. These views 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 contained in these Listing Particulars and from past results, performance or achievements. Although the Issuer believes that the estimates and the projections reflected in its forward-looking statements are reasonable, if one or more of the risks or uncertainties materialise or occur, including those which the Issuer has identified in these Listing Particulars, or if any of the Issuer's underlying assumptions prove to be incomplete or incorrect, the Issuer's actual results of operations may vary from those expected, estimated or projected.

These forward-looking statements are made only as at the date of these Listing Particulars. Except to the extent required by law, the Issuer is not obliged to, and does not intend to, update or revise any forward-looking statements made in these Listing Particulars whether as a result of new information, future events or otherwise. All subsequent written or oral forward-looking statements attributable to the Issuer, or persons acting on the Issuer's behalf, are expressly qualified in their entirety by the cautionary statements contained throughout these Listing Particulars. As a result of these risks, uncertainties and assumptions, a prospective purchaser of the Capital Securities should not place undue reliance on these forward-looking statements.

TERMS AND CONDITIONS OF THE CAPITAL SECURITIES

The following, except for paragraphs in italics, is the text of the terms and conditions of the Capital Securities which, subject to modification, will be endorsed on each Capital Security in definitive form (if issued):

The EUR 500,000,000 Subordinated Fixed to Reset Rate 5.25 year Non-Call Undated Capital Securities (the "**Capital Securities**", which expression includes any Further Capital Securities issued pursuant to Condition 17 (*Further Issues*) and forming a single series therewith) of Samhällsbyggnadsbolaget i Norden AB (publ) AB (the **Issuer**) are the subject of a fiscal agency agreement dated 30 January 2020 (as amended or supplemented from time to time, the "**Agency Agreement**") between the Issuer, Deutsche Bank AG, London Branch, as fiscal agent (the "**Fiscal Agent**"), paying agent (together with the Fiscal Agent and any successor or additional paying agent appointed from time to time in connection with the Capital Securities, the "**Paying Agents**"), and calculation agent (the "**Calculation Agent**", which expression includes any successor calculation agent appointed from time to time in connection with the Capital Securities). Certain provisions of these Conditions are summaries of the Agency Agreement and subject to its detailed provisions. The Capital Securities have the benefit of a deed of covenant dated 30 January 2020 (the "**Deed of Covenant**") entered into by the Issuer. The holders of the Capital Securities (the **Holders**) and the holders of the related interest coupons (the "**Couponholders**" and the "**Coupons**", respectively) and the holders of talons (Talons) for future Coupons, are bound by, and are deemed to have notice of, all the provisions of the Agency Agreement applicable to them. Copies of the Agency Agreement and Deed of Covenant are available for inspection by Holders during normal business hours at the registered office for the time being of the Fiscal Agent, being at the date hereof Winchester House. 1 Great Winchester Street, London EC2N 2DB, United Kingdom. Any capitalised terms not defined herein shall be given the meaning attributed in the Agency Agreement.

1. Form, Denomination and Title

(a) *Form and Denomination*

The Capital Securities are serially numbered and in bearer form in denominations of EUR 100,000 and integral multiples of EUR 1,000 in excess thereof up to and including EUR 199,000, each with Coupons and a Talon attached at the time of issue. No definitive Capital Securities will be issued with a denomination above EUR 199,000. Capital Securities of one denomination may not be exchanged for Capital Securities of any other denomination.

(b) *Title*

Title to the Capital Securities, Coupons and Talons will pass by delivery. The Issuer and any Paying Agent will (except as ordered by a court of competent jurisdiction or as otherwise required by law) deem and treat the bearer of any Capital Security, Coupon or Talon as its absolute owner for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any interest in it, any writing on it, or its theft or loss) and shall not be required to obtain any proof thereof or as to the identity of such bearer.

2. Status

The Capital Securities and the Coupons constitute direct, unsecured and subordinated obligations of the Issuer. The rights and claims of the Holders in respect of the Capital Securities and the Couponholders in respect of the Coupons, in each case against the Issuer, are subordinated as described in Condition 3(a) (*Rights on a Winding-Up or Company Re-Construction*).

3. **Subordination and Rights on a Winding-Up**

(a) ***Rights on a Winding-Up or Company Re-Construction***

In the event of the 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 (in lieu of any other amount) for the principal amount of the 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 or future claims in respect of (A) any Share Capital of the Issuer and (B) any other obligation of the Issuer which ranks or is expressed by its terms to rank junior to the Capital Securities or any Parity Security; and

(iii) junior to any present or future claims in respect of (A) all unsubordinated obligations of the Issuer and (B) all Subordinated Indebtedness.

In the event of a company re-construction (Sw. *företagsrekonstruktion*) of the Issuer under the Swedish Company Reorganisation Act (Sw. *lag (1996:764) om företagsrekonstruktion*) (an "**Issuer Re-construction**"), the Holders shall, in respect of the Capital Securities and Coupons, have a statutory claim (in lieu of any other amount) 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 to any present or future claims in respect of (A) all unsubordinated obligations of the Issuer and (B) all Subordinated Indebtedness.

Claims in respect of the Share Capital of the Issuer, including the Outstanding Preference Shares, are not subject to loss absorbing measures under an Issuer Re-construction.

(b) ***Set-Off***

Subject to applicable law, no Holder or Couponholder 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 or the Coupons and each Holder and Couponholder shall, by virtue of its holding of any Capital Security or Coupon, be deemed to have waived all such rights of set-off, compensation or retention.

4. **Interest**

(a) ***Interest Accrual***

The Capital Securities bear interest on their principal amount at the applicable Interest Rate from (and including) 30 January 2020 (the "**Issue Date**") in accordance with the provisions of this Condition 4 (*Interest*).

The Capital Securities (and any unpaid amounts thereon) will cease to bear interest from (and including) the date of redemption thereof pursuant to the relevant paragraph of Condition 6 (*Redemption*) or the date of substitution thereof pursuant to Condition 7 (*Substitution or*

Variation), as the case may be, unless, upon due presentation, payment of all unpaid amounts in respect of the Capital Securities is not made, in which event interest shall continue to accrue in respect of the principal amount of, and any other unpaid amounts on, the Capital Securities, both before and after judgment, and shall be payable as provided in these Conditions up to (but excluding) the Relevant Date.

When interest is required to be calculated in respect of a period of less than a full year, such interest shall be calculated on the basis of the actual number of days in the period from (and including) the most recent Interest Payment Date (or, if none, the Issue Date) to (but excluding) the relevant payment date divided by the actual number of days in the period from (and including) the most recent Interest Payment Date (or, if none, the Issue Date) to (but excluding) the next (or, as the case may be, the first) scheduled Interest Payment Date (the "**day-count fraction**"). Where it is necessary to compute an amount of interest in respect of any Capital Security for a period of more than an Interest Period, such interest shall be the aggregate of the interest computed in respect of a full year plus the interest computed in respect of the period exceeding the full year calculated in the manner as aforesaid.

Interest in respect of any Capital Security shall be calculated per EUR1,000 in principal amount thereof (the "**Calculation Amount**"). The amount of interest calculated per Calculation Amount for any period shall be equal to the product of the relevant Interest Rate, the Calculation Amount and the day-count fraction for the relevant period and rounding the resulting figure to the nearest cent (half a cent being rounded upwards). The amount of interest payable in respect of a Capital Security shall be the aggregate of the amounts (determined in the manner provided above) for each Calculation Amount comprising the denomination of such Capital Security without any further rounding.

(b) ***Interest Payment Dates***

Subject to Condition 5 (*Optional Interest Deferral*), interest shall be payable on the Capital Securities annually in arrear on 30 April in each year (each an "**Interest Payment Date**") from (and including) 30 April 2020 (the "**First Interest Payment Date**").

(c) ***Initial Interest Rate***

The Interest Rate in respect of each Interest Period commencing prior to the First Reset Date is 2.624 per cent. per annum (the "**Initial Interest Rate**").

The first payment of interest, to be made on the First Interest Payment Date, will be in respect of the short first period from (and including) the Issue Date to (but excluding) the First Interest Payment Date and will amount to EUR 6.52 per Calculation Amount. The Interest Payment in respect of each Interest Period commencing on or after the First Interest Payment Date and before the First Reset Date will amount to EUR 26.24 per Calculation Amount (and any such Interest Payment may be deferred in accordance with Condition 5 (*Optional Interest Deferral*)).

(d) ***Reset Interest Rates***

The Interest Rate in respect of each Interest Period falling in a Reset Period shall be the aggregate of the applicable Margin and the applicable 5 Year EUR Mid-Swap Rate for such Reset Period, all as determined by the Calculation Agent (each a "**Reset Interest Rate**").

(e) ***Determination of Reset Interest Rates and Calculation of Interest Amounts***

The Calculation Agent shall, at or as soon as practicable after 11.00 a.m. (Central European Time) on each Reset Interest Determination Date, determine the Reset Interest Rate in respect of the Reset Period commencing immediately following such Reset Interest Determination Date and shall calculate the amount of interest which will (subject to deferral in accordance with Condition 5 (*Optional Interest Deferral*)) be payable per Calculation Amount in respect of each such Interest Period (the "**Interest Amount**").

(f) ***Publication of Reset Interest Rates and Interest Amounts***

Unless the Capital Securities are to be redeemed, the Issuer shall cause notice of each Reset Interest Rate and each related Interest Amount to be given to the Fiscal Agent, Paying Agents, any stock exchange on which the Capital Securities are for the time being listed or admitted to trading and, in accordance with Condition 18 (*Notices*), the Holders, in each case as soon as practicable after its determination but in any event not later than the first Business Day of the relevant Reset Period.

(g) ***Calculation Agent***

The Issuer may from time to time replace the Calculation Agent with another reputable independent financial institution of good standing. If the Calculation Agent is unable or unwilling to continue to act as the Calculation Agent or fails to determine a Reset Interest Rate or calculate the related Interest Amount or effect the required publication thereof (in each case as required pursuant to these Conditions), the Issuer shall forthwith appoint another reputable independent financial institution of good standing to act as such in its place. The Calculation Agent may not resign its duties or be removed without a successor having been appointed as aforesaid. If the Issuer fails to appoint a successor Calculation Agent in a timely manner, then the Calculation Agent shall be entitled to appoint as its successor a reputable independent financial institution of good standing which the Issuer shall approve.

(h) ***Determinations of Calculation Agent Binding***

All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this Condition 4 (*Interest*) by the Calculation Agent shall (in the absence of wilful default, gross negligence, fraud or manifest error) be binding on the Issuer, the Calculation Agent, the Paying Agents and all Holders and Couponholders and (in the absence of wilful default, gross negligence or fraud) no liability to the Holders, the Couponholders or the Issuer shall attach to the Calculation Agent in connection with the exercise or non-exercise by it of any of its powers, duties and discretions.

(i) ***Step-Up after Change of Control Event***

Notwithstanding any other provision of this Condition 4 (*Interest*), if the Issuer does not elect to redeem the Capital Securities in accordance with Condition 6(e) (*Redemption for Change of Control Event*) following the occurrence of the first Change of Control Event to occur on or after the Issue Date, the then prevailing Interest Rate, and each subsequent Interest Rate otherwise determined in accordance with the provisions of this Condition 4 (*Interest*), in respect of the Capital Securities shall be increased by an additional 5 percentage points per annum with effect from (and including) the day immediately following the Change of Control Step-up Date.

(j) ***Benchmark Event***

(i) Notwithstanding the provisions above in this Condition 4 (*Interest*), if, (on or after 30 October 2024, the Issuer (in consultation with the Calculation Agent) determines that a Benchmark Event has occurred in relation to the Original Reference Rate (whether such occurrence is before, on or after 30 October 2024 when any Reset Interest Rate (or any component part thereof) remains to be determined by reference to the Original Reference Rate, then the following provisions shall apply:

(A) The Issuer shall use its reasonable endeavours to appoint an Independent Adviser, as soon as reasonably practicable, with a view to the Issuer and the Independent Adviser determining, no later than five Business Days prior to the relevant Reset Interest Determination Date, a Successor Rate, failing which an Alternative Rate (in accordance with Condition 4(j)(i)(B)) below) and, in either case, an Adjustment Spread if any (in accordance with Condition 4(j)(i)(C) below) and any Benchmark Amendments (in accordance with Condition 4(j)(i)(D) below).

An Independent Adviser appointed pursuant to this Condition shall act in good faith as an expert and (in the absence of bad faith or fraud) shall have no liability whatsoever to the Issuer, the Calculation Agent, any Paying Agent or the Holders, or the Couponholders for any determination made by it or for any advice given to the Issuer in connection with the operation of this Condition 4(j).

(B) If:

(1) the Issuer and the Independent Adviser agree that there is a Successor Rate, then such Successor Rate shall (subject to adjustment as provided in Condition 4(j)(i)(C) below) subsequently be used in place of the Original Reference Rate as a component part of determining the relevant Reset Interest Rate(s) for all future payments of interest on the Capital Securities (subject to the subsequent further operation of this Condition 4(j)); or

(2) the Issuer and the Independent Adviser agree that there is no Successor Rate but that there is an Alternative Rate, then such Alternative Rate shall (subject to adjustment as provided in Condition 4(j)(i)(C) below) subsequently be used in place of the Original Reference Rate as a component part of determining the relevant Reset Interest Rate(s) for all future payments of interest on the Capital Securities (subject to the subsequent further operation of this Condition 4(j)); or

(3) either (I) the Issuer is unable to appoint an Independent Adviser or (II) the Issuer and the Independent Adviser do not agree on the selection of a Successor Rate or an Alternative Rate, five Business Days prior to the Reset Interest Determination Date relating to any applicable Reset Period, the fallback provisions set out in the definitions of 5 Year EUR Mid-Swap Rate and Reset Reference Bank Rate in Condition 22 (*Definitions*) will continue to apply. For the avoidance of doubt, this Condition 4(j)(i)(B)(3) shall apply to the determination of the Reset Interest Rate on the relevant Reset Interest Determination Date only, and the Reset Interest Rate applicable to any subsequent Reset Period(s) is subject to the subsequent operation of, and to adjustment as provided in, this Condition 4(j).

(C) If the Issuer and the Independent Adviser agree (I) that an Adjustment Spread is required to be applied to the Successor Rate or the Alternative Rate (as the case may be and (ii) the quantum of, or a formula or methodology for determining, such Adjustment Spread, then such Adjustment Spread shall be applied to the Successor Rate or the Alternative Rate (as the case may be).

(D) If any Successor Rate, Alternative Rate or Adjustment Spread is determined in accordance with this Condition 4(j) and the Issuer and the Independent Adviser agree: (I) that amendments to these Conditions and/or the Agency Agreement are necessary to ensure the proper operation of such Successor Rate, Alternative Rate and/or Adjustment Spread (such amendments, the "**Benchmark Amendments**") and (II) the terms of the Benchmark Amendments, then the Issuer shall, subject to giving notice thereof in accordance with Condition 4(j)(i)(E) below, without any requirement for the consent or approval of the Holders, vary these Conditions and/or the Agency Agreement to give effect to such Benchmark Amendments with effect from the date specified in such notice.

In connection with any such variation in accordance with this Condition 4(j)(i)(D), the Issuer shall comply with the rules of any stock exchange or other relevant authority on or by which the Capital Securities are for the time being listed or admitted to trading.

(E) Any Successor Rate, Alternative Rate, Adjustment Spread and the specific terms of any Benchmark Amendments, determined under this Condition 4(j) will be notified promptly (and in any case, no later than five Business Days prior to the Reset Interest Determination Date relating to any applicable Reset Period) by the Issuer to the Calculation Agent, the Paying Agents and, in accordance with Condition 18 (*Notices*), the Holders. Such notice shall be irrevocable and shall specify the effective date of the Benchmark Amendments, if any and will be binding on the Issuer, the Calculation Agent, the Paying Agents and the Holders.

(F) Without prejudice to the obligations of the Issuer under this Condition 4(j)(i), the Original Reference Rate and the fallback provisions provided for in the definitions of 5 Year EUR Mid-Swap Rate and Reset Reference Bank Rate in Condition 22 (*Definitions*) will continue to apply unless and until the Calculation Agent has been notified of the Successor Rate or the Alternative Rate (as the case may be), and any Adjustment Spread and Benchmark Amendments, in accordance with this Condition 4(j).

Notwithstanding any other provision of this Condition 4, if in the Calculation Agent's opinion there is any uncertainty between two or more alternative courses of action in making any determination or calculation under this Condition 4, the Calculation Agent shall promptly notify the Issuer thereof and the Issuer shall direct the Calculation Agent in writing as to which alternative course of action to adopt. If the Calculation Agent is not promptly provided with such direction, or is otherwise unable to make such calculation or determination for any reason, it shall notify the Issuer thereof and the Calculation Agent shall be under no obligation to make such calculation or determination and shall not incur any liability for not doing so.

Such Benchmark Amendments shall not impose more onerous obligations on the party responsible for determining the Reset Interest Rate or expose it to any additional duties or liabilities unless such party consents.

(ii) As used in this Condition 4(j):

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

(A) in the case of a Successor Rate, is formally recommended in relation to the replacement of the Original Reference Rate with the Successor Rate by any Relevant Nominating Body; or

(B) in the case of an Alternative Rate, or (where (A) above does not apply) in the case of a Successor Rate, the Independent Adviser determines is recognised or acknowledged as being the industry standard for over-the-counter derivative transactions which reference the Original Reference Rate, where such rate has been replaced by the Successor Rate or the Alternative Rate (as the case may be); or

(C) (if the Independent Adviser determines that neither (A) nor (B) above applies) the Independent Adviser determines to be appropriate;

"**Alternative Rate**" means an alternative benchmark or screen rate which the Independent Adviser and the Issuer agree in accordance with this Condition 4(j) has replaced the Original Reference Rate in customary market usage in the international debt capital markets for the purposes of determining rates of interest (or the relevant component part thereof) for resetting 5 year periods in euro;

"**Benchmark Amendments**" has the meaning specified in Condition 4(j)(i)(D);

"**Benchmark Event**" means:

(A) the Original Reference Rate ceasing to exist, be administered or be published;

(B) the later of (I) the making of a public statement by the administrator or an insolvency official with jurisdiction over the administrator of the Original Reference Rate that it will, on or before a specified date, cease publishing the Original Reference Rate permanently or indefinitely (in circumstances where no successor administrator has been appointed that will continue publication of the Original Reference Rate) and (II) the date falling six months prior to the specified date referred to in (B)(I) above;

(C) the making of a public statement by the supervisor of the administrator of the Original Reference Rate that the Original Reference Rate has been permanently or indefinitely discontinued;

(D) the later of (I) the making of a public statement by the supervisor of the administrator of the Original Reference Rate that the Original Reference Rate will, on or before a specified date, be permanently or indefinitely discontinued and (II) the date falling six months prior to the specified date referred to in (D)(I) above;

(E) the later of (I) the making of a public statement by the supervisor of the administrator of the Original Reference Rate that means the Original Reference Rate will be prohibited from being used or that its use will be subject to restrictions or adverse consequences, in each case on or before a specified date and (II) the date falling six months prior to the specified date referred to in (E)(I) above; and/or

(F) it has, or will prior to the next Reset Interest Determination Date, become unlawful for the Issuer, the Calculation Agent, any Paying Agent or any other party to calculate any payments due to be made to any Holder using the Original Reference Rate;

"**Independent Adviser**" means an independent financial institution of international repute or an independent financial adviser with appropriate expertise appointed by the Issuer under Condition 4(j)(i) at its own expense;

"**Original Reference Rate**" means the rate described in the first paragraph of the definition of 5 Year EUR Mid-Swap Rate in Condition 22 (*Definitions*);

"**Relevant Nominating Body**" means, in respect of the Original Reference Rate:

(A) the central bank, reserve bank, monetary authority or any similar institution for the currency to which the Original Reference Rate relates, or any central bank or other supervisory authority which is responsible for supervising the administrator of the Original Reference Rate; or

(B) any working group or committee sponsored by, chaired or co-chaired by or constituted at the request of (I) the central bank, reserve bank, monetary authority or any similar institution for the currency to which the Original Reference Rate relates, (II) any central bank or other supervisory authority which is responsible for supervising the administrator of the Original Reference Rate, (III) a group of the aforementioned central banks or other supervisory authorities, or (IV) the Financial Stability Board or any part thereof; and

"**Successor Rate**" means a successor to or replacement of the Original Reference Rate which is provided by law or regulation applicable to indebtedness denominated in the currency to which the Original Reference Rate relates and/or formally recommended by any Relevant Nominating Body.

5. Optional Interest Deferral

(a) *Deferral of Interest Payments*

The Issuer may, at any time and at its sole discretion, elect to defer any Interest Payment, in whole but not 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 (a "**Deferral Notice**") of such election to the Holders in accordance with Condition 18 (*Notices*), the Fiscal Agent and to the Paying Agents not less than seven Business Days prior to the relevant Interest Payment Date.

Any Interest Payment so deferred pursuant to this Condition 5(a) (*Deferral of Interest Payments*) shall, from (and including) the Interest Payment Date on which such Interest Payment would (but for its deferral) have been payable to (but excluding) 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 subsequent 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 in accordance with this Condition 5(a) (*Deferral of Interest Payments*) shall not constitute a default by the Issuer under the Capital Securities or for any other purpose.

(b) *Settlement of Deferred Interest*

(i) *Optional Settlement*

Deferred Interest may be paid (in whole but not 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 Condition 18 (*Notices*), the Fiscal Agent and the Paying Agents not less than seven Business Days prior to the date (to be specified in such notice) on which the Issuer will pay such Deferred Interest.

(ii) *Mandatory Settlement*

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

(A) the 10th 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 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 Condition 6 (*Redemption*) or Condition 12 (*Default and Enforcement*).

Notice of any Deferred Interest Payment Event shall be given by the Issuer to the Holders in accordance with Condition 18 (*Notices*), the Fiscal Agent and to the Paying Agents within three Business Days of such event.

6. Redemption

(a) *Final Redemption Date*

The Capital Securities are perpetual securities in respect of which there is no fixed redemption date and the Issuer shall (subject to the provisions of Condition 3(a)3(a) (*Rights on a Winding-Up or Company Re-Construction*) only have the right to repay them in accordance with the following provisions of this Condition 6 (*Redemption*).

(b) *Issuer's Call Option*

The Issuer may, by giving not less than 30 nor more than 60 days' notice to the Paying Agents and, in accordance with Condition 18 (*Notices*), 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 (a) any date from 30 January 2025 up to and including the First Reset Date or (b) on any Interest Payment Date thereafter at their principal amount together with any Deferred Interest and any other accrued and unpaid interest up to (but excluding) the redemption date.

Upon the expiry of such notice, the Issuer shall redeem the Capital Securities.

(c) *Redemption upon a Tax Deductibility Event, a Capital Event or an Accounting Event*

If a Tax Deductibility Event, a Capital Event or an Accounting Event has occurred and is continuing, the Issuer may, by giving not less than 30 nor more than 60 days' notice to the Paying Agents and, in accordance with Condition 18 (*Notices*), the Holders (which notice shall be irrevocable and shall specify the date fixed for redemption) and subject to Condition 8 (*Preconditions to Special Event Redemption, Change of Control Event Redemption, Substitution or Variation*), redeem all, but not some only, of the Capital Securities at any time at an amount equal to:

(i) 101 per cent. of their principal amount, where such redemption occurs before 30 January 2025; or

(ii) 100 per cent. of their principal amount, where such redemption occurs on or after 30 January 2025,

together, in each case, with any Deferred Interest and any other accrued and unpaid interest up to (but excluding) the redemption date.

Upon the expiry of such notice, the Issuer shall redeem the Capital Securities.

(d) ***Redemption upon a Withholding Tax Event or a Substantial Repurchase Event***

If a Withholding Tax Event has occurred and is continuing, or if a Substantial Repurchase Event has occurred, the Issuer may, by giving not less than 30 nor more than 60 days' notice to the Paying Agents and, in accordance with Condition 18 (*Notices*), the Holders (which notice shall be irrevocable and shall specify the date fixed for redemption) and subject to Condition 8 (*Preconditions to Special Event Redemption, Change of Control Event Redemption, Substitution or Variation*), redeem all, but not some only, of the Capital Securities at any time at their principal amount together with any Deferred Interest and any other accrued and unpaid interest up to (but excluding) the redemption date.

Upon the expiry of such notice, the Issuer shall redeem the Capital Securities.

(e) ***Redemption for Change of Control Event***

If on or after the Issue Date (i) a Change of Control occurs; and (ii) within the Change of Control Period, a Rating Downgrade in respect of that Change of Control occurs (a "**Change of Control Event**") the Issuer may, at the earliest on the date following the expiry of the Exercise Period, and upon giving not less than 30 nor more than 60 days' notice to 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 at an amount equal to 100 per cent. of their principal amount together with any Deferred Interest and any other accrued and unpaid interest up to (but excluding) the redemption date.

Upon the expiry of such notice, the Issuer shall redeem the Capital Securities.

Immediately upon the Issuer becoming aware that a Change of Control Event has occurred, the Issuer shall give notice (a "**Change of Control Notice**") to the Holders in accordance with Condition 18 (*Notices*) specifying the nature of the Change of Control Event.

7. Substitution or Variation

If at any time a Tax Deductibility Event, a Capital Event, a Withholding Tax Event or an Accounting Event has occurred on or after the Issue Date and is continuing, then the Issuer may, subject to Condition 8 (*Preconditions to Special Event Redemption, Change of Control Event Redemption, Substitution or Variation*) (without any requirement for the consent or approval of the Holders or Couponholders) and having given not less than 30 nor more than 60 days' notice to the Paying Agents and, in accordance with Condition 18 (*Notices*), to the Holders (which notice shall be irrevocable), at any time either:

(i) substitute all, but not some only, of the Capital Securities for Qualifying Capital Securities; or

(ii) vary the terms of the Capital Securities with the effect that they remain or become, as the case may be, Qualifying Capital Securities.

Upon expiry of such notice, the Issuer shall either vary the terms of or, as the case may be, substitute the Capital Securities in accordance with this Condition 7 (*Substitution or Variation*).

In connection with any substitution or variation in accordance with this Condition 7 (*Substitution or Variation*), the Issuer shall comply with the rules of any stock exchange on which the Capital Securities are for the time being listed or admitted to trading.

8. Preconditions to Special Event Redemption, Change of Control Event Redemption, Substitution or Variation

Prior to the publication of any notice of redemption pursuant to Condition 6 (*Redemption*) (other than redemption pursuant to Condition 6(b) (*Issuer's Call Option*)) or any notice of substitution or variation pursuant to Condition 7 (*Substitution or Variation*), the Issuer shall deliver to the Fiscal Agent a certificate signed by two authorised signatories of the Issuer stating:

(i) that the relevant requirement or circumstance giving rise to the right to redeem, substitute or vary (as the case may be) the Capital Securities is satisfied;

(ii) 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;

(iii) in the case of an Accounting Event only, a copy of a letter or report from a recognised international accounting firm confirming that an Accounting Event has occurred; and

(iv) in the case of a substitution or variation pursuant to Condition 7 (*Substitution or Variation*), that:

(A) the Issuer has determined that the terms of the Qualifying Capital Securities are not materially less favourable to Holders than the terms of the Capital Securities and that determination was reasonably reached by the Issuer in consultation with an independent investment bank, independent financial adviser or legal counsel of international standing;

(B) the criteria specified in paragraphs (a) to (h) of the definition of Qualifying Capital Securities will be satisfied by the Qualifying Capital Securities upon issue; and

(C) the relevant substitution or variation (as the case may be) will not result in the occurrence of a Special Event.

In addition, (i) in the case of a Tax Deductibility Event or a Withholding Tax Event, the Issuer shall deliver to the Fiscal Agent an opinion of independent legal or other tax advisers to the effect that the relevant requirement or circumstance giving rise to the right to redeem, substitute or vary 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) and (ii) in the case of a Tax Deductibility Event only, the Issuer shall deliver to the Fiscal Agent a tax ruling from the Swedish tax authorities, issued prior to the Tax Law Change, which confirms that the Issuer was entitled to claim a Tax Deduction on or after the Issue Date.

Such certificate and, if applicable, opinion and tax ruling shall be conclusive and binding on the Holders and the Couponholders.

Any redemption of the Capital Securities in accordance with Condition 6 (*Redemption*) shall be conditional on all Deferred Interest being paid in full in accordance with the provisions of Condition 5(b)(ii) (*Mandatory Settlement*) on or prior to the date of such redemption.

9. Purchases and Cancellation

(a) *Purchase*

Each of the Issuer and any of its Subsidiaries may at any time purchase or procure others to purchase beneficially for its account any or all Capital Securities in the open market or otherwise and at any price. The Capital Securities so purchased may be held or resold (**provided that** such resale is outside the United States and is otherwise in compliance with all applicable laws) or surrendered for cancellation at the option of the Issuer or otherwise, as the case may be in compliance with Condition 9(b) (*Cancellation of Capital Securities*) below. Any purchases of Capital Securities will be made together with all unmatured Coupons and Talons appertaining thereto.

The Capital Securities so purchased, while held by or on behalf of the Issuer or any such Subsidiary shall not entitle the Holder to vote at any meeting of the Holders and shall not be deemed to be outstanding for the purposes of calculating quorums at meetings of the Holders or for the purposes of Condition 16 (*Meetings of Holders; Modification and Waiver; Issuer Substitution*).

(b) *Cancellation of Capital Securities*

All Capital Securities which are redeemed pursuant to Condition 6 (*Redemption*) or substituted pursuant to Condition 7 (*Substitution or Variation*) and all Capital Securities purchased and surrendered for cancellation pursuant to Condition 9(a) (*Purchase*) (in each case, together with all unmatured Coupons and unexchanged Talons relating thereto) will be cancelled and may not be reissued or resold. For so long as the Capital Securities are admitted to trading on the Global Exchange Market ("**GEM**") of the Irish Stock Exchange plc, trading as Euronext Dublin ("**Euronext Dublin**") and the rules of such exchange so require, the Issuer shall promptly inform Euronext Dublin of the cancellation of any Capital Securities under this Condition 9(b) (*Cancellation of Capital Securities*).

10. Payments

(a) *Method of Payment*

(i) *Principal, Premium and Interest*

Payments of principal, premium and interest will be made against presentation and surrender of Capital Securities or the appropriate Coupons (as the case may be) at the specified office of any of the Paying Agents except that payments of interest in respect of any period not ending on an Interest Payment Date will only be made against presentation and either surrender or endorsement (as appropriate) of the relevant Capital Securities. Such payments will be made by transfer to a Euro account (or other account to which Euro may be credited or transferred) maintained by the payee with a bank in a city in which banks have access to the TARGET System.

(ii) *Unmatured Coupons*

Upon the due date for redemption of any Capital Security, unmatured Coupons relating to such Capital Security (whether or not attached) shall become void and no payment shall be made in respect of them. Where any Capital Security is presented for redemption without all unmatured Coupons relating to it, redemption shall be made only against the provision of such indemnity as the Issuer may require.

(iii) *Talons*

On or after the Interest Payment Date for the final Coupon forming part of a Coupon sheet issued in respect of any Capital Securities, the Talon forming part of such Coupon sheet may be surrendered at the specified office of any of the Paying Agents in exchange for a further Coupon sheet (to include another Talon for a further Coupon sheet, if appropriate) (but excluding any Coupons that may have become void pursuant to Condition 13 (*Prescription*)).

(b) ***Payments on Business Days***

If the due date for payment of any amount in respect of any Capital Security or Coupon is not a business day in the place of presentation, the holder shall not be entitled to payment in such place of the amount due until the next succeeding business day in such place and shall not be entitled to any further interest or other payment in respect of any such delay. In this paragraph, "**business day**" means, in respect of any place of presentation, any day on which banks are open for presentation and payment of bearer debt securities and for dealings in foreign currencies in such place of presentation and, in the case of payment by transfer to a Euro account as referred to above, is a day on which the TARGET System is operating.

(c) ***Payments subject to Fiscal Laws***

All payments in respect of the Capital Securities are subject in all cases to any (i) applicable fiscal or other laws and regulations in the place of payment, but without prejudice to the provisions of Condition 11 (*Taxation*) and (ii) withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 (the "**Code**") or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof, or (without prejudice to the provisions of Condition 11 (*Taxation*)) any law implementing an intergovernmental approach thereto ("**FATCA Withholding**").

(d) ***Interpretation of Principal, Premium and Interest***

References in these Conditions to principal, premium, Interest Payments, Deferred Interest and/or any other amount in respect of interest shall be deemed to include any additional amounts which may become payable pursuant to Condition 11 (*Taxation*).

11. Taxation

All payments of principal, premium and interest (including Deferred Interest) in respect of the Capital Securities and the Coupons by or on behalf of the Issuer shall be made free and clear of, and without withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges ("**Taxes**") of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of Sweden or any political subdivision thereof or any authority therein or thereof having power to tax or any other jurisdiction or any political subdivision or any authority thereof or therein having power to tax to which the Issuer becomes subject in respect of payments made by it of principal, premium and interest (including Deferred Interest) on the Capital Securities and Coupons, unless the withholding or deduction of such Taxes is required by law. In that event the Issuer shall pay such additional amounts as will result in receipt by the Holders and the Couponholders after such withholding or deduction of such amounts as would have been received by them had no such withholding or deduction been required, except that no such additional amounts shall be payable in respect of any Capital Security or Coupon:

(a) presented for payment in Sweden; or

(b) held by or on behalf of, a Holder who is liable for the Taxes in respect of such Capital Security or Coupon by reason of having some connection with Sweden other than the mere holding of such Capital Security or Coupon; or

(c) presented for payment more than 30 days after the Relevant Date except to the extent that the Holder or Couponholder would have been entitled to additional amounts on presenting the same for payment on the last day of such period of 30 days assuming that day to have been a business day (as defined in Condition 10(b) (*Payments on Business Days*).

Notwithstanding any other provision of the Conditions, any amounts to be paid on the Capital Securities by or on behalf of the Issuer, will be paid net of any deduction or withholding imposed or required pursuant to any FATCA Withholding. Neither the Issuer nor any other person will be required to pay any additional amounts in respect of FATCA Withholding.

Any reference in these Conditions to principal or interest (including Deferred Interest) shall be deemed to include any additional amounts in respect of principal or interest (as the case may be) which may be payable under this Condition 11 (*Taxation*) or any undertaking given in addition to or in substitution of this Condition 11 (*Taxation*).

12. Default and Enforcement

(a) *Proceedings*

Without prejudice to the Issuer's right to defer the payment of interest under Condition 5(a) (*Deferral of Interest Payments*), if a default is made by the Issuer 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, then the Issuer shall be deemed to be in default under the Capital Securities and the Coupons and any Holder may institute proceedings for an Issuer Winding-up **provided that** the default is continuing.

In the event of an Issuer Winding-up, a Holder may, provided such Holder does not contravene a previously adopted Extraordinary Resolution (if any), prove and/or claim in such Issuer Winding-up in respect of its Capital Securities, such claim being for such amount, and being subordinated in such manner, as is provided under Condition 3(a) (*Rights on a Winding-Up or Company Re-Construction*).

(b) *Enforcement*

Any Holder may at its discretion and without further notice 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 or the Coupons 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.

(c) *Extent of Holders' Remedy*

No remedy against the Issuer, other than as referred to in this Condition 12 (*Default and Enforcement*), shall be available to the Holders or Couponholders, whether for the recovery of amounts owing in respect of the Capital Securities or the Coupons or in respect of any breach by the Issuer of any of its other obligations under or in respect of the Capital Securities or the Coupons.

13. Prescription

Claims for principal and premium shall become void unless the relevant Capital Securities are presented for payment within ten years of the appropriate Relevant Date. Claims for interest shall become void unless the relevant Coupons (which for this purpose shall not include Talons) are presented for payment within five years of the appropriate Relevant Date. There shall be no prescription period for Talons but there shall not be included in any Coupon sheet issued in exchange for a Talon any Coupon the claim in respect of which would be void pursuant to this Condition 13 (*Prescription*) or Condition 10(a)(iii) (*Talons*).

14. Replacement of Capital Securities, Coupons and Talons

If any Capital Security, Coupon or Talon is lost, stolen, mutilated, defaced or destroyed, it may be replaced at the specified office of the Paying Agent, subject to all applicable laws, regulations and stock exchange requirements, upon payment by the claimant of the expenses incurred in connection with such replacement and on such terms as to evidence, security, indemnity and otherwise as the Issuer may reasonably require.

Mutilated or defaced Capital Securities, Coupons or Talons must be surrendered before replacements will be issued.

15. Agents

In acting under the Agency Agreement and in connection with the Capital Securities, Coupons and Talons, the Agents act solely as agents of the Issuer and do not assume any obligations towards or relationship of agency or trust for or with any of the Holders or Couponholders.

The initial Paying Agent and its initial specified office is listed in the Agency Agreement. The Issuer reserves the right at any time to vary or terminate the appointment of the Paying Agent and to appoint a successor paying agent; **provided, however, that**

(a) the Issuer shall at all times maintain a fiscal agent;

(b) so long as the Capital Securities are listed on any stock exchange, there will at all times be a Paying Agent (which may be the Fiscal Agent) having a specified office outside Sweden in such place as may be required by the rules and regulations of the relevant stock exchange (or any other relevant authority); and

(c) a Paying Agent in a jurisdiction other than the jurisdiction in which the Issuer is incorporated.

Notice of any change in the Paying Agent or in its specified office shall promptly be given to the Holders in accordance with Condition 18 (*Notices*).

16. Meetings of Holders; Modification and Waiver; Issuer Substitution

(a) *Meetings of Holders*

The Agency Agreement contains provisions for convening meetings of Holders to consider any matter affecting their interest, including the sanctioning by Extraordinary Resolution of a modification of the Capital Securities, the Coupons or any provision of the Agency Agreement. Such a meeting may be convened by the Issuer and shall be convened by it upon the request in writing of Holders holding not less than 10 per cent. of the aggregate principal amount of the outstanding Capital Securities. The quorum at any meeting convened to vote on an Extraordinary Resolution will be one or more persons holding or representing more than 50 per cent. of the nominal amount of the Capital Securities for the time being outstanding or, at any adjourned meeting, one or more persons being or representing Holders whatever the principal amount of the Capital Securities so held or represented, except that at any meeting the business of which includes the modification of certain provisions of the Capital Securities or Coupons (including, inter alia, the provisions regarding subordination referred to in Condition 3 (*Subordination and Rights on a Winding-Up*), the terms concerning currency and due dates for payment of principal, premium or interest (including Deferred Interest) in respect of the Capital Securities and reducing or cancelling the principal amount of any Capital Securities, any premium or any Interest Rate), the necessary quorum for passing an Extraordinary Resolution will be one or more persons holding or representing not less than 75 per cent. or, at any adjourned such meeting, not less than 25 per cent. of the nominal amount of the Capital Securities for the time being outstanding. Any Extraordinary Resolution duly passed at any such meeting shall be binding on all the Holders and Couponholders, whether or not they are present at any meeting and whether or not they noted on the resolution.

The Agency Agreement provides that (i) a resolution passed at a meeting duly convened and held in accordance with the Agency Agreement by a majority of at least 75 per cent. of the votes cast, (ii) a resolution in writing signed by or on behalf of the Holders representing 75 per cent. or more in nominal amount of the Capital Securities for the time being outstanding or (iii) consent given by way of electronic consents through the relevant clearing systems by or on behalf of the Holders representing 75 per cent. or more in nominal amount of the Capital Securities for the time being outstanding, shall, in each case, be effective as an Extraordinary Resolution of the Holders.

The agreement or approval of the Holders shall not be required in the case of any variation of these Conditions required to be made in the circumstances described in Condition 7 (*Substitution or Variation*) in connection with the substitution or variation of the terms of the Capital Securities so that they remain or become Qualifying Capital Securities.

(b) ***Modification and Waiver***

The Capital Securities, these Conditions and the Deed of Covenant may be amended without the consent of the Holders if the modification is of a formal, minor or technical nature or is to correct a manifest error. In addition, the parties to the Agency Agreement may agree to modify any provision thereof, but the Issuer shall not agree, without the consent of the Holders, to any such modification unless it is of a formal, minor or technical nature, it is made to correct a manifest error or it is, in the opinion of such parties, not materially prejudicial to the interests of the Holders.

Any such modification and waiver shall be binding on the Holders and the Couponholders.

(c) ***Issuer Substitution***

The Issuer, or any previously substituted company, may at any time, without the consent of the Holders or the Couponholders, substitute for itself as principal debtor under the Capital Securities and the Coupons on a subordinated basis equivalent to that referred to in Conditions 2 (Status) and 3 (*Subordination and Rights on a Winding-Up*) such company (the "**Substitute**") in the manner specified in the Agency Agreement, **provided that** no payment in respect of the Capital Securities or the Coupons is at the relevant time overdue. Such substitution shall be made by a deed poll (the "**Deed Poll**"), to be substantially in the form exhibited to the Agency Agreement, and may take place only if:

(i) where the Substitute is incorporated, domiciled or resident for taxation purposes in a territory other than Sweden, the Deed Poll shall contain a covenant by the Substitute and/or such other provisions as may be necessary to ensure that each Holder has the benefit of a covenant in terms corresponding to the provisions of Condition 11 (*Taxation*) with the substitution for the references to Sweden of references to the territory or territories in which the Substitute is incorporated, domiciled and/or resident for taxation purposes;

(ii) in the event that all the assets and liabilities of the Issuer are not assumed by the Substitute, the obligations of the Substitute under the Deed Poll, the Capital Securities and the Coupons shall be unconditionally and irrevocably guaranteed by the Issuer on the same subordinated basis as the Capital Securities under Condition 3 (*Subordination and Rights on a Winding-Up*) by means of the Deed Poll;

(iii) all action, conditions and things required to be taken, fulfilled and done (including the obtaining of any necessary consents) to ensure that the Deed Poll, the Capital Securities and Coupons represent valid, legally binding and enforceable obligations of the Substitute and if applicable, of the Issuer or the previously substituted company have been taken, fulfilled and done and are in full force and effect and the Substitute and the Issuer or the previously substituted company, if applicable, shall give a representation and warranty to this effect;

(iv) the Substitute shall have become party to the Agency Agreement, with any appropriate consequential amendments, as if it had been an original party to it;

(v) each stock exchange which has the Capital Securities listed thereon shall have confirmed that, following the proposed substitution of the Substitute, the Capital Securities would continue to be listed on such stock exchange;

(vi) legal opinions addressed to the Holders and dated not more than 7 days prior to the substitution shall have been delivered to them (care of the Fiscal Agent) from a lawyer or firm of lawyers with a leading securities practice in each jurisdiction referred to in paragraph (i) above, in the jurisdiction of the Issuer where it gives a guarantee pursuant to paragraph (ii) above and in England confirming (A) that the Substitute has obtained all necessary approvals for its assumptions of its duties and liabilities as the Substitute and, where relevant, the Issuer has obtained all necessary approvals for its giving of the guarantee referred to in (ii) above; (B) the status of the guarantee is in line with paragraph (ii) above; and (C) any documents to which the Substitute is a party under paragraphs (i), (ii) and (iv) above constitute legal and binding obligations of the Substitute;

(vii) the Issuer shall have given at least 14 days' prior notice of such substitution to the Holders, stating that copies, or, pending execution, the agreed text, of all documents in relation to the substitution which are referred to above, or which might otherwise reasonably be regarded as material to Holders, will be available for inspection at the specified office of each of the Paying Agents;

(viii) the Substitute shall have appointed the process agent appointed by the Issuer in Condition 20(c) (*Appointment of Process Agent*) or another person with an office in England as its agent in England to receive service of process on its behalf in relation to any legal action or proceedings arising out of or in connection with the Capital Securities; and

(ix) two directors of the Issuer shall have certified to the Fiscal Agent for the benefit of the Holders that, following consultation with an independent investment bank of international standing, the Issuer has concluded that such substitution will not result in the terms of the Capital Securities immediately following such substitution being materially less favourable to Holders than the terms of the Capital Securities immediately prior to such substitution.

17. Further Issues

The Issuer may from time to time, without the consent of the Holders or the Couponholders, create and issue further Capital Securities having the same terms and conditions as the Capital Securities in all respects (or in all respects except for the first payment of interest) so that the same shall be consolidated and form a single series with the Capital Securities ("**Further Capital Securities**").

18. Notices

Notices to the Holders shall be valid if published in a leading newspaper having general circulation in London (which is expected to be the Financial Times or, if such publication is not practicable, in a leading English language daily newspaper having general circulation in Europe) and for so long as the Capital Securities are admitted to trading on Euronext Dublin and the rules of Euronext Dublin so require, publication will also be made in a leading daily newspaper having general circulation in the Republic of Ireland (which is expected to be the Irish Times). The Issuer shall also ensure that notices are duly published in a manner which complies with the rules and regulations of any stock exchange or other relevant authority on which the Capital Securities are for the time being listed. Any such notice shall be deemed to have been given on the date of first publication. Couponholders shall be deemed for all purposes to have notice of the contents of any notice given to the Holders.

19. Currency Indemnity

If any sum due from the Issuer in respect of the Capital Securities or any order or judgment given or made in relation thereto has to be converted from the currency (the "**First Currency**") in which the same is payable under these Conditions or such order or judgment into another currency (the "**Second Currency**") for the purpose of (a) making or filing a claim or proof against the Issuer, (b) obtaining an order or judgment in any court or other tribunal or (c) enforcing any order or judgment given or made in relation to the Capital Securities or the Issuer, the Issuer shall indemnify each Holder, on the written demand of such Holder addressed to the Issuer and delivered to the Issuer, or to the specified office of the Fiscal Agent with its specified office in London against any loss suffered as a result of any discrepancy between (i) the rate of exchange used for such purpose to convert the sum in question from the First Currency into the Second Currency and (ii) the rate or rates of exchange at which such Holder may in the ordinary course of business purchase the First Currency with the Second Currency upon receipt of a sum paid to it in satisfaction, in whole or in part, of any such order, judgment, claim or proof, on the date of such receipt. This indemnity constitutes a separate and independent obligation of the Issuer and shall give rise to a separate and independent cause of action.

20. Governing Law and Jurisdiction

(a) *Governing Law*

The Agency Agreement, the Capital Securities, the Coupons and the Talons and any non-contractual obligations arising out of or in connection with any of them, are governed by, and shall be construed in accordance with, English law, other than the provisions of Condition 3(a) (*Rights on a Winding-Up or Company Re-Construction*) and any non-contractual obligations arising out of or in connection with them which are governed by, and shall be construed in accordance with, the laws of Sweden.

(b) *Jurisdiction*

The Issuer has irrevocably agreed for the benefit of the Holders and Couponholders, that the courts of England are to have exclusive jurisdiction to settle any disputes which may arise out of or in connection with the Capital Securities, the Coupons or the Talons, or any non-contractual obligation arising out of or in connection with them, and accordingly submits to the exclusive jurisdiction of the English courts.

The Issuer waives any objection to the courts of England on the grounds that they are an inconvenient or inappropriate forum.

The Holders and Couponholders may take any suit, action or proceedings (together referred to as "**Proceedings**") arising out of or in connection with the Capital Securities against the Issuer in any other court of competent jurisdiction and concurrent Proceedings in any number of jurisdictions if and to the extent permitted by law.

(c) ***Appointment of Process Agent***

The Issuer appoints Law Debenture Corporate Services Limited at Fifth Floor, 100 Wood Street, London EC2V 7EX, as its agent for service of process, or to such other person with an address in England or Wales and/or at such other address in England or Wales as the Issuer may specify by notice in writing to the Holders. Nothing herein shall affect the right to serve proceedings in any other manner permitted by law.

21. Contracts (Rights of Third Parties) Act 1999

No person shall have any right to enforce any term or condition of the Capital Securities under the Contracts (Rights of Third Parties) Act 1999.

22. Definitions

In these Conditions:

"**5 Year EUR Mid-Swap Rate**" means, with respect to a Reset Period, the mid swap rate for euro swap transactions with a maturity of five years ("**5 Year EUR Mid-Swap**"), as published on Reuters screen **ICESWAP2/EURSFWA** under **FIXED VS. 6M EURIBOR** (or such other page or service as may replace it for the purposes of displaying European swap rates of leading reference banks for swaps in Euro) (in each case, the **Reset Screen Page**), as at approximately 11.00 a.m. (Central European time) on the Reset Interest Determination Date applicable to such Reset Period.

In the event that the relevant 5 Year EUR Mid-Swap Rate does not appear on the Reset Screen Page on the relevant Reset Interest Determination Date, the 5 Year EUR Mid-Swap Rate will be the Reset Reference Bank Rate on such Reset Interest Determination Date. If (a) at least three quotations are provided, the 5 Year EUR Mid-Swap Rate will be calculated by the Calculation Agent on the basis of the arithmetic mean (or, if only three quotations are provided, the median) of the quotations provided, eliminating the highest quotation (or, in the event of equality one of the highest) and the lowest quotation (or, in the event of equality, one of the lowest); (b) only two quotations are provided, the Reset Reference Bank Rate will be the arithmetic mean of the quotations provided; (c) only one quotation is provided, the Reset Reference Bank Rate will be the quotation provided; and (d) no quotations are provided, the Reset Reference Bank Rate for the relevant period will be: (i) in the case of each Reset Period other than the Reset Period commencing on the First Reset Date, the Reset Reference Bank Rate in respect of the immediately preceding Reset Period, or (ii) in the case of the Reset Period commencing on the First Reset Date, -0.201 per cent. which represents the 5 Year EUR Mid-Swap Rate at pricing.

The "**5 year Swap Rate Quotations**" means, in relation to any Reset Period, the arithmetic mean of the bid and offered rates for the annual fixed leg (calculated on a 30/360 Day Count Basis) of a fixed-for-floating euro interest rate swap which (i) has a term of 5 years commencing on the relevant Reset Date, (ii) is in an amount that is representative of a single transaction in the relevant market at the relevant time with an acknowledged dealer of good credit in the swap market, and

(iii) has a floating leg based on the 6-month EURIBOR rate (calculated on the basis of the actual number of days elapsed and a year of 360 days).

an "**Accounting Event**" shall be deemed to occur if, as a result of a change in accounting principles which becomes effective on or after the Issue Date, but not otherwise, the obligations of the Issuer under the Capital Securities must not or may no longer be recorded as "equity" in the next following audited annual consolidated financial statements of the Issuer prepared in accordance with IFRS or any other accounting standards that the Issuer may adopt in the future for the preparation of its audited annual consolidated financial statements in accordance with Swedish company law;

"**Agency Agreement**" has the meaning given in the preamble of the Conditions;

"**Business Day**" means a day, other than a Saturday, Sunday or public holiday, on which commercial banks and foreign exchange markets are open for general business in London and Stockholm and on which the TARGET System is open;

"**Calculation Agent**" means Deutsche Bank AG, London Branch, or any successor appointed in accordance with the Paying Agency Agreement;

"**Calculation Amount**" has the meaning given to it in Condition 4(a) (*Interest Accrual*);

a "**Capital Event**" shall be deemed to occur if the Issuer has received confirmation from any Rating Agency, providing a solicited rating at the invitation or with the consent of the Issuer, 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 effective after the Issue Date (or effective after the date when the equity credit is assigned for the first time, as applicable) 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 Issue Date (or if equity credit is not assigned on the Issue Date, at the date when the equity credit is assigned for the first time);

"**Capital Securities**" has the meaning given in the preamble to the Conditions;

"**Change of Control**" occurs when a person or persons, acting together, acquire (i) the beneficial ownership (directly or indirectly) of more than 50 per cent. of the total voting rights represented by shares of the Issuer, or (ii) the power to appoint or remove the majority of the members of the board of directors of the Issuer;

"**Change of Control Event**" has the meaning given to it in Condition 6(e) (*Redemption for Change of Control Event*);

"**Change of Control Notice**" has the meaning given to it in Condition 6(e) (*Redemption for Change of Control Event*);

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

"**Change of Control Step-up Date**" shall be date which is 30 days after the date following the expiry of the Exercise Period;

"**Code**" has the meaning given to it in Condition 10(c) (*Payments subject to Fiscal Laws*);

"**Conditions**" means these terms and conditions of the Capital Securities, as amended from time to time;

"**continuing**" is an event or failure that has not been waived or remedied;

"**Coupon**" has the meaning given in the preamble to the Conditions;

"**Couponholders**" has the meaning given in the preamble to the Conditions;

"**Deferral Notice**" has the meaning given in Condition 5(a) (*Optional Interest Deferral - Deferral of Interest Payments*);

"**Deferred Interest**" has the meaning given in Condition 5(a) (*Optional Interest Deferral - Deferral of Interest Payments*);

A "**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 or the Capital Securities;

(c) redemption, repurchase, repayment, cancellation, reduction or other acquisition by the Issuer or any Subsidiary of the Issuer of 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; and/or

(d) redemption, repurchase, repayment, cancellation, reduction or other acquisition by the Issuer or any Subsidiary of the Issuer of any Parity Securities or any Capital 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 the case of (c) above only, any redemption, repurchase, repayment, cancellation, reduction or other acquisition that is executed in connection with, or for the purpose of (1) 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 (2) 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 of this (ii)(2), reserved for directors, officers and/or employees of the Issuer or the relevant Subsidiary of the Issuer or any associated hedging transaction; and

(iii) 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 Capital Security or Parity Security below its par value;

"**EUR**" and/or euro means the lawful currency introduced at the start of the third stage of European Economic and Monetary Union pursuant to the Treaty on the Functioning of the European Union, as amended;

"**EURIBOR**" means the month Euro Interbank Offered Rate;

"**Euronext Dublin**" has the meaning given to it in Condition 9(b) (*Cancellation of Capital Securities*);

"**Excluded Change**" means changes to the Swedish rules on tax deductibility of interest expenses that was introduced on 1 January 2019 following the Government Bill 2017/18:245 (*Nya skatteregler för företagssektorn*) that was adopted by Swedish Parliament on 14 June 2018;

"**Exercise Period**" means the period from the date on which the Change of Control Event occurred to the day which is the earlier of (a) 90 days after such date and (b) the last day on which holders of senior indebtedness of the Issuer, which have a right to put (a "**Put Option**") such senior indebtedness for redemption exercisable upon the occurrence of a Change of Control Event, and to the extent they have exercised such Put Option within any applicable put option redemption period (howsoever described), have received the redemption proceeds;

"**FATCA Withholding**" has the meaning given in Condition 10(c) (*Payments subject to Fiscal Laws*);

"**First Interest Payment Date**" has the meaning given to it in Condition 4(b) (*Interest Payment Dates*);

"**First Currency**" has the meaning given to it in Condition 19 (*Currency Indemnity*);

"**First Reset Date**" means 30 April 2025;

"**First Step-up Date**" means 30 April 2030;

"**Fiscal Agent**" has the meaning given in the preamble to these Conditions;

"**Fitch**" means Fitch Ratings Ltd;

"**Further Capital Securities**" has the meaning given to it in Condition 17 (*Further Issues*);

"**Group**" means the Issuer and its respective Subsidiaries taken as a whole;

"**Holders**" has the meaning given in the preamble to these Conditions;

"**IFRS**" means International Financial Reporting Standards, including International Accounting Standards and Interpretations, issued by the International Accounting Standards Board (as amended, supplemented or re-issued from time to time);

"**Initial Interest Rate**" has the meaning given in Condition 4(c) (*Interest – Initial Interest Rate*);

"**Interest Amount**" has the meaning given in Condition 4(e) (*Interest - Determination of Reset Interest Rates and Calculation of Interest Amounts*);

"**Interest Payment**" means, in respect of the payment of interest on an Interest Payment Date, the amount of interest payable on the presentation and surrender of the Coupon for the relevant Interest Period in accordance with Condition 4 (*Interest*);

"**Interest Payment Date**" has the meaning given in Condition 4(b) (*Interest Payment Dates*);

"**Interest Period**" means the period from (and including) the Issue Date to (but excluding) the first Interest Payment Date and each successive period from (and including) an Interest Payment Date to (but excluding) the next succeeding Interest Payment Date;

"**Interest Rate**" means the Initial Interest Rate or the relevant Reset Interest Rate, as the case may be;

"**Investment Grade Rating Change**" means if any solicited rating previously assigned to the Senior Notes by any Rating Agency is changed from an investment grade rating (being at least Baa3 by Moody's, BBB- by Fitch or BBB- by S&P) to a non-investment grade rating (being Ba1 or lower by Moody's, or BB+ or lower by Fitch or BB+ or lower by S&P);

"**Issue Date**" has the meaning given in Condition 4(a) (*Interest Accrual*);

"**Issuer**" has the meaning given in the preamble to these Conditions;

"**Issuer Re-construction**" has the meaning given in Condition 3(a) (*Rights on a Winding-Up or Company Re-Construction*);

"**Issuer Winding-up**" has the meaning given in Condition 3(a) (*Rights on a Winding-Up or Company Re-Construction*);

"**Margin**" means:

(a) in respect of the period from (and including) the First Reset Date to (but excluding) the First Step-up Date, 2.814 per cent.;

(b) in respect of the period from (and including) the First Step-up Date to (but excluding) the Second Step-up Date, 3.064 per cent.; and

(c) in respect of the period from (and including) the Second Step-up Date, 3.814 per cent.;

"**Moody's**" means Moody's Investors Services Ltd;

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

"**Ordinary Shares**" means ordinary shares in the capital of the Issuer, having on the Issue Date a minimum principal value of SEK 0.1 each;

"**Outstanding Preferences Shares**" means preference shares in the capital of the Issuer, having on the Issue Date a minimum principal value of SEK 0.1 each;

"**Parity Securities**" or "**Parity Security**" 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 which shall include, without limitation, for so long as any of the same remain outstanding, the:

(i) up to SEK1,000,000,000 Subordinated Perpetual Floating Rate Callable Capital Notes issued on 29 September 2017 (ISIN: SE0010414599);

(ii) up to SEK1,500,000,000 Subordinated Perpetual Floating Rate Callable Capital Notes issued on 13 September 2018 (ISIN: SE0011642776));

(iii) EUR300,000,000 Subordinated Fixed to Reset Rate 5.25 year Non-Call Undated Capital Securities issued on 26 April 2019 (ISIN: XS1974894138); and

(iv) up to SEK2,500,000,000 Subordinated Perpetual Floating Rate Callable Capital Notes issued on 28 October 2019 (ISIN: SE0013359148));

(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;

"**Paying Agent**" has the meaning given in the preamble to these Conditions;

"**person**" means any individual, corporation, partnership, joint venture, association, joint stock company, trust, unincorporated organisation, limited liability company or government (or any agency or political subdivision thereof) or other entity;

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

"**Qualifying Capital Securities**" means securities that contain terms not materially less favourable to Holders than the terms of the Capital Securities (as reasonably determined by the Issuer in consultation with an independent investment bank, independent financial adviser or legal counsel of international standing) and **provided that** a certification to such effect shall have been delivered to the Fiscal Agent prior to the substitution or variation of the Capital Securities, **provided that**:

(a) they shall be issued by the Issuer or by any wholly-owned direct or indirect finance Subsidiary of the Issuer with a guarantee of the Issuer; and

(b) they (and/or, as appropriate, the guarantee as aforesaid) shall rank *pari passu* on an Issuer Winding-up with the ranking of the Capital Securities; and

(c) they shall contain terms which provide for the same interest rate from time to time applying to the Capital Securities and preserve the same Interest Payment Dates; and

(d) they shall preserve the obligations (including the obligations arising from the exercise of any right) of the Issuer as to redemption of the Capital Securities, including (without limitation) as to timing of, and amounts payable upon, such redemption; and

(e) they shall preserve any existing rights under the Capital Securities to any accrued interest, any Deferred Interest and any other amounts payable under the Capital Securities which, in each case, has accrued to Holders and not been paid; and

(f) they shall not contain terms providing for the mandatory deferral or cancellation of interest and shall not contain terms providing for loss absorption through principal write-down or conversion to ordinary shares; and

(g) they shall, immediately after such exchange or variation, be assigned at least the same credit rating(s) by the same Rating Agencies as may have been assigned to the Capital Securities immediately prior to such exchange or variation (if any); and

(h) they shall otherwise contain substantially identical terms (as reasonably determined by the Issuer) to the Capital Securities, save where any modifications to such terms are required to be made to avoid the occurrence or effect of, a Tax Deductibility Event, a Capital Event, an Accounting Event or, as the case may be, a Withholding Tax Event; and

(i) they shall be (A) listed on Euronext Dublin and admitted to trading on Euronext Dublin's regulated market or (B) admitted to trading on any other regulated market for the purposes of Directive 2014/65/EU (as amended) as selected by the Issuer on, or as soon as reasonably practicable after issue;

"**Rating Agency**" means each of Fitch, Moody's and S&P and any other rating agency (a "**Substitute Rating Agency**") of equivalent international standing requested by the Issuer to grant a 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 on the Relevant Announcement Date, the Senior Notes carry:

(a) an investment grade credit rating (*Baa3/BBB-/BBB-, or equivalent, or better*) (an "**Investment Grade Rating**") from any Rating Agency (provided by such Rating Agency at the invitation or with the consent of the Issuer) and, within the Change of Control Period, any such Rating Agency downgrades its rating of the Senior Notes to a non-investment grade credit rating (*Ba1/BB+/BB+ or equivalent, or worse*) or withdraws its rating and such rating is not within the Change of Control Period (in the case of a downgrade) upgraded or (in the case of a withdrawal) reinstated to an Investment Grade Rating by such Rating Agency; or

(b) a non-investment grade credit rating *(Ba1/BB+/BB+ or equivalent or worse)* from any Rating Agency (provided by such Rating Agency at the invitation or with the consent of the Issuer) and such rating of the Senior Notes from any Rating Agency is within the Change of Control Period downgraded by one or more notches *(for illustration,Ba1/BB+/BB+ to Ba2/BB/BB being one notch)* or withdrawn and is not within the Change of Control Period subsequently (in the case of a downgrade) upgraded or (in the case of a withdrawal) reinstated to its earlier credit rating or better by such Rating Agency; or

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

and in making the relevant decision(s) referred to above, the relevant Rating Agency announces publicly or confirms in writing to the Issuer that such downgrading and/or withdrawal resulted, directly or indirectly, from the Change of Control or the Potential Change of Control Announcement (whether or not the Change of Control shall have occurred at the time such rating is downgraded and/or withdrawn).

If the rating designations employed by S&P, Moody's or Fitch are changed from those which are described in paragraphs (a) or (b) of the definition of "Rating Downgrade" above, or if a rating is procured from a Substitute Rating Agency, the Issuer shall determine the rating designations of S&P, Moody's or Fitch or such Substitute Rating Agency (as appropriate) as are most equivalent to the prior rating designations of S&P, Moody's or Fitch and this definition shall be construed accordingly;

"**Relevant Announcement Date**" means the date that is the earlier of (1) the date of the earliest Potential Change of Control Announcement (if any) and (2) the date of the first public announcement of the relevant Change of Control;

"**Relevant Date**" means:

(i) in respect of any payment other than a sum to be paid by the Issuer in an Issuer Winding-up, the date on which such payment first becomes due and payable but, if the full amount of the moneys payable on such date has not been duly received by the Fiscal Agent on or prior to such date, the Relevant Date means the date on which such moneys shall have been so received and notice to that effect shall have been given to the Holders by or on behalf of the Issuer in accordance with Condition 18 (*Notices*); and

(ii) in respect of any sum to be paid by or on behalf of the Issuer in an Issuer Winding-up, the date which is one day prior to the date on which an order is made or a resolution is passed for such Issuer Winding-up;

"**Reset Date**" means the First Reset Date and each fifth anniversary thereof;

"**Reset Interest Determination Date**" means, with respect to a Reset Period, the day falling two Business Days prior to the Reset Date on which such Reset Period commences;

"**Reset Interest Rate**" has the meaning given in Condition 4(d) (*Interest – Reset Interest Rates*);

"**Reset Period**" means each period from (and including) a Reset Date to (but excluding) the next succeeding Reset Date thereafter;

"**Reset Reference Bank Rate**" means the percentage rate calculated by the Calculation Agent in accordance with these Conditions on the basis of the 5 year Swap Rate Quotations provided by the Reset Reference Banks to the Issuer and the Calculation Agent at approximately 11:00 a.m. (Central European Time) on the relevant Reset Interest Determination Date.

"**Reset Reference Banks**" means five major banks in the European Interbank market selected by the Issuer;

"**S&P**" means S&P Global Ratings Europe Limited;

"**Second Currency**" has the meaning given to it in Condition 19 (*Currency Indemnity*);

"**Second Step-up Date**" means 30 April 2045;

"**Senior Notes**" means the Issuer's long-term senior unsecured debt obligations;

"**Share Capital**" means any Outstanding Preferences Shares and any Ordinary Shares;

"**Special Event**" means any of a Tax Deductibility Event, a Substantial Repurchase Event, a Capital Event, a Withholding Tax Event, an Accounting Event or any combination of the foregoing;

"**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;

"**Subsidiary**" has the meaning provided in the Swedish Companies Act (Sw. *aktiebolagslagen 2005:551*);

a "**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 80 per cent. of the aggregate principal amount of the Capital Securities initially issued (which shall include, for these purposes, any Further Capital Securities);

"**SEK**" means the lawful currency of Sweden;

"**TARGET System**" means the Trans-European Automated Real-Time Gross Settlement Express Transfer (known as **TARGET2**) payment system which utilises a single shared platform and which was launched on 19 November 2007 or any successor thereto;

"**Talons**" has the meaning given in the preamble to these Conditions;

"**Tax Deductibility Event**" means the receipt by the Issuer of an opinion of counsel in Sweden (experienced in such matters) to the effect that, as a result of a Tax Law Change (other than an Excluded Change), the Issuer is no longer able to claim a deduction to which it was entitled as at the Issue Date or at any time thereafter in respect of payments relating to the Capital Securities in computing its taxation liabilities for Swedish tax purposes (a "**Tax Deduction**") or the amount of any Tax Deduction is materially reduced and, in either case, in circumstances where unsubordinated debt obligations of the Issuer continue to be fully or partly tax deductible for such purposes;

"**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 (c) or 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 Issue Date;

"**Taxes**" has the meaning given in Condition 11 (*Taxation*);

"**Transaction**" means the proposed acquisition of Hemfosa Fastigheter AB (publ), reg. no. 556917-4377 by the Issuer which the Issuer announced on 15 November 2019; and

a "**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 pursuant to Condition 11 (*Taxation*) and the Issuer cannot avoid the foregoing by taking reasonable measures available to it.

The following text in italics does not form part of the Conditions:

The Issuer intends (without thereby assuming any legal or contractual obligation 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 prior to 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 rating (or such similar nomenclature then used by S&P) assigned by S&P to the Issuer is at least equal to the rating assigned by S&P to the Issuer on the date of the last additional hybrid issuance (excluding refinancings) and the Issuer is of the view that such rating would not fall below this level as a result of such redemption or repurchase; or*

(b) *the Capital Securities are not assigned any category of "equity content" (or such similar nomenclature then used by S&P) at the time of such redemption or repurchase; or*

(c) *the Capital Securities are redeemed pursuant to Change of Control Event, Tax Deductibility Event, a Capital Event, a Substantial Repurchase Event, an Accounting Event or a Withholding Tax Event; or*

(d) *less than (x) 10 per cent. of the aggregate principal amount of hybrid capital outstanding is repurchased pursuant to Condition 9(a) in any period of 12 consecutive months or (y) 25 per cent. of the aggregate principal amount of hybrid capital outstanding is repurchased in any period of 10 consecutive years; or*

(e) *the relevant repurchase has followed an issuance of Ordinary Shares or other instruments which are granted on issuance 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 to the Capital Securities being repurchased at the time of their issuance; or*

(f) *such replacement would cause the Issuer's outstanding hybrid capital which is assigned equity credit by S&P to exceed the maximum aggregate principal amount of hybrid capital which S&P, under its then prevailing methodology, would assign equity credit to, based on the Issuer's adjusted total capitalisation; or*

(g) *if such redemption or repurchase occurs on or after the Second Step-up Date.*

For the avoidance of doubt, the Issuer wishes to clarify that at any time, including during the period up to the fifth anniversary of the Issue Date, the Issuer shall not be required to replace the Capital Securities if paragraph (c), (e) or (f) above applies.

For the purposes of the foregoing, "equity credit" (or such similar nomenclature then used by S&P) describes:

(i) *the part of the nominal amount of the Capital Securities that was assigned equity credit by S&P at the time of their issuance; and*

(ii) *the part of the net proceeds received from issuance of replacement hybrid securities or Ordinary Shares that was assigned equity credit by S&P at the time of their sale or issuance (or the equity credit S&P 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 on the issue date of such replacement hybrid securities).*

SUMMARY OF PROVISIONS RELATING TO THE CAPITAL SECURITIES IN GLOBAL FORM

Global Capital Securities and Definitive Capital Securities

The Capital Securities will initially be represented by a temporary global capital security (the "**Temporary Global Capital Security**") which will be deposited on or around the Issue Date with a common depositary for Euroclear and Clearstream, Luxembourg.

The Temporary Global Capital Security will be exchangeable in whole or in part for interests in a permanent global capital security (the "**Permanent Global Capital Security**" and, together with the Temporary Global Capital Security, the "**Global Capital Securities**") not earlier than 40 days after the Issue Date upon certification as to non-U.S. beneficial ownership. No payments will be made under the Temporary Global Capital Security unless exchange for interests in the Permanent Global Capital Security is improperly withheld or refused. In addition, interest payments in respect of the Capital Securities while they are represented by the Temporary Global Capital Security cannot be collected without such certification of non-U.S. beneficial ownership.

The Permanent Global Capital Security will become exchangeable in whole, but not in part, for Capital Securities in definitive form (the "**Definitive Capital Securities**") in the denominations of EUR100,000 and integral multiples of EUR1,000 in excess thereof up to and including EUR 199,000 at the request of the bearer of the Permanent Global Capital Security against presentation and surrender of the Permanent Global Capital Security to the Fiscal Agent if either of the following events (each, an "**Exchange Event**") occurs: (a) Euroclear or Clearstream, Luxembourg is closed for business for a continuous period of 14 days (other than by reason of legal holidays) or announces an intention permanently to cease business or (b) any of the circumstances described in Condition 12 (*Default and Enforcement*) occurs.

So long as the Capital Securities are represented by a Temporary Global Capital Security or a Permanent Global Capital Security and the relevant clearing system(s) so permit, the Capital Securities will be tradeable only in the minimum authorised denomination of EUR100,000 and higher integral multiples of EUR1,000, notwithstanding that no Definitive Capital Securities will be issued with a denomination above EUR 199,000.

Whenever the Permanent Global Capital Security is to be exchanged for Definitive Capital Securities, the Issuer shall procure the prompt delivery (free of charge to the bearer) of such Definitive Capital Securities, duly authenticated and with Coupons (and, if applicable a Talon) attached, in an aggregate principal amount equal to the principal amount of the Permanent Global Capital Security to the bearer of the Permanent Global Capital Security against the surrender of the Permanent Global Capital Security to or to the order of the Fiscal Agent within 30 days of the occurrence of the relevant Exchange Event.

Modifications to the terms of the Capital Securities whilst in global form

In addition, the Temporary Global Capital Security and the Permanent Global Capital Security will contain provisions which modify the Conditions as they apply to the Capital Securities for so long as they are represented by the Temporary Global Capital Security and/or the Permanent Global Capital Security. The following is a summary of certain of those provisions:

Payments

All payments in respect of the Temporary Global Capital Security and the Permanent Global Capital Security will be made to, or to the order of, the bearer of the same against presentation and (in the case of payment of principal in full with all Deferred Interest and any other interest accrued thereon) surrender of the Temporary Global Capital Security or (as the case may be) the Permanent Global Capital Security to or to the order of any Fiscal Agent, and each payment so made will be effective to satisfy and discharge the corresponding liabilities of the Issuer in respect of the relevant amount so paid on the Capital Securities.

A record of each payment made will be endorsed on the appropriate part of the schedule to the relevant Global Capital Security by or on behalf on the Fiscal Agent, which endorsement shall be *prima facie* evidence that such payment has been made in respect of the Capital Securities.

Calculation of interest

For so long as all of the Capital Securities are represented by the Temporary Global Capital Security and/or the Permanent Global Capital Security (as the case may be), interest shall be calculated in respect of the entire principal amount of Capital Securities represented by the Temporary Global Capital Security and/or the Permanent Global Capital Security (as the case may be) and not per Calculation Amount as provided in Condition 4(a) (*Interest Accrual*).

Transfers

Transfers of book-entry interests in the Capital Securities will be effected through the records of Euroclear and Clearstream, Luxembourg and their respective direct and indirect participants in accordance with their respective rules and procedures.

Redemption and cancellation

Any redemption or purchase and cancellation of any Capital Securities will be effected by a corresponding reduction in the nominal amount of the Temporary Global Capital Security or Permanent Global Capital Security representing such Capital Securities.

Notices

For so long as all of the Capital Securities are represented by the Temporary Global Capital Security and/or the Permanent Global Capital Security (as the case may be) and the same are deposited with a common depositary for Euroclear and Clearstream, Luxembourg, notices to Holders may be given, in lieu of publication as provided in Condition 18 (*Notices*), by delivery of the relevant notice to Euroclear and Clearstream, Luxembourg for onwards transmission to the Holders and, in any case, such notice shall be deemed to have been given to the Holders in accordance with Condition 18 (*Notices*) on the date of delivery of the notice to Euroclear and Clearstream, Luxembourg.

For so long as such Capital Securities are admitted to listing and/or trading on any market or stock exchange, notice shall also be given in such manner as may be required or permitted by the rules of such market or stock exchange.

USE OF PROCEEDS

The net proceeds of the issue of the Capital Securities will be used by the Issuer for general corporate purposes (including redemption of existing secured indebtedness, investments, acquisitions and development projects).

PRO FORMA STATEMENT

PURPOSE OF THE PRO FORMA FINANCIAL STATEMENTS

The Issuer presents these pro forma financial statements for illustrative purposes only. The pro forma financial statements illustrate a hypothetical situation and do not reflect the Issuer's actual earnings or financial position. The pro forma financial statements are intended solely to provide information and highlight facts and not to show the Issuer's earnings or financial position at any specific future point in time.

BACKGROUND OF THE PRO FORMA FINANCIAL STATEMENTS

On 15 November 2019, the Issuer announced a public takeover bid regarding all ordinary and preference shares in Hemfosa. The purchase price comprises newly issued shares in the Issuer, as well as a cash portion. The Offer was originally open until 20 December 2019. As at 20 December 2019, 87.8 per cent. of the shares and 88.1 per cent. of the votes in Hemfosa were controlled by Samhällsbyggnadsbolaget. The Offer was subsequently extended, and on 17 January 2020 Samhällsbyggnadsbolaget announced that it controlled 92.6 per cent. of the shares and 92.9 per cent. of the votes in Hemfosa. The Issuer has initiated a compulsory acquisition procedure under the Swedish Companies Act to acquire all shares not tendered in the Transaction and the pro forma financial statements thereby assume full ownership of Hemfosa. However, the acceptance period for the Offer has been extended to 29 January 2020 and the remaining shares in Hemfosa to be acquired by Samhällsbyggnadsbolaget are assumed to be paid in cash and shares in the mixed structure set out in the paragraph below.

For the purchased shares as of 20 December 2019, the consideration comprised a cash consideration of SEK 10,260 million, including shares purchased on the market, and a share consideration of SEK 10,613 million. For the purchased shares from 20 December 2019 and up until 17 January the consideration comprised a cash consideration of SEK 349 million and a share consideration of SEK 440 million. The remaining shares in Hemfosa to be acquired by the Issuer are assumed to be paid in a cash amount of SEK 763 million and a share amount of SEK 962 million in accordance with the structure of the Transaction. A total purchase price of SEK 23,387 million has been assumed for these pro forma financial statements, divided into SEK 11,372 million paid in cash and SEK 12,015 million paid in shares.

To present the hypothetical impact of the acquisition of Hemfosa (the "**Transaction**") on the Issuer's earnings if completed on 1 January 2018, and the hypothetical impact of the Transaction on the Issuer's financial position if completed on 30 September 2019, the Issuer has included pro forma financial statements for the financial year that ended 31 December 2018 and for the nine month period that ended 30 September 2019. The following pro forma financial statements are presented here:

- Pro forma income statement for the financial year ended 31 December 2018
- Pro forma income statement for the nine-month period ended 30 September 2019
- Pro forma balance sheet as of 30 September 2019

BASIS AND ASSUMPTIONS ON WHICH THE PRO FORMA FINANCIAL STATEMENTS HAVE BEEN PREPARED

Subscription to the Offer

The Offer encompasses all ordinary and preference shares in Hemfosa and full subscription to the Offer has been assumed in the pro forma financial statements.

Presentation format

Because the Issuer and Hemfosa use different presentation formats for their income statements and balance sheets, for the purposes of these pro forma financial statements, the presentation formats in Hemfosa's financial reports have, as far as possible, been adjusted to conform with the Issuer's presentation format. To achieve comparability between the financial statements of the Issuer and Hemfosa, Hemfosa's presentation format has, in some instances, been used for pro forma purposes.

Since the pro forma financial statements are presented in SEK million, figures in the pro forma financial statements and disclosures in the notes have, in some cases, been rounded off, which is why tables and totals do not always add up precisely.

Accounting principles

The pro forma financial statements have been prepared in accordance with the Issuer's accounting principles and IFRS as adopted by the EU, which are detailed in the Issuer's annual report for the 2018 financial year. Hemfosa also applies IFRS as adopted by the EU, which are detailed in Hemfosa's annual report for the 2018 financial year.

Business versus asset acquisitions

For pro forma financial purposes, the Transaction is assumed to be classified as a business combination in accordance with IFRS 3. The classification of a Transaction as a business combination or an asset acquisition is done in accordance with evaluation criteria as prescribed in IFRS 3. The criteria in this standard is subject to proposed amendments but the amendment to IFRS 3 has not yet been adopted by the EU.

Supporting documentation

For both the Issuer and Hemfosa, the companies' audited annual reports for the 2018 financial year, as well as a review of interim reports for the period 1 January to 30 September 2019, form the supporting documentation for the pro forma report. The Issuer's annual report for the 2018 financial year was audited by Ernst & Young AB. Hemfosa's annual report for the 2018 financial year was audited by KPMG AB. The Issuer's interim report for the period 1 January to 30 September 2019 was reviewed by Ernst & Young AB. Hemfosa's interim report for the period 1 January to 30 September 2019 was reviewed by KPMG AB.

In addition to the aforementioned public information, the Issuer has not fully assessed any documentation relating to Hemfosa's accounts for pro forma purposes.

PRO FORMA ADJUSTMENTS

The overarching nature of the pro forma adjustments is described below. The adjustments are described in greater detail in the notes to the pro forma financial statements. General synergies or integration expenses have not been included in the pro forma financial statements.

Adjustments to accounting principles

The Issuer has performed a preliminary analysis of the significant differences between the accounting principles of the Issuer and Hemfosa. In the Issuer's assessment, there are no significant differences between the accounting principles of the Issuer and Hemfosa that would have any significant effects on the financial data.

Preliminary acquisition analysis

In the pro forma financial statements, the purchase price is calculated at SEK 23,387 million. In the preliminary acquisition analysis, the value of the Issuer's shares has been calculated based on the Issuer's share prices on the respective issuance dates.

Based on the above, the cash portion of the purchase price amounts to SEK 11,372 million and the share portion amounts to SEK 12,015 million.

When preparing the preliminary acquisition analysis, the Issuer has not yet fully assessed the complete data allowing it to value Hemfosa's assets and liabilities. This also means that the deferred tax related to the difference between the book values of investment properties and their tax values has not been determined and has not been taken into account. The preliminary acquisition analysis regarding Hemfosa has been prepared based on Hemfosa's consolidated balance sheet as of 30 September 2019.

When preparing the final acquisition analysis, all identifiable assets and liabilities will be recognised at fair value. Acquired properties will then be valued in accordance with the Issuer's process for determining the market value of each property. This value may deviate from the fair value of Hemfosa's properties recognised as of 30 September 2019. When preparing the final acquisition analysis, new intangible assets may also be identified, which may, in the future, entail amortisation of these assets being charged against earnings. The final acquisition analysis may differ from the preliminary acquisition analysis. A final acquisition analysis will be prepared and announced, as part of the Issuer's financial reporting, within one year from the acquisition date.

In the preliminary acquisition analysis, the difference between Hemfosa's net assets and the purchase price has been recognised as goodwill.

Transaction expenses and financing

Although calculated transaction and issue expenses were incurred after 30 September 2019, for pro forma purposes, they are assumed to have been incurred in the period before 1 January 2018 and adjustments have been made for these in the pro forma balance sheet as of 30 September 2019.

In connection with the Transaction, but after 30 September 2019, the Issuer has raised further financing for the Transaction. In the pro forma income statements, this financing is treated as if it had been raised in connection with the hypothetical acquisition date of 1 January 2018. In the pro forma balance sheet, this financing is treated as if it had been raised in connection with the hypothetical acquisition date of 30 September 2019. Arrangement fees for the debt financing amounts to approximately SEK 0.6 million and are being assumed to be zero for pro forma purposes.

The Issuer has also made a rights issue to finance the Transaction, to a gross amount of SEK 1,500 million. In the pro forma balance sheet, this financing is treated as if it had been raised in connection with the hypothetical acquisition date of 30 September 2019.

Tax effect on adjustments

The tax effect has been taken into account in connection with all adjustments deemed tax deductible or taxable in the pro forma financial statements. The calculated tax effect may differ from the actual tax effect on implementation of the Transaction.

The tax calculations for current tax are based on a tax rate of 22 per cent. for 2018 and of 21.4 per cent. for 2019.

Pro Forma Income Statement For The Financial Year Ended 31 December 2018

	The Issuer (1 January 2018 – 31 December 2018) Audited IFRS	Hemfosa (1 January 2018 – 31 December 2018) Audited IFRS	Pro forma adjustments Unaudited	Note	The Issuer Pro forma income statement Unaudited Total
(SEK million)					
Rental income	1,680	2,525			4,205
Operating expenses	(386)	(403)			(789)
Maintenance	(100)	(175)			(275)
Property administration	(92)	(82)			(174)
Property tax	(32)	(74)			(106)
Net operating income	**1,071**	**1,792**	-		**2,863**
Central administration	(102)	(141)			(243)
Other operating income and expenses	-	43			43
Result from associated companies/joint ventures	13	24			37
Profit before financial items	**982**	**1,718**	-		**2,700**
Financial income and expenses	(661)	(514)	(30)	A	(1,205)
Profit from property management	**321**	**1,204**	**(30)**		**1,495**
Changes in value, properties	1,575	1,305			2,880
Changes in value, derivatives	8	(14)			(6)
Profit before tax	**1,904**	**2,495**	**(30)**		**4,369**
Tax	(214)	(466)	7	B	(673)
Net profit for the year, continuing operations	**1,690**	**2,030**	**(23)**		**3,697**
Discontinued operations					
Profit after tax from Nyfosa to be distributed to shareholders	-	1,407			1,407
Result on distribution of Nyfosa	-	(1,077)			(1,077)
Net profit for the year	1,690	2,360	(23)		4,027

Notes to the pro forma accounts

A

The cash consideration totalling SEK 11,372 million, as well as transaction and issue expenses totalling SEK 198 million will be financed through proprietary funds of SEK 9,243 million, bond loans and commercial papers of SEK 685 million and a rights issue of SEK 1,500 million. Since no interest is charged on cash and cash equivalents or the rights issue, no pro forma adjustment is made in the income statement. The new financings have an average annual interest rate of 0.65 per cent. This entails a pro forma adjustment in the income statement for increased interest expenses totalling SEK 4 million.

Arrangement fees related to the debt financing are assumed to be zero. The issuing costs for the rights issue are not adjusted for in the income statement but accounted for as a deduction of gross proceeds in the balance sheet.

Cash and cash equivalents is used for a non-recurring expense of SEK 26 million connected to Hemfosa's bond loan of SEK 2,536 million (based on issued volume as per 30 September 2019). This entails a pro forma adjustment in the income statement for increased interest expenses totalling SEK 26 million.

This entails a pro forma adjustment in the income statement for increased interest expenses totalling SEK 30 million.

B

The pro forma adjustments presented regarding financing expenses have an impact on the tax expense for the period. The adjustment relates to a positive effect of SEK 7 million regarding tax related to the increased interest expenses (22 per cent. of SEK 30 million).

Pro Forma Income Statement For The Nine-Month Period Ended 30 September 2019

	The Issuer (1 January 2019 – 30 September 2019) Unaudited IFRS	Hemfosa (1 January 2019 – 30 September 2019) Unaudited IFRS	Pro forma adjustments Unaudited	Note	The Issuer Pro forma income statement Unaudited Total
(MSEK)					
Rental income	1,400	2,128			3,528
Operating expenses	(326)	(349)			(675)
Maintenance	(78)	(120)			(198)
Property administration	(68)	(73)			(141)
Property tax	(25)	(59)			(84)
Net operating income	**903**	**1,526**			**2,429**
Central administration	(85)	(98)			(183)
Other operating income and expenses	-	4			4
Result from associated companies/joint ventures	57	9			66
Profit before financial items	**875**	**1,441**			**2,316**
Financial income and expenses	(367)	(403)	(3)	A	(773)
Profit from property management	**508**	**1,039**	**(3)**		**1,544**
Changes in value, properties	1,136	814			1,950
Changes in value, derivatives	(118)	(77)			(195)
Profit before tax	**1,526**	**1,777**	**(3)**		**3,300**
Tax	(189)	(280)	1	B	(468)
Net profit for the year	1,337	1,497	(2)		**2,832**

Notes to the pro forma accounts

A

The cash consideration totalling SEK 11,372 million, as well as transaction and issue expenses totalling SEK 198 million will be financed through proprietary funds of SEK 9,243 million, bond loans and commercial papers of SEK 685 million and a rights issue of SEK 1,500 million. Since no interest is charged on cash and cash equivalents or the rights issue, no pro forma adjustment is made in the income statement. The new financings have an average annual interest rate of 0.65 per cent. This entails a pro forma adjustment in the income statement for increased interest expenses totalling SEK 3 million.

Arrangement fees related to the debt financing are assumed to be zero. The issuing costs for the rights issue are not adjusted for in the income statement but accounted for as a deduction of gross proceeds in the balance sheet.

This entails a pro forma adjustment in the income statement for increased interest expenses totalling SEK 3 million.

B

The pro forma adjustments presented regarding financing expenses have an impact on the tax expense for the period. The adjustment relates to a positive effect of SEK 1 million for tax regarding the increased interest expenses (21.4 per cent. of SEK 3 million).

Pro Forma Balance Sheet As Of 30 September 2019

	The Issuer (30 September 2019) Unaudited IFRS	Hemfosa (30 September 2019) Unaudited IFRS	Pro forma adjustments Unaudited	Note	The Issuer Pro forma balance sheet Unaudited Total
(*SEK million)*					
ASSETS					
Fixed assets					
Goodwill	24	-	8,932	A	8,956
Investment properties	30,776	39,773			70,549
Land lease agreements	137	133			270
Equipment, machinery and installations	4	-			4
Shares in associated companies/joint ventures	535	294			829
Receivables from associated companies/joint ventures	1,754	-			1,754
Financial fixed assets at fair value	239	-			239
Other long-term receivables	39	-			39
Other fixed assets	-	35			35
Total fixed assets	**33,508**	**40,235**	**8,932**		**82,675**
Current assets					
Accounts receivables	626	297			923
Short-term investments	1,094	-	(1,094)	B	-
Cash and cash equivalents	8,532	616	(8,347)	B	801
Total current assets	**10,252**	**913**	(9,441)		1,724
TOTAL ASSETS	**43,760**	**41,149**	**(509)**		**84,400**
EQUITY AND LIABILITIES					
Equity	**15,940**	**14,456**	**(1,161)**	**B, C**	**29,235**
Interest-bearing liabilities	25,331	23,687	685	D	49,703
Deferred tax liabilities	1,238	1,428	(33)	E	2,633
Liabilities leasing	137	133			270
Other liabilities	1,114	1,446			2,560
Total liabilities	**27,820**	**26,694**	**652**		**55,166**
TOTAL EQUITY AND LIABILITIES	**43,760**	**41,149**	**(509)**		**84,400**

Notes to the pro forma accounts

A

In the pro forma financial statements, the purchase price was calculated at SEK 23,387 million.

Since the Issuer has not made a detailed valuation of assets and liabilities, the deferred tax relating to the difference between the book values of investment properties and their tax values could not be determined and has not been taken into account. Accordingly, the preliminary acquisition analysis has been based on the values recognised in Hemfosa's balance sheet as of 30 September 2019.

The difference between Hemfosa's net assets and the purchase price has been recognized as goodwill in the amount of SEK 8,932 million.

Preliminary acquisition analysis as of 30 September 2019:

Purchase price	SEK 23,387 million
Acquired net assets, Hemfosa	SEK (14,455) million
Goodwill	**SEK 8,932 million**

B

The cash consideration totalling SEK 11,372 million will be financed with existing proprietary funds of SEK 9,243 million (SEK 8,149million from cash and cash equivalents and SEK 1,094 million from short-term investments), in addition, proceeds of SEK 1,500 million from the rights issue before deduction of issue expenses of SEK 56 million and additional bond loans and commercial papers of SEK 685 million. Arrangement fees related to the debt financing are assumed to be zero. In addition to the cash consideration, transaction expenses of SEK 198 million are financed from cash and cash equivalents. This entails a pro forma adjustment of cash and cash equivalents by SEK 8,347 million, and of short-term investments by SEK 1,094 million (SEK 9,441 million from total current assets).

No transaction or issue expenses attributable to the acquisition were incurred before 30 September 2019. On a pro forma basis, such expenses are assumed to have arisen before 1 January 2018, entailing an adjustment being made only in equity and cash and cash equivalents as of 30 September 2019. The expenses are items of a non-recurring nature.

C

Equity has been adjusted for the non-cash issue, increasing equity by SEK 12,015 million following the deduction of issue expenses of SEK 77 million after tax. Proceeds from the rights issue has increased equity by SEK 1,500 million following the deduction of issue expenses of SEK 44 million after tax. Transaction expenses have reduced equity by SEK 100 million (assumed not to be deductible) and acquired equity in Hemfosa (SEK 14,455 million) has been eliminated.

Pro forma equity adjustments:

Non-cash issue	SEK 12,015 million
Rights issue	SEK 1,500 million
Issue expenses, after tax	SEK (121) million
Transaction expenses	SEK (100) million
Elimination of acquired equity in Hemfosa	SEK (14,455) million
Pro forma equity adjustment	**SEK (1,161) million**

D

Interest-bearing liabilities have been adjusted for the bond loans and commercial papers of SEK 685 million used for the partial financing of the Transaction. Arrangement fees related to the debt financing are assumed to be zero.

E

Deferred tax liabilities have been adjusted for tax attributable to issue expenses of SEK 33 million.

DESCRIPTION OF THE ISSUER AND ITS OPERATIONS

OVERVIEW

Samhällsbyggnadsbolaget i Norden AB (publ), Reg. No. 556981-7660, is a Swedish public limited liability company having its registered office in Stockholm. The Issuer was founded by Header Compression Sweden Holding AB (publ), Reg No. 556825-4741 in September 2014 in accordance with Swedish law and was registered with the Swedish Companies Registration Office on 4 September 2014 under the name Effnetplattformen AB (publ).

The Issuer is a major Nordic social infrastructure property company. The Group owns a property portfolio across Sweden, Norway, Finland and Denmark with a gross asset value of SEK 30.8 billion as of 30 September 2019. The Group generates most of its income from the management of its social infrastructure property portfolio, which includes (i) community services properties, such as elderly care homes, schools and group housing for people with disabilities, in Sweden, Norway, Finland and Denmark and (ii) rent-regulated residential properties in Sweden. The Group also has additional income streams from property renovations, property development activities and real estate transactions. As of 30 September 2019, community services properties and Swedish rent-regulated residential properties accounted for 60 per cent. and 34 per cent. of the total portfolio by gross asset value, respectively. The remaining part comprises cash flow properties with development potential to develop building rights for social infrastructure.

The Issuer actively manages its own real estate portfolio in order to generate sustainable cash flow and create additional value. The Group's business model is to acquire and manage properties that have low-risk profiles and steady risk-adjusted returns. The Group generates rental income either from publicly financed municipalities and governmental agency tenants (in the case of community services properties) or from residential tenants in Swedish rent-regulated apartments who are highly motivated to pay their rent due to the acute shortage of rental housing in Sweden.

In addition to property management, which is the foundation of the Issuer's earning capacity, the Group generates additional income from value-enhancing capital expenditures on renovations in its rent-regulated residential property portfolio, from property development for social infrastructure building rights, which includes sales of properties and their associated building rights upon re-zoning and selective participation in joint ventures, and from real estate transactions in which the Issuer's experienced transaction team buys and sells properties in order to continue building the Group's portfolio, realise gains from matured properties and recycle capital for use in acquiring attractive new investment properties.

The Issuer has built strong long-term relationships with a number of Nordic municipalities, becoming a preferred partner for municipalities due to its track record operating in both community services and residential sectors. The Issuer's experienced team has local market presence in its investment markets as well as expertise to cover each stage of the property value chain from property management, development and transaction to financing. The Group believes that the experience of its team, including the long-standing local presence of the team members and the relationships that have been established with municipalities, states, regions and private tax-funded welfare providers in the Nordics, makes the Issuer's position difficult for a competitor to replicate.

As of 30 September 2019, the Issuer's property portfolio comprised 842 properties in the Nordic countries covering 1.8 million square metres with Passing Rent of SEK 2,003 million, an Economic Occupancy Rate (as defined below) of 95.3 per cent. and a Net Initial Yield (which excludes building rights) of 4.7 per cent. The Weighted Average Unexpired Lease Term ("**WAULT**") for the Group's community services properties as of 30 September 2019 was seven years.

The Issuer had a Loan-to-Value Ratio as of 30 September 2019 of 38.4 per cent. and has a BBB- (stable) credit rating from Fitch and BBB- (positive) credit rating from S&P as of 18 November 2019.

Community services properties – The Group's community services properties portfolio primarily consists of elderly care homes, schools, group housing for people with disabilities, municipal and government agency office buildings and healthcare centres in Sweden, Norway, Finland and Denmark. The Issuer's diversified tenant base includes a range of low-risk municipality and government tenants with strong credit ratings, such as the Swedish and Norwegian states, Boden and Linköping municipalities and Västra Götaland County, amongst others. The Issuer's portfolio of 517 community services properties was valued at SEK 18.3 billion, or 59.6 per cent. of the gross asset value of the Group's overall property portfolio, as of 30 September 2019. As of 30 September 2019, Passing Rent for this segment was SEK 1,195 million, Passing NOI was SEK 953 million, the rental income as a percentage of Rental Value (the "**Economic Occupancy Rate**") was 97.5 per cent. and Net Initial Yield was 5.3 per cent. For the nine months ended 30 September 2019, the Group generated SEK 799 million of Rental Income and SEK 601 million of net operating income in its community services properties segment.

Swedish rent-regulated residential properties – The Group's rent-regulated residential property portfolio consists of rent-regulated residential apartment properties located in Swedish growth municipalities. The Issuer owns rent-regulated residential properties in approximately 30 Swedish cities with a large geographical spread, whereof most of the rent-regulated residential properties are located in the Stockholm region, Sundsvall, Oskarshamn, Karlstad, Borlänge and Motala. The Issuer's portfolio of 300 rent-regulated residential properties was valued at SEK 10.3 billion, or 33.6 per cent. of the gross asset value of the Group's overall property portfolio, as of 30 September 2019. As of 30 September 2019, Passing Rent for this segment was SEK 697 million, Passing NOI was SEK 368 million, the Economic Occupancy Rate was 93.9 per cent. and Net Initial Yield was 3.7 per cent. For the nine months ended 30 September 2019, the Group generated SEK 513 million of Rental Income and SEK 258 million of net operating income in its rent-regulated residential properties segment.

Other – The remaining SEK 2.1 billion, or 6.8 per cent., of the gross asset value of the Group's property portfolio as of 30 September 2019 was made up of 25 cash flow generating properties in locations that municipalities have prioritised for urban development. The Issuer augments income from its core social infrastructure property management business with cash flow properties with a clear development potential to develop building rights for social infrastructure. Before such acquisitions, the Issuer communicates with the relevant municipality to ensure that the property and area is prioritised for upcoming urban development. After the acquisition, the Issuer initiates work preparing a new zoning plan with the ambition to divest final building rights to a project developer or a joint venture (with the Issuer as a partner) together with an experienced project developer who takes responsibility for construction upon the final approval of the zoning plan. As of 30 September 2019, Passing Rent for this segment was SEK 112 million, Passing NOI was SEK 53 million, the Economic Occupancy Rate was 83.9 per cent. and Net Initial Yield was 3.9 per cent. For the nine months ended 30 September 2019, the Group generated SEK 88 million of Rental Income and SEK 44 million of net operating income in its income segment.

For the nine months ended 30 September 2019, the Group generated gross rental income of SEK 1,400 million, net operating income of SEK 903 million and profit before financial items of SEK 875 million. As of 30 September 2019, the gross asset value of the Issuer's property portfolio was SEK 30,776 million, its EPRA NAV was SEK 9,914 million and its Loan-to-Value Ratio was 38.4 per cent. For the year ended 31 December 2018, the Group generated gross rental income of SEK 1,680 million, net operating income of SEK 1,071 million and profit before financial items of SEK 982 million. As of 31 December 2018, the gross asset value of the Issuer's property portfolio was SEK 25,243 million, its EPRA NAV was SEK 8,736 million and its Loan-to-Value Ratio was 52.5 per cent. The Group has delivered compelling EPRA NAV growth with a compound annual growth rate of 79.9 per cent. from 31 December 2016 to 30 September 2019 and the gross asset value of its portfolio has grown with a compound annual growth rate of 66.5 per cent.

HISTORY

The Group was founded by Ilija Batljan in March 2016 with a vision to create a leading Nordic property company focused on the ownership, management and development of social infrastructure properties in the Nordics.

In May 2016, the Group acquired its first large property portfolio consisting of approximately 750 rent-regulated residential units and in September 2016, the Group executed its first transaction with a Swedish municipality through its acquisition of a property in Ulricehamn from the municipal housing company Stubo AB. In October 2016 the Group acquired its first property in Oslo, Norway with the Norwegian government as its tenant. That acquisition marked the Group's expansion into the Nordic market outside of Sweden and was worth SEK 1.2 billion. By the end of 2016 the Group had 358 properties in its property portfolio that were valued at SEK 7,572 million.

In March 2017, the Issuer received approval to be listed on Nasdaq First North. As of 31 December 2017, the Group's property portfolio had grown to 749 properties in 128 municipalities in both Sweden and Norway further illustrating the Group's commitment to be a leading property company in the Nordic region. As of 31 December 2017, the gross asset value of the Issuer's property portfolio was SEK 23,001 million.

In February 2018, the Group expanded into the Finnish property market and acquired residential care properties in Helsinki and other parts of Finland. In October 2018, the Group signed a definitive agreement for the acquisition of the new cultural centre in Skellefteå, Sweden for SEK 1,050 million, which will be payable when construction is finished and the use of the property commences, which is expected to be in 2021. In connection with the acquisition, the Issuer entered into a 50-year lease with the municipality of Skellefteå for the entire property, representing what the Directors believe to be the first municipal contract in Europe with a 50-year term. The Group also disposed of 280 properties in late-2018 in order to reduce leverage and optimise and consolidate its portfolio consistently with its strategy of selling matured properties and recycling capital for future use. As of 31 December 2018, the Group's property portfolio comprised 570 properties in 131 municipalities in Sweden, Norway and Finland and had a gross asset value of SEK 25,243 million.

In 2019, the Group acquired 37 additional infrastructure properties in Finland, Sweden and Norway for SEK 468 million, to be used primarily as elderly care homes, preschools and care homes and expanded into Denmark by acquiring six community service properties in Copenhagen and Aarhus and the surrounding regions. In April 2019, the Group entered into an agreement for the sale of DNB Bank's headquarters in Oslo, with an agreed net property value of SEK 4,897 million (NOK 4,487.5 million), which exceeded the net property value at the time of the Issuer's acquisition by NOK 473 million. Also in April 2019, the Issuer completed the EUR 142 million acquisition of 48 community service properties in Finland, established its EUR 2,500 million EMTN Programme and received investment grade ratings of BBB- with stable outlook from Fitch and BBB- with positive outlook from S&P. Additionally, the Group signed ISDA Agreements with Nordea, DNB, Skandinaviska Enskilda Banken AB (publ) ("**SEB**") and Danske Bank, providing the Issuer with full access to the derivatives market. In August 2019, the Group successfully issued a EUR 500 million senior unsecured bond into the European debt capital markets set to mature in September 2026 with a fixed coupon of 1.1 per cent. In September 2019, the Issuer became the first private real estate company to become a member of Public Housing Sweden, an industry and interest organisation for the municipality owned public housing companies in Sweden that is made up of approximately 300 member companies that collectively manage approximately 800,000 dwellings. Additionally, in September 2019, Nasdaq Stockholm's listing committee approved the Group's shares for admission and the Issuer changed the listing venue for its Class B shares and Class D shares from Nasdaq First North Premier Growth Market to Nasdaq Stockholm.

SIGNIFICANT EVENTS FOLLOWING 30 SEPTEMBER 2019

In October 2019, the Group acquired 1,560 apartments, the majority of which are located in Växjö or Ronneby. The total rental income from these properties amounts to SEK 116.3 million with a net operating income of approximately SEK 66.5 million. Additionally, the Group formed a joint venture with Amasten Fastighets AB (publ) ("**Amasten**") to build rent regulated residential properties in Nyköping, selling approximately 50,000 square metres of building rights at a price of SEK 3,000 per square metre. The Group also entered into an agreement with various sellers to acquire class A common shares in Amasten for SEK 711,188,032, corresponding to a holding of 20.2 per cent. of the shares and 20.5 per cent. of the votes through an option agreement entered into through a subsidiary, giving the Group the right to purchase additional shares in Amasten. If the call option is exercised, the Issuer would directly and indirectly hold 130,088,850 class A common shares corresponding to 30.2 per cent. of the shares and 30.3 per cent. of the votes in Amasten.

In October 2019, the Group decided on a directed new issue of 18,181,819 of class B common shares, raising proceeds of approximately SEK 400 million. The Group intends to use the proceeds from the directed share issue to further support the strengthening of the balance sheet in parallel with its on-going work to achieve a property portfolio of SEK 55 billion by 2021 and achieve and retain a BBB+ credit rating.

In November 2019, the Group successfully issued senior unsecured bonds totalling SEK 2,250 million under the EMTN Programme (as defined below). The proceeds from these issuances will be used for general corporate purposes.

In November 2019, the Issuer also acquired 23 schools and preschools in Stockholm from the municipal property company, SISAB for SEK 421.5 million. The properties have a total lettable area of approximately 17,700 square metres and have rental income of just over SEK 25 million and all premises are fully let.

On 18 November 2019, S&P changed the Issuer's ratings outlook from stable to positive, which means that the Issuer's new rating is BBB- with positive outlook for ratings on the Issuer and its senior unsecured debt.

VISION, MISSION AND VALUES

Ilija Batljan founded the Issuer in March 2016 with a vision to create the best Nordic property company focused on residentials and social infrastructure properties. The Issuer's strategy is to have a long-term view on ownership, management and development of rent-regulated residential properties in Sweden and social infrastructure properties in the Nordics. Further, the Issuer aims to actively carry out property development where cash flow properties can be converted into building rights for social infrastructure.

COMPETITIVE STRENGTHS

The Group believes that the following competitive strengths provide the Issuer with a strong operational platform building on its experience, market knowledge and relationships, and represent the primary drivers for the Issuer's business success.

Differentiated strategy of focusing on low-risk social infrastructure offering attractive yields, underpinned by strong relationships with municipalities

The Issuer is a major Nordic social infrastructure property company. The Group owns a property portfolio across Sweden, Norway, Finland and Denmark with a gross asset value of SEK 30.8 billion as of 30 September 2019. The Group generates most of its income from the management of its social infrastructure property portfolio, which includes community services properties, such as elderly care homes, schools and group housing for people with disabilities, municipal and government agency office buildings and healthcare centres.

Community service properties in the Nordic region are typically financed and owned by municipalities or governmental agency tenants, and it is estimated that approximately 80 per cent. of these properties are currently in public ownership. Municipal and governmental organisations as tenants are characterised by lower counterparty risk due to their strong sovereign credit ratings and the relatively low national debt of Nordic countries in comparison to other EU nations. The Group has a history of actively working with many municipalities, states, regions and tax-funded welfare providers in the Nordic countries and only six months after its founding, the Group completed its first transaction with a Swedish municipality. The Group has continued to develop very positive relationships with municipal, county and state authorities and has engaged in transactions with municipalities throughout Sweden such as Stockholm, Skellefteå, Huddinge, Borlänge and Karlskrona collaborating on projects involving the development of new community service properties and building properties specifically adapted for community service purposes. For example, in November 2019, the Issuer acquired 23 schools and preschools in Stockholm from the municipal property company, SISAB, for SEK 421.5 million. In 2018, the Group acquired the culture centre in Skellefteå, which is set to house the county theatre, a museum, an art gallery and a new city library for over SEK 1 billion with the municipality as the sole tenant on a 50-year lease agreement. In 2017, the Issuer acquired a portfolio with education properties in Huddinge for SEK 200 million. These relationships together with a long-term perspective and a proven track record provides the Group with favourable opportunities to acquire social infrastructure properties from municipalities thereby increasing its market share and also helping the Group become a long-term reliable partner for municipalities and governmental agencies. Additionally, as the market for social infrastructure benefits from a number of strong underlying growth trends, such as a high demand for additional social infrastructure properties coupled with stretched public balance sheets, there is a significant opening for private investment in the sector as for example, the required number of elderly homes and high schools expected to be needed by municipalities in 2022 exceeds the number of planned units for 2019 to 2022 by 2.4 and 4.3 times, respectively. Additionally, the rent per square metre for new build health care, education, group housing for people with disabilities and elderly care properties as of 30 September 2019 was 2.8, 1.8, 2.0 and 1.8 times more, respectively, than the rent per square metre for the Group's corresponding properties. Therefore, should rent levels increase to market levels, the Group is positioned to benefit from improved margins.

Social infrastructure properties are also characterised by long leases. As of 30 September 2019, the Group had average lease lengths of seven years for its community service properties. A clear majority of tenants in the Group's community service properties renew their leases, and as of 30 September 2019, 32 per cent. of leases expiring between 2019 and 2022 had been in place for more than 20 years, and 68 per cent. had been in place for more than 10 years. Furthermore, the Group recently signed a 50-year lease for the culture centre in Skellefteå, which is one of the wealthiest Swedish municipalities. In the social infrastructure segment, the majority of the Group's tenants renew their leases, and the Group experiences low tenant turnover in addition to its long lease length ensuring stability, long-term value and security.

Rent-regulated residential portfolio in Sweden ensures low tenant turnover and income stability with significant potential

The Group only invests in Sweden based on the strict and predictable Swedish rent regulations. The Swedish market has a much stricter regulation than other Nordic countries, which, combined with strong population growth, makes Swedish rent-regulated rental apartments one of the world's safest asset classes according to the Issuer. Market regulation has led to insufficient new production of housing, which has led to a widespread shortage of housing and high housing demand in municipalities. The waiting period for housing in Sweden currently is approximately ten years in Stockholm and three years on average in the rest of Sweden. In 2018, 84 per cent. of municipalities reported a need for additional housing, which reflected a slight decrease from 2017, but this reported need has generally increased over the previous five years from 43 per cent. in 2013 to 52 per cent. in 2014, 63 per cent. in 2015 and 83 per cent. in 2016. The Group's rent-regulated residential properties are primarily located in favourable locations across approximately 30 Swedish cities that are currently exhibiting positive population growth and will therefore have an increased need for rental properties. As rent levels are regulated and usually below market levels resulting in high demand for rental properties, the Group's management believes that the Issuer is well positioned to benefit from these demographic developments and generate a stable net operating income and a solid risk-adjusted yield. The Group's rent-regulated residential portfolio as of 30 September 2019 was valued at SEK 13,941 per square metre, while new construction cost (including land) for new apartments in Sweden is SEK 45,175 per square metre, illustrating the opportunity for additional growth. The Group's rent per square metre for its residential properties as of 30 September 2019 was SEK 973 compared to SEK 1,742 per square metre in new build apartments, which positions the Group to benefit from improved margins if rents increase towards market levels and to conduct rent increasing apartment renovations. Additionally, as rent-regulated residential properties in Sweden are characterised by high demand and insufficient supply, the Group experiences low levels of tenant turnover and near-zero long-term vacancies. The Group's rent-regulated residential property portfolio maintained an Economic Occupancy Rate of 93.9 per cent. as at 30 September 2019, with most of the vacancies being assets that are under renovation in accordance with the Group's ongoing renovation programme that is targeting the renovation of 600 units per year.

Recurring additional income streams from renovations, property development and transactions

The Group has three additional income streams besides ordinary property management: renovations, property development activities and real estate transactions. The Group renovates and refurbishes apartments within its portfolio and as a result of these efforts is able to generate yearly returns of approximately 7-9 per cent. on investments. Since its founding the Group has increased the number of apartments it renovates each year and the long-term goal is to renovate 600 apartments per year. During the nine months ended 30 September 2019, the Issuer began renovations of 476 apartments, of which 311 were complete as of 30 September 2019, and signed agreements for the renovation of an additional 232 apartments, of which half are expected to begin in the fourth quarter of 2019. This is compared to the renovation of 415 and 138 apartments in the years ended 31 December 2018 and 2017, respectively.

The Issuer additionally derives income from developing and selling building rights for social infrastructure. The Group has a proven track record of acquiring properties and after re-zoning these properties to create building rights for social infrastructure properties, achieving increased valuations. Lastly, the Group also derives a portion of its income through property transactions.

The Group's income from property management combined with additional income streams all contribute to a large value creation and possibilities to perform additional investments to expand the Group's property portfolio.

Possibilities to acquire mixed portfolios

Swedish municipalities often own community services and rent-regulated residential properties together and often seek out companies that have the ability, organisation and long-term perspective necessary to invest in and develop both rent-regulated residential and community service properties. Although there is competition to acquire these types of portfolios, few companies have the ability to acquire portfolios made up of properties from both segments. The Issuer is one of the few companies able to acquire mixed portfolios and is therefore well positioned to seize opportunities in the market.

Investment grade credit rating ensures broad access to capital markets and financial flexibility

The Group maintains a strong capital structure that is diversified across different types of debt instruments. As of 30 September 2019, a majority of its debt portfolio (excluding commercial paper) had maturities longer than five years. Excluding commercial paper, 53 per cent. of the Group's debt had maturities longer than five years. Including commercial paper, 49 per cent. of the Group's debt had maturities longer than five years. As a result of its strong balance sheet position and funding mix, the Group has an investment grade rating of BBB- (stable) from Fitch and BBB- (positive) from S&P and aims to achieve a BBB+ rating from both agencies during the next 12 months. The Group's average interest rate on its debt obligations as of 30 September 2019 was 1.75 per cent., reflecting a steady decrease from 2.49 per cent. as of 30 September 2018 and 3.36 per cent. as of 31 December 2017. The Group's current rating signals the Group's stability and lowered risk of default. As a result of its rating the Group has broad access to capital markets and financial flexibility in order to fund its acquisitions and pursue its growth strategy.

Highly experienced management team, scalable platform and reputable owners

The Issuer's active and hands-on management team has vast experience in the development and management of both community services properties and rent-regulated residential properties and is highly qualified to implement the Group's growth strategy. The Chief Executive Officer Ilija Batljan founded the Issuer in March 2016 and has held multiple corporate and municipal management positions in Sweden and internationally. The Group's seven person management team, which includes the Group's Chief Executive Officer, Chief Operating Officer/Deputy Chief Executive Officer, Head of Property Development/Deputy Chief Executive Officer, Chief Financial Officer, Business Development Manager, Investor Relations Manager and the Finance Manager, have an average of 23 years of experience in the property development, property management and project development industry and are supported by a highly dedicated, reputable and diverse Board of Directors with extensive expertise in the real estate industry. The Head of Asset Management is an adjunct member of the management team. As a result, the Group believes that the expertise and dedication of the Group's senior management team provide it with the skills, knowledge and expertise necessary to pursue and execute its strategy.

STRATEGY

The Issuer aims to generate sustainable and attractive returns and create long-term value with a low-risk profile. Additionally, the Issuer intends to actively manage its portfolio in major cities across Sweden, Norway, Finland and Denmark and to cover the full real estate value chain with its integrated organisational platform and local market presence. Backed by its strong relationships with Nordic municipalities, the Issuer's core strategy is to generate income from property management by investing in community services properties in the Nordic and rent-regulated residential properties in Sweden. This is further supplemented by additive income streams, including income from value-enhancing capital expenditures on renovations in its social infrastructure portfolios, from property development activities and from real estate transactions in which the Issuer's experienced transaction team acquires properties and divests matured properties to continue building the Group's diverse portfolio.

The strategic focal point for the Issuer is to create sustainable long-term value for all of its stakeholders and includes the following strategies.

Continuing to be the partner of choice for municipalities and further build existing and new relationships while responding to housing demands

The Group aims to be a natural, reliable and long-term partner in the public sector in the Nordic region and delivers its social infrastructure properties in close cooperation with the primary providers of care services, which are often municipalities and county councils. The Group maintains robust relationships with municipal, county and state authorities and has engaged in transactions with municipalities throughout Sweden such as Stockholm, Skellefteå, Huddinge, Borlänge and Karlskrona. The Group has also acquired properties from both the Danish and the Norwegian Governments and is involved in discussions regarding new transactions with municipalities throughout the countries in which it operates. These relationships provide the Group with favourable opportunities to acquire social infrastructure properties from municipalities. Due to the growing prevalence of aging populations in the Nordic region, with Finland and Sweden in particular being amongst the countries with the highest proportions of their populations being made up of people aged 65 years and older worldwide, it is expected that there will be an increased need for quality welfare services and residential care properties with an estimated unit demand for 300 new elderly care homes in Sweden in 2022. As one of the Nordic region's largest players in the field of elderly care homes and for group housing for people with disabilities, the Issuer is well positioned to respond to these demographic changes. The Group's strategy therefore involves maintaining these strong relationships with municipalities and governmental tenants through ongoing discussions for the development of new community service properties. As approximately 80 per cent. of community service properties are currently publicly owned, the Group aims to increase its 1 per cent. market share and build upon its strong position as a partner of choice to municipalities in the Nordic region. Additionally, Sweden's residential market is characterised by rent regulation and a shortage of housing. As a result of rent regulations in Sweden, rent charged is strictly controlled, based on the standard of each apartment, compared with equivalent residential units in comparable areas. The demand for residential properties is expected to increase as a result of continuing population growth. Additionally, lengthy zoning plan processes and delays in construction further add to this shortage. There are 290 municipalities in Sweden and, according to a survey carried out by the National Board of Housing, Building and Planning in May 2018, 243 of the 288 participating municipalities assessed that there was a shortage of housing in their respective municipality. The Group's strategy involves the Issuer responding to this housing demand and remaining municipalities' partner of choice in meeting this need.

Generating income from property management

The Group's community service and residential portfolios provide a sustainable and stable source of income and the Group's strategy is focused on maintaining and developing this income stream. The Group additionally aims to generate stable and low-risk income through developing and selling building rights. Due to an expected increase in the need for community services and residential properties owing to demographic developments and a shortage of housing the Group aims to maintain its strong relationships with municipalities and continue engaging in value creating development as well as management of its existing portfolio.

Generating income from development of social infrastructure building rights

The Group aims to generate low-risk income through the acquisition and sale of attractive properties and their associated building rights. As part of the Group's strategy to generate income, the Group focuses on municipalities with favourable demographics such as underlying population growth and a high demand for housing and identifies properties in these localities with a yield of approximately 4-6 per cent. Prior to acquisition, the Group assesses the potential of the target property and engages in discussions with municipalities to ascertain whether the target acquisition and its surrounding location are suitable for development. Once the Group has acquired and conducted development of a new zoning plan, the Group can thereafter choose to sell the property or retain a percentage of ownership through its participation in joint ventures with experienced project developers where the Group's counterpart takes responsibility for production or construction risks associated with the development. Great opportunities to develop building rights also exist within the current portfolio of social infrastructure properties, where many of the Group's properties have large green- and/or parking spaces well suited for building rights development. The Group intends to continue seeking attractive acquisition opportunities with unrealised building rights that are primed for development. The Group's strategy contributes to diversifying the income streams and to strengthen its important relationships with municipalities by producing and developing building rights for social infrastructure to meet the municipalities current and upcoming needs.

Generating income from renovations

The Group derives a significant portion of its income through the renovation of properties in its community services and apartments in its rent-regulated residential properties portfolio. The Group has a history of performing income generating renovations, and in the first nine months of 2019 began the renovation of 476 apartments, of which 311 were completed and signed agreements for the renovation of an additional 232 apartments, of which half are expected to begin in the fourth quarter of 2019. The Group also renovated 415 and 138 apartments in 2018 and 2017, respectively. In the course of its renovations, the Group also explores opportunities to redesign apartments within its existing portfolio in order to upgrade the standard of each of the apartments, increase the apartment's modernity and safety and create extra rooms per apartment so that the property and the apartments can be better utilised in the future. A significant portion of the Group's rent-regulated residential portfolio was built between 1960 and 1975 and therefore may require refurbishment in order to meet current and future tenant requirements for quality and comfort as well as to meet current technical standards. As only approximately 10 per cent. of the Group's portfolio has been renovated, the Group's strategy centres on capturing additional value from its remaining un-renovated residential portfolio utilising refurbishments and renovations to increase the attractiveness of its properties. The Group has a long-term target of renovating a total of approximately 600 apartments per year. These renovations may increase the number of apartment points awarded to each unit and also allow the Group to reach agreements with various tenant associations to increase rent levels that recognise the value added by the renovation. See *"—The Group's Business Model—Property Portfolio—Property Management—*

Swedish Rent-regulated residential properties" for additional details on the utility value system for determining rent levels in Sweden.

Generating income from real estate transactions

The Issuer's transaction team, which the Group believes is the most experienced social infrastructure property transaction team in the Nordic region, has an unparalleled track record of closing transactions that has often made it the first potential buyer approached by private and public sellers before they begin a more broadly marketed sale process. These off-market transactions provide the Group with a competitive advantage to acquire portfolios of social infrastructure properties. The Group intends to continue to acquire portfolios of social infrastructure properties in these off-market transactions to maintain this competitive advantage. In the nine months ended 30 September 2019, the Group acquired properties for SEK 9,595 million and disposed of properties for SEK 6,339 million for a net change of real estate transactions of SEK 3,256 million. Engaging in real estate transactions and selling developed and matured properties allows the Group to recycle capital for use in new acquisitions.

THE GROUP'S BUSINESS MODEL

Overview

The Issuer's business focus is to make sound decisions that generate profit for its shareholders and benefit society as a whole by:

- being a natural and reliable partner to the public sector in the Nordic welfare states through its focus on the long-term ownership, management and development of community services properties in Sweden, Norway, Finland and Denmark;
- owning, managing and developing rent-regulated residential properties throughout Sweden; and
- acting as a social infrastructure builder and long-term partner to municipalities, countries and state authorities, by working actively to create building rights for social infrastructure.

Operating and financial targets

The operating and financial targets set forth below constitute forward-looking information that is subject to considerable uncertainty. The operating and financial targets are based upon a number of assumptions relating to, among others, the development of the Group's industry, business, results of operations and financial condition. The Group's business, results of operations and financial condition, and the development of the industry and the macroeconomic environment in which it operates, may differ materially from, and be more negative than, those assumed by the Group when preparing the operating and financial targets set out below. As a result, the Group's ability to reach these operating and financial targets is subject to uncertainties and contingencies, some of which are beyond the Group's control, and no assurance can be given that the Group will be able to reach these targets or that its financial condition or results of operations will not be materially different from these operating and financial targets. See also "*Forward-Looking Statements*".

The Board has adopted the following financial and operating targets.

Financial targets

- Generate growth in net asset value per share, excluding dividends on shares, to average at least 12 per cent. per year over a 5-year period.
- Maintain a Loan-to-Value ratio below 50 per cent.
- Maintain an Equity Ratio of at least 45 per cent.
- Generate an income from sales of building rights amounting to an average of SEK 250-400 million per year.
- Maintain a Secured Loan-to-Value ratio of less than 30 per cent.
- Maintain an Interest Coverage Ratio of at least 3.0 times.

Operational targets

- Achieve a property portfolio of SEK 55 billion by 2021 and achieve and retain a BBB+ credit rating from both S&P and Fitch.
- Renovate at least 600 apartments per year.

Property portfolio

As of 30 September 2019, the Group owned 842 properties in 228 municipalities, with 58 per cent. of the Group's property value located in the Nordic metropolitan city regions.

Key metrics of the Issuer's property portfolio

The following table shows several key metrics of the properties in the Issuer's portfolio as of 30 September 2019, 30 September 2018, 31 December 2018 and 31 December 2017. For additional information on these metrics, including certain definitions and reconciliations, see "*Selected Consolidated Financial, Operating and Other Data—Non-IFRS financial data and reconciliations—Key performance indicators and other historical financial and operating data*".

	As of 30 September		**As of 31 December**	
	2019	**2018**	**2018**	**2017**
Number of properties	842	782	570	749
Leasable area of properties (m^2 thousands)	1,795	1,402	1,330	1,366
Gross asset value of properties (SEK millions)	30,776	25,122	25,243	23,001
Gross asset value of properties per square metre (SEK) (excluding value of building rights)	16,401	17,002	17,979	15,976
Passing Rent (SEK millions)	2,003	1,637	1,585	1,588
Passing Net Operating Income (SEK millions)	1,374	1,139	1,112	1,111
Net Initial Yield (%)	4.7	4.8	4.7	5.1
Economic Occupancy Rate (%)	95.3	96.9	96.2	96.8

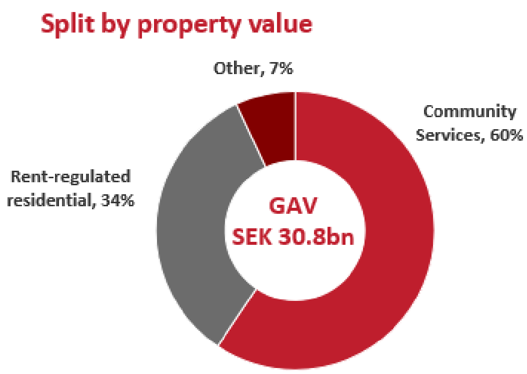
The following tables show these key metrics for the Group's community services properties, rent-regulated residential properties and other properties as of 30 September 2019.

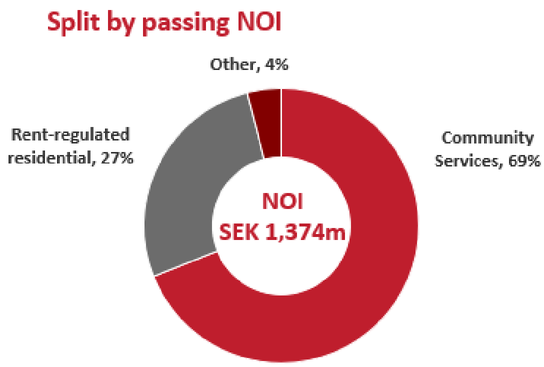
	Community Services	**Rent-Regulated Residential**	**Other**
Number of properties	517	300	25
Leasable area of properties (m^2 thousands)	874	716	205
Gross asset value of properties (SEK millions)	18,337	10,336	2,103
Gross asset value of properties per square metre (SEK) (excluding value of building rights)	20,696	13,941	6,666
Passing Rent (SEK millions)	1,195	697	112
Passing Net Operating Income (SEK millions)	953	368	53
Net Initial Yield (%)	5.3	3.7	3.9
Economic Occupancy Rate (%)	97.5	93.9	83.9
WAULT of community services properties (years) (2)	7	n/a	n/a

Geographic locations of the Issuer's property portfolio

The Group's property portfolio is located entirely in the Nordic region with 94 per cent. of the Group's property portfolio consisting of social infrastructure properties as of 30 September 2019. Properties in Sweden accounted for 83 per cent. of the gross asset value of the Group's property portfolio as of 30 September 2019. As of that date, community services properties in Sweden, Norway, Finland and Denmark accounted for 42 per cent., 9 per cent., 6 per cent. and 1 per cent., respectively, of the gross asset value of the Group's property portfolio. Rent-regulated residential properties in Sweden made up 34 per cent. of the gross asset value of the Group's property portfolio and the remaining 7 per cent. of the gross asset value of the Group's property portfolio as of 30 September 2019 was made up of cash flow generating properties in locations that municipalities in Sweden have prioritised for urban development.

Property management





Through its property management function, which is the foundation of its earning capacity, the Group receives predictable cash flows from rental income from social infrastructure properties. The Issuer's social infrastructure properties accounted for 94 per cent. of the Group's gross asset value as of 30 September 2019.

Community services properties

The Group's community services properties include properties rented by tenants that are directly or indirectly tax funded, resulting in limited tenant churn and minimal counterparty risk. Tenants are engaged in activities such as care for the elderly, education, providing group housing for people with special needs, municipal and state administration and healthcare. Examples of tenants in the Group's community service properties include the Swedish and Norwegian states, Boden and Linköping municipalities and Västra Götaland County, amongst others.

The Issuer is one of the Nordic region's largest players in the field of elderly care homes and is the owner of group housing for people with disabilities in the Nordics with approximately 250 such properties. The Group's aim is to offer modern care properties in close cooperation with the main providers of care services, which are often municipalities and county councils, but also include private companies that benefit from tax funding.

Passing Rent for the community services properties segment as of 30 September 2019 was SEK 1,195 million, of which elderly care accounted for 26 per cent., education accounted for 23 per cent., group housing for people with special needs accounted for 21 per cent., municipality houses and ministry accounted for 11 per cent., healthcare accounted for 9 per cent., offices accounted for 8 per cent. and police and justice accounted for 2 per cent.

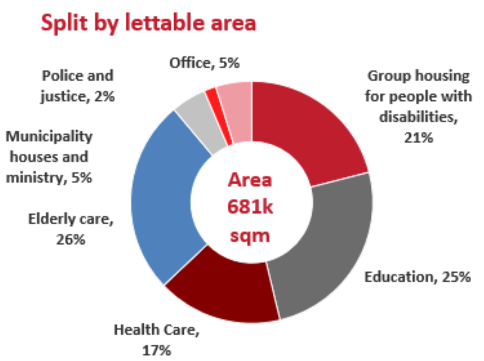
As shown in the table below, as of 30 September 2019, the Group's top 10 community services properties tenants by Passing Rent accounted for 43 per cent. of the Group's Passing Rent in this segment.

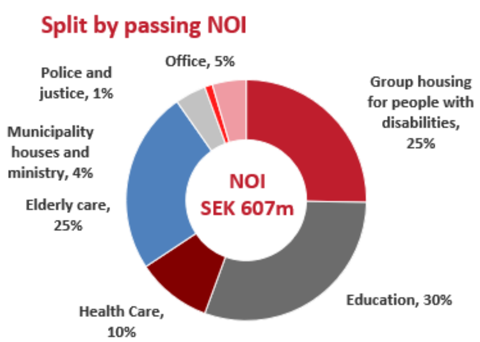
Tenant	Passing Rent	Country	Credit rating
	(%)		(S&P)
Norwegian State	12	Norway	AAA
Attendo	6	Sweden	-
Bodens Municipality	5	Sweden	AAA
Ambea	4	Sweden/Norway	-
Linkopings Municipality	4	Sweden	AA+/A-1+
Västra Götaland County	3	Sweden	AAA
Karlskrona Municipality	2	Sweden	AAA
Esperi Care	2	Finland	-
Academedia	2	Sweden	-
Lund University	2	Sweden	-
Total	**43**		

Sweden

As of 30 September 2019, the Issuer's community services properties portfolio in Sweden comprised 377 properties valued at SEK 13,001 million or SEK 18,810 per square metre (excluding value of building rights). Passing Rent for the community services properties in Sweden as of 30 September 2019 was SEK 821 million, Economic Occupancy Rate was 96.8 per cent., Passing NOI was SEK 607 million and Net Initial Yield was 4.7 per cent.

The charts below show the split by asset type for the Group's community services properties in Sweden as of 30 September 2019.

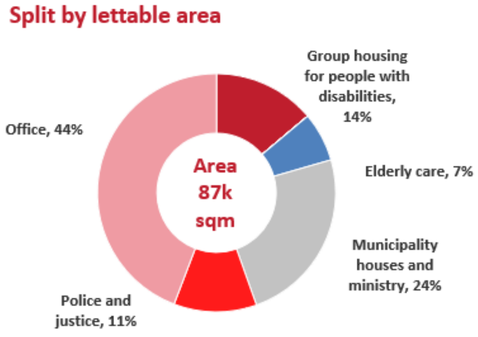


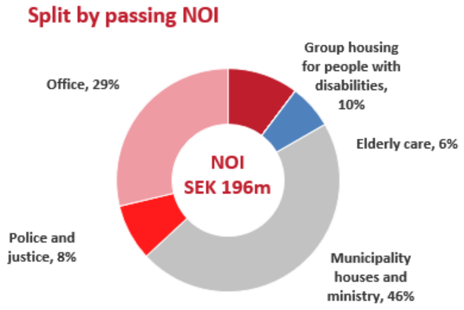


Norway

As of 30 September 2019, the Issuer's community services properties portfolio in Norway comprised 51 properties valued at SEK 2,917 million or SEK 32,666 per square metre (excluding value of building rights). Passing Rent for the community services properties in Norway as of 30 September 2019 was SEK 209 million, Economic Occupancy Rate was 98.3 per cent., Passing NOI was SEK 196 million and Net Initial Yield was 6.9 per cent.

The charts below show the split by asset type for the Group's community services properties in Norway as of 30 September 2019.

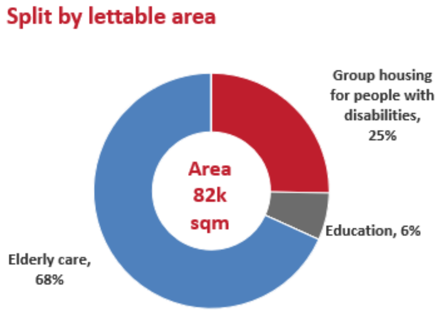


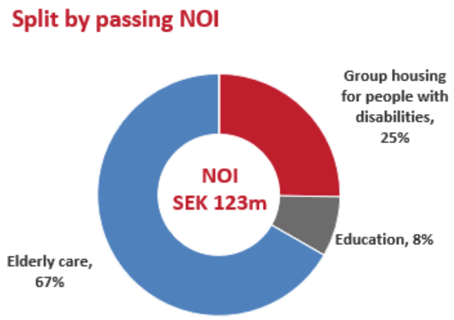


Finland

As of 30 September 2019, the Issuer's community services properties portfolio in Finland comprised 85 properties valued at SEK 1,979 million or SEK 24,236 per square metre. Passing Rent for the community services properties in Finland as of 30 September 2019 was SEK 136 million, Economic Occupancy Rate was 100.0 per cent., Passing NOI was SEK 123 million and Net Initial Yield was 6.2 per cent.

The charts below show the split by asset type for the Group's community services properties in Finland as of 30 September 2019.

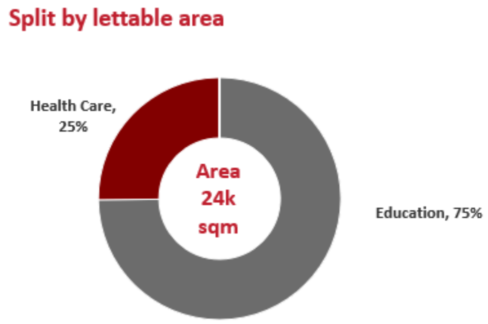


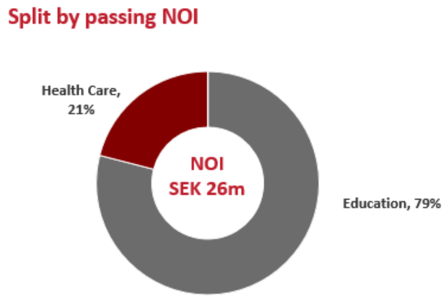


Denmark

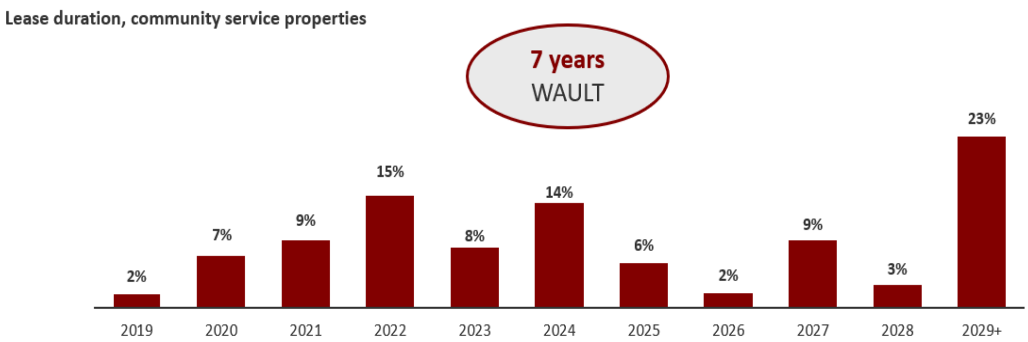
As of 30 September 2019, the Issuer's community services properties portfolio in Denmark comprised 4 properties valued at SEK 441 million or SEK 18,672 per square metre. Passing Rent for the community services properties in Denmark as of 30 September 2019 was SEK 28 million, Economic Occupancy Rate was 100.0 per cent., Passing NOI was SEK 26 million and Net Initial Yield was 6.0 per cent.

The charts below show the split by asset type for the Group's community services properties in Denmark as of 30 September 2019.





The WAULT for the Group's community services properties as of 30 September 2019 was seven years, which does not yet take into account the 50-year lease with Skellefteå municipality for its new cultural centre that was signed in October 2018 but has not yet closed. The chart below shows the staggered maturity profile of the Group's community services properties leases as of 30 September 2019. The percentages represent the amount of the Group's Passing Rent expiring in each year.



Lease agreements for community services properties are characterised by long maturities. Newly signed leases typically have 10-15 year terms. As of 30 September 2019, of the Group's leases for community services properties that are expiring from 2019 to 2022, 32 per cent. have been in place for more than 20 years and 68 per cent. have been in place for more than 10 years. Additionally, the Group's lease agreements require the majority of tenant improvements to be paid for by the tenants, limiting the Group's unexpected capital expenditures.

The Issuer's community services properties footprint in the greater Oslo area

The Issuer has a good community services properties footprint in the greater Oslo area, an area that has Norway's highest gross domestic product ("**GDP**") per capita and accounts for 33 per cent. of national GDP. Oslo has approximately 637,000 residents, with its population increasing by around 4 per cent. between 2015 and 2018. Approximately 1,000,000 people live in the greater Oslo area and the region hosts 17 universities and educational establishments.

Swedish rent-regulated residential properties

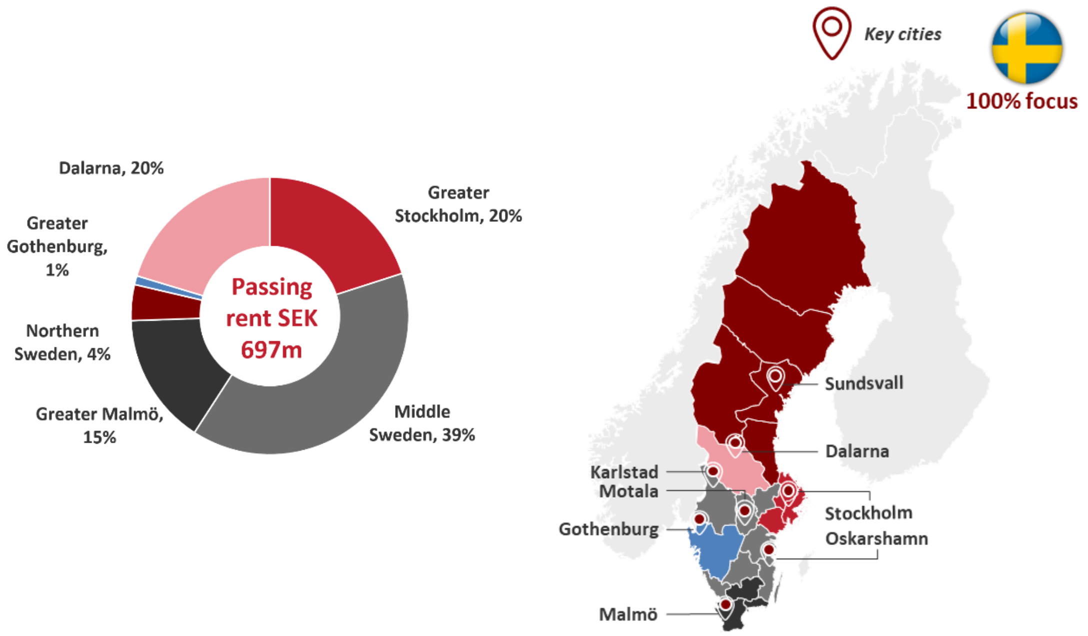
The Issuer manages and develops rent-regulated residential properties in Swedish municipalities that are experiencing population and income growth. The Issuer owns rent-regulated residential properties in approximately 30 Swedish municipalities with a large geographical spread. However, most of the rent regulated residential properties are located in the Stockholm region, Sundsvall, Oskarshamn, Karlstad, Borlänge and Motala. The properties are generally located close to the city centre and have access to good transportation links. For example, the Issuer acquired Tellus 1, a residential property with 476 apartments. Following the acquisition, the Issuer signed an agreement with the local tenant association on an average rent after renovation of SEK 1,250 per square metre compared to an average pre-renovation rent of SEK 750 per square metre. At 30 September 2019, the Issuer had renovated 109 apartments in the Tellus property and had also increased the property's net operating income by SEK 0.8 million through the structuring the leasing of parking spaces. The Group has initiated a zoning plan process to create an additional 20,000 square metres of social infrastructure building rights for both residential and community services properties and has already sold 5,000 square metres for residential use.

Demand for housing in Sweden is large due to the regulated market creating queues for housing. According to a 2014 report from The Swedish Union of Tenants, the average time spent in the housing queue for a rental apartment in Sweden was approximately three years and approximately ten years in Stockholm. At the end of 2018, 640,000 people were in the Stockholm housing queue. In a 2018 survey by the National Board of Housing, Building and Planning, 243 out of 288 participating municipalities assessed that there is a shortage of housing in their municipality, with lagging construction contributing to the excess demand.

As of 30 September 2019, the Issuer's rent-regulated residential properties portfolio in Sweden comprised 300 properties valued at SEK 10,336 million or SEK 13,941 per square metre (excluding value of building rights). Passing Rent for the rent-regulated residential properties in Sweden as of 30 September 2019 was SEK 697 million, Economic Occupancy Rate was 93.9 per cent. (with most of the vacancies being attributed to ongoing renovation programmes), Passing NOI was SEK 368 million. Lettable Area was 716,144 square metres and Net Initial Yield was 3.7 per cent.

Geographic distribution

The following chart shows the geographic distribution of the proportion of Passing Rent as of 30 September 2019 allocated to the different regions of Sweden.



"**Middle Sweden**" includes the municipalities of Åmål, Åtvidaberg, Borgholm, Eda, Eksjö, Falköping, Filipstad, Forshaga, Fritsla, Gotland, Grästorp, Gullspång, Habo, Hagfors, Hammarö, Hemse, Hjo, Hultsfred, Jönköping, Kalmar, Karlsborg, Karlstad, Kil, Klinte, Kristinehamn, Laxå, Linköping, Ljungby, Mariestad, Mellerud, Mjölby, Motala, Mullsjö, Nässjö, Nora, Norrköping, Nybro, Oskarshamn, Othem, Säffle, Skara, Skövde, Sollebrunn, Sunne, Tibro, Tidaholm, Tierp, Tingsryd, Tranås, Vaggeryd, Värnamo, Västervik, Växjö, Vimmerby and Visby.

"**Greater Stockholm**" includes the municipalities of Botkyrka, Enköping, Eskilstuna, Flen, Haninge, Heby, Huddinge, Järfälla, Katrineholm, Knivsta, Nacka, Norrtälje, Nyköping, Nykvarn, Nynäshamn, Ösmo, Österåker, Sigtuna, Södertälje, Sollentuna, Solna, Stockholm, Strängnäs, Sundbyberg, Täby, Upplands Väsby, Upplands-Bro, Uppsala, Vallentuna, Värmdö and Västerås.

"**Dalarna**" includes the municipalities of Avesta, Borlänge, Falun, Gagnef, Ljusnarsberg, Ludvika, Malung-Sälen, Orsa, Sandviken, Säter, Storfors and Torsby.

"**Greater Malmö**" includes the municipalities of Åstorp, Burlöv, Hässleholm, Helsingborg, Höganäs, Höör, Hörby, Karlshamn, Karlskrona, Kävlinge, Laholm, Lund, Malmö, Örkelljunga, Simrishamn, Staffanstorp, Svalöv, Tomelilla and Trelleborg.

"**Northern Sweden**" includes the municipalities of Årjäng, Boden, Härnösand, Ljusdal, Luleå, Lycksele, Östersund, Söderhamn and Sundsvall.

"**Greater Gothenburg**" includes the municipalities of Ale, Borås, Falkenberg, Göteborg, Götene, Kungsbacka, Lilla Edet, Lysekil, Mölndal, Partille, Stenungsund, Tanum, Uddevalla, Ulricehamn and Vänersborg.

Additive income streams

Income from the Issuer's property management function is augmented by recurring additive income streams, including income from investments on renovations in its social infrastructure property portfolios, property development and real estate transactions in which the Issuer's experienced team buys and sells properties to continue building the Group's portfolio.

Income from renovations

The Issuer benefits from the unique residential renovation business model in Sweden that allows it to increase rents, which are artificially low in the regulated market, by improving the standard of an apartment. A significant part of the Group's rent-regulated residential properties portfolio was built between the years 1960 and 1975 and requires some refurbishment to meet current and future tenant requirements for quality and comfort, as well as to meet current technical standards. This is achieved by successive renovations coordinated with end of lease vacancy periods of the apartments. The Group targets value-creating renovation to a new modern standard in order to generate increased rental income and lower property costs through energy saving measures and reduced maintenance costs. Historically, the Group has achieved approximately 6-8 per cent. yield on renovation costs. Prior to renovation, an assessment is made as to whether additional value-creating changes can be made. For example, large rooms of apartments are reconfigured to create extra rooms so that the property can be better utilised in the future. The Group aims to renovate to an attractive standard that appeals to both new and existing tenants.

When a tenant moves out of an apartment, the Issuer renovates one apartment as a prototype to show the Swedish Union of Tenants and to form the basis of the negotiation. Once a normative rent is agreed, the Issuer proceeds to renovate the rest of the apartments as tenants terminate their leases. This provides a clear visibility on the potential future rental upside. The Issuer implements property development programs that enable value creation through a wide range of targeted investments and manages all aspects of value creation, including:

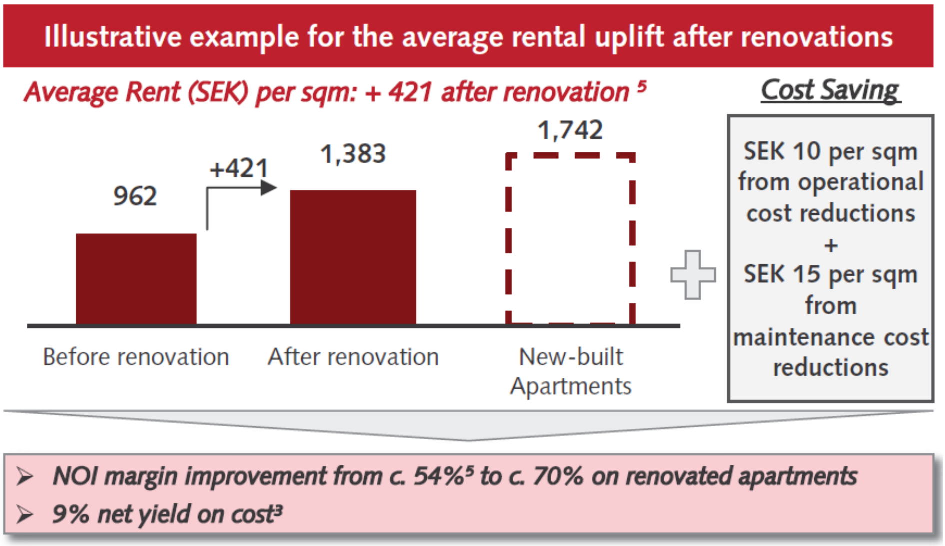
- *Apartment renovations*: standardised, pre-planned renovations of individual apartments to high quality standards; and

- *Residential conversion*: the conversion of storage, commercial premises and other non-strategic premises into residential units, as well as the review of apartment layouts in order to explore possibilities of unlocking additional living space.

An apartment renovation timeline commences when the Group receives notice of lease termination from a tenant. During what is typically a three month notice period, the Issuer conducts its inspection prior to the tenant moving out and makes a decision whether to renovate. If a decision is made to renovate the apartment the project preparation phase continues before the tenant moves out and includes measurements being taken, contractors with whom the Group has long-standing relationships, being engaged and materials being prepared at a regional logistics centre. Once the tenant moves out and the apartment becomes vacant, the shipment of material arrives and contractors immediately begin the renovation, which may take around six weeks.

Although not part of the formal renovation program that the Group has in place, the Issuer also engages in additional renovations of its properties including property upgrades involving targeted investments in properties, such as renovations of laundry rooms, entrance halls and stairways, preparation of outdoor areas or upgraded storage premises that generate additional rent-uplifts.

The graphic below provides and illustrative example the Group's average rental uplift after renovating one of its apartments.



Notes: [3] Assuming SEK 5,000 renovation cost per year (Source: Newsec report).; [5] Margin calculated based on the average cost per sqm on apartments that qualify for renovation, average rental uplift on renovated apartments and SEK 25 in total cost savings, calculated as average uplift for apartments that meet a 6% NOI return threshold. Upgraded annual rent per sqm based on the formula:

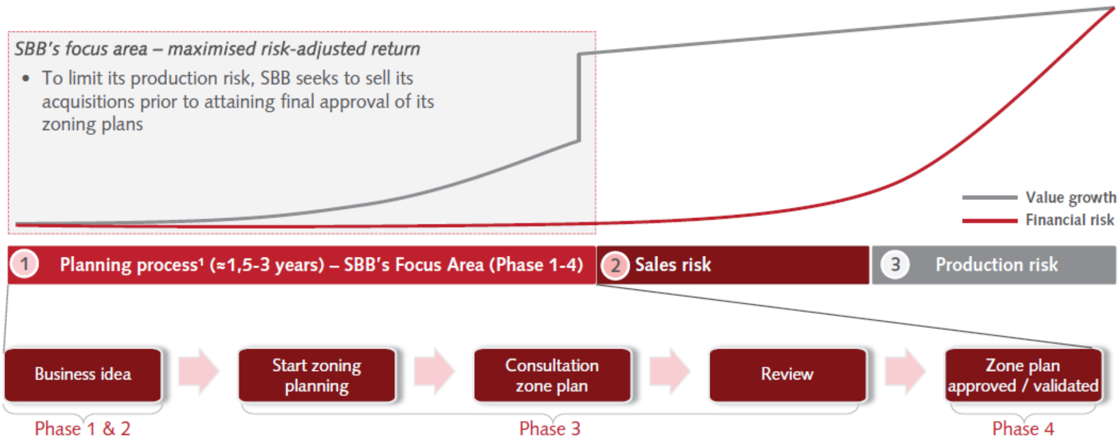
$$\text{Annual rent per sqm} = \frac{\text{Normative rent} * (\text{Area} + \text{Apartment points}) * 77}{121 * \text{Area}}$$

During the nine months ended 30 September 2019, the Group commenced the refurbishment of 476 apartments in its rent-regulated residential property portfolio, of which 311 were completed as of 30 September 2019, and signed agreements for the renovation of an additional 232 apartments, of which half are expected to begin in the fourth quarter of 2019. During the years ended 31 December 2018 and 2017, the Group renovated 415 and 138 apartments, respectively. As of 30 September 2019, only approximately 10 per cent. of the 8,708 apartments in the Issuer's rent-regulated residential property portfolio had been renovated since the Group took ownership, providing significant additional untapped value creation potential. For its current portfolio, the Group has set a long-term target of 600 renovations per year in order to capture additional value from its remaining unrenovated rent-regulated residential properties.

Income from social infrastructure building rights and selectively participating in joint ventures

The Issuer further augments income from its core social infrastructure property management business by finding both new and already existing social infrastructure properties where it can work with local municipalities to determine, prior to acquiring the property, what is required for a new zoning plan to be approved allowing for the development of community services or rent-regulated residential properties. Zoning is a complicated, time-consuming process and good relations with the municipalities and officials forms a crucial aspect of the process. The Group prepares an initial two-part acquisition analysis that assesses the current status of the chosen site and its long-term prospects. Following this, the Group conducts its due diligence, whereby the main critical factors investigated are the property's technical condition, its net operating income and any potential legal risks. The Issuer then acquires the properties, commences work on pursuing the new zoning plan and seeks to divest the re-zoned property either by selling it to, or forming a joint venture with, an experienced project developer. The project developer or the joint venture then takes responsibility for construction, including the necessary capital expenditures, upon the final approval of the zoning plan.

The graphic below provides an overview of the planning process, emphasising the Issuer's area of main focus on the planning process.



The Group's strategy is to have approximately 10 per cent. of its property portfolio made up of cash flow properties with development potential to develop building rights for social infrastructure and to achieve SEK 250-400 million per year from this development. As of 30 September 2019, the Issuer had sold 371,950 square metres of building rights to joint ventures where the Issuer is a partner. As of the date of these Listing Particulars, the sale of 147,850 square metres of such building rights have closed.

The Issuer works actively to have zoning plans approved for property development within social infrastructure for various purposes (e.g., rent-regulated residential, community services properties and cooperatively owned housing). The Issuer also has extensive experience of conducting sales of building rights early in the planning process with closing after the zoning plan is approved. The Issuer's property development organisation is also responsible for project development that takes place within the Issuer's property portfolio as well as joint ventures related to property development.

As of 30 September 2019, the Group had ongoing development projects in various phases of the planning process with a total area of 1,020,350 square metres. The planning process consists of various phases and the Issuer categorises them as follows: initial project coordination (phase 1); projects pending formal planning decision (phase 2); projects with formal planning processes initiated (phase 3); and projects with new zoning plans granted (phase 4). While the timelines for various projects vary depending on how the projects are prioritised in phases 1 and 2, the Group generally expects between 18 and 36 months to elapse during phases 3 and 4. As of 30 September 2019, the Group's other segment comprised properties in phase 1 with a gross floor area ("**GFA**") of 96,140 square metres, a book value of SEK 20 million or 9.4 per cent. of the property development portfolio, properties in phase 2 with a GFA of 91,000 square metres, a book value of SEK 64 million or 8.9 per cent. of the property development portfolio, properties in phase 3 with a GFA of 665,920 square metres, a book value of SEK 817 million or 65.3 per cent. of the property development portfolio, and properties in phase 4 with a GFA of 167,290 square metres, a book value of SEK 442 million or 16.4 per cent. of the property development portfolio.

The Group has closed sales for 158,450 square metres of properties that were previously in the Group's other segment for SEK 409 million on or prior to 30 September 2019 with a value of SEK 2,581 per square metre. In addition, as of 30 September 2019, a GFA of 414,650 square metres of property development properties had sold for SEK 1,447 million, with a value of SEK 3,490 per square metre, and with closing after the zoning plan has been approved.

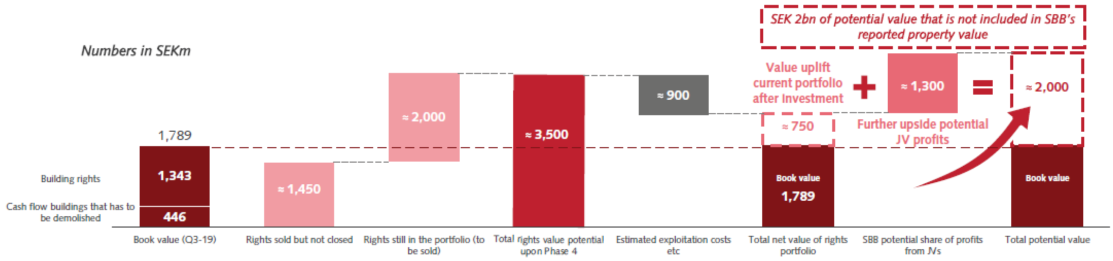
The table below shows the total area and book value of the Group's property development properties by planning phase.

Planning phase	**GFA building rights**	**Book value**	**Book value per m²**
	(m²)	*(SEK millions)*	*(SEK)*
Phase 1	96,140	20	207
Phase 2	91,000	64	703
Phase 3	665,920	817	1,227
Phase 4	167,290	442	2,642
Total	**1,020,350**	**1,343**	**1,316**

The table below shows the split by square metres of the building rights (i) that have been sold, but had not yet closed as of 30 September 2019 and (ii) that had not been sold as of that date.

Sales Status	GFA building rights	Value	Value per m^2
	(m^2)	*(SEK millions)*	*(SEK)*
Sold, but not closed building rights	414,650	1,447	3,490
Unsold building rights	605,700	2,013	3,323
Total	**1,020,350**	**3,460**	**3,391**

The Group believes that the potential value of the development portfolio is greater than the book value based on its estimates of the value of the unsold building rights in the portfolio when they enter phase 4 and estimates of further upside potential from joint venture development profits. The illustration below shows the Group's view of the potential value of the development portfolio.



Income from real estate transactions

The Issuer's transaction team, which the Group believes is the most experienced social infrastructure property transaction team in the Nordic region, has an unparalleled track record of closing transactions that has often made it the first potential buyer approached by private and public sellers before they begin a more broadly marketed sale process. These off-market transactions provide the Group with a competitive advantage to acquire diverse portfolios of social infrastructure properties.

The table below shows the value creation of the Group's property real estate transactions for the nine months ended 30 September 2019 and the years ended 31 December 2018 and 2017.

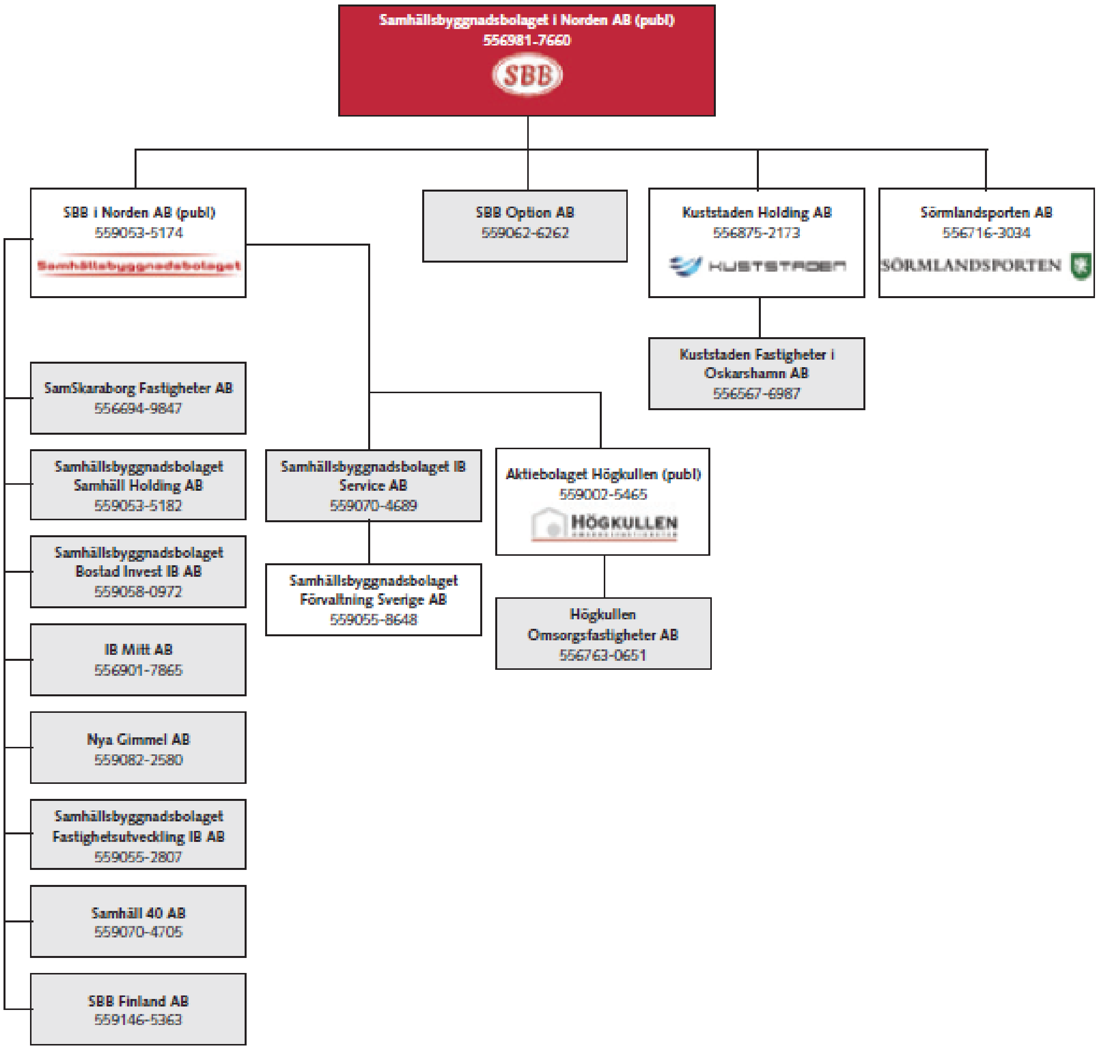
	Nine months ended 30 September	Year ended 31 December	
	2019	**2018**	**2017**
		(SEK millions)	
Gross asset value of properties at beginning of period	**25,243**	**23,001**	**7,572**
Acquisitions	9,595	3,597	13,470
Investments	474	311	209
Disposals	(6,339)	(3,359)	(729)
Translation difference	359	176	(311)
Unrealised changes in value	1,444	1,517	2,790
Gross asset value of properties at end of period	**30,776**	**25,243**	**23,001**

The Issuer is currently in negotiations regarding the potential sale of several properties and property portfolios for a total value of approximately SEK 11 billion. Properties that are intended to be sold have a large element of offices. As at the date hereof, letters of intent covering sales of approximately SEK 10 billion have been entered into. However, there can be no assurance at this stage that such sales will be completed, at the expected value or at all.

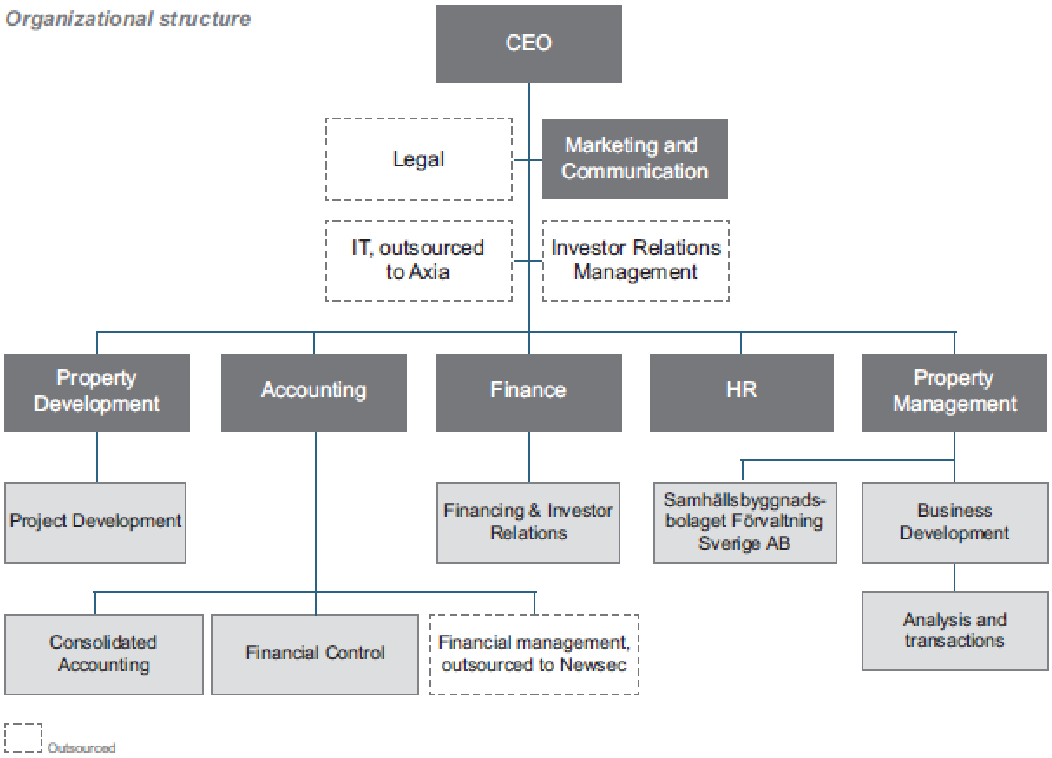
OVERVIEW OF THE GROUP'S STRUCTURE

The Group's operations are mainly carried out by its direct and indirect subsidiaries and the Group is largely dependent on its subsidiaries in order to generate profit and cash flow. Samhällsbyggnadsbolaget i Norden AB (publ) is the parent company of the Group. As of 30 September 2019, the Group comprised 618 entities (including the parent company) formed in Sweden, Norway, Finland and Denmark.

The following chart illustrates the key companies within the Group as of 30 September 2019.



The following chart shows the Group's organisational structure.



Internal functions

The Group has an in-house team of employees focusing on transactions, property management and property development.

Property development

When working on re-zoning plans for the development of building rights for social infrastructure, the Group coordinates with municipal urban planning departments in various parts of the Nordics. The Issuer either sells the building rights outright or forms joint ventures with external financiers and contractors. The Group's Property Development Manager and Deputy Chief Executive Officer are responsible for these processes along with a team of five employees.

Accounting and finance

The Group's CFO is responsible for the accounting department, which includes internal resources for financial control and consolidated accounting. The Group's Head of Finance is responsible for the capital markets department, which includes financing and investor relations.

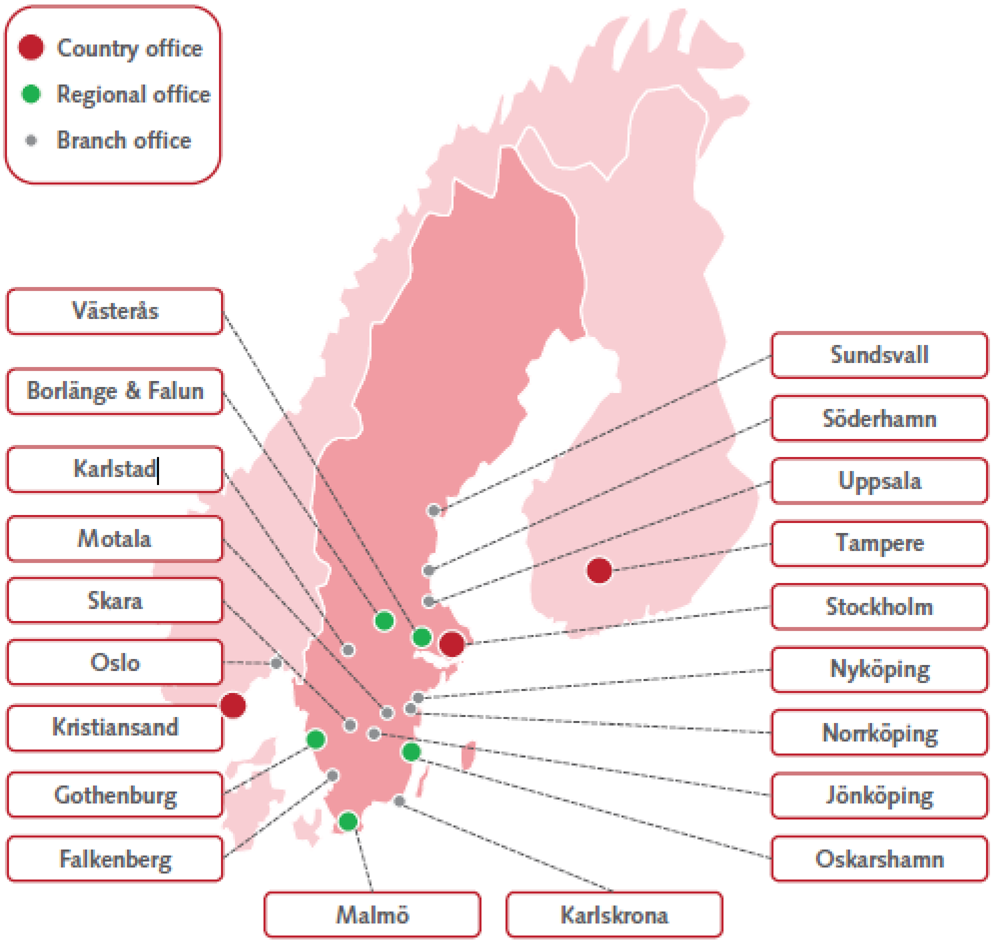
HR

HR is a separate department within the Issuer headed by the Issuer's Head of HR.

Property management

The Group has an internal property management organisation, which contracts with external parties to provide services relating to the Group's property portfolio. The Group's property management department is headed by Lars Thagesson, the Group's Deputy Chief Executive Officer and Chief Operating Officer.

The Issuer has an experienced asset management team with local market knowledge and a presence in all of the Group's major investment markets. The Group's network of country offices, regional offices and branch offices is shown below.



Outsourcing arrangements

The Group outsources its information technology and accounting functions and uses external counsel for legal services.

Legal

The Group does not have an internal legal department, but instead relies on external counsel with expertise in the relevant area as needed.

Information technology

The Issuer has entered into a Swedish law-governed agreement with Axia IT AB pursuant to which Axia IT AB develops and manages the Group's information technology infrastructure and operations. The agreement runs until 31 January 2020, unless extended no later than three months prior to that date.

Financial management

The Issuer has entered into a Swedish law-governed administrative services agreement with Newsec Asset Management AB pursuant to which Newsec Asset Management AB shall provide accounting services, including financial management, valuation and communication services, as well as administrative services regarding rents and agreements, property transactions and matters relating to budgets, prognoses and analyses. The agreement runs until 31 March 2023 and thereafter is subject to automatic one-year extensions, unless otherwise terminated in accordance with its terms.

EMPLOYEES

The Group believes that the knowledge, experience and commitment of its employees are key to the successful operation of its business and emphasises a work environment that promotes employee development. In keeping with this, the Group maintains an incentive program for current and future employees that entitles employees to subscription of a certain number of Class B shares.

The Group has strong teams in its various divisions including property management, property development, marketing and communications, finance, accounting and human resources and the Group's future development and its employees are focused on property acquisition and disposals, property development activities and cost-effective property management.

The Group had 137 full-time employees as of 30 September 2019 as well as 14 part-time employees and three consultants. Approximately 90 per cent. of the Group's employees are focused on property management and six are focused on property development.

The following table shows the number of full-time employees of the Group in each location in which the Group operates as of 30 September 2019, 31 December 2018, 31 December 2017 and 31 December 2016.

	As of 30 September	**As of 31 December**		
	2019	**2018**	**2017**	**2016**
Sweden	132	99	37	5
Norway	4	4	4	-
Finland	1	1	-	-
Total	**137**	**104**	**41**	**5**

CORPORATE AND SOCIAL RESPONSIBILITY

The Group employs a sustainability strategy that aims to take responsibility for the long-term economic, environmental and social results of its business practices and operations. An environmentally conscious perspective permeates all of the Group's properties and since its founding, the Group has focused on minimising the environmental impact and CO_2 emissions released as a result of its operations and within its property portfolio. In 2017, the Group mapped and selected areas as part of its plan to reduce CO_2 emissions. The Group maintains as its core focus the decrease in its CO_2 emissions by at least 400 tonnes per year between 2018 and 2023. In February 2019, the Issuer announced that it would be initiating investments in a unique project that is expected, through the use of heat pumps and heat recovery from exhaust air and wastewater, to decrease CO_2 emissions by 75 per cent. in a residential area with 476 apartments in Motala, Sweden. The Group is also actively engaged in cooperating with third party energy product developers Watts2YOU, to develop solar energy modules to be used in the Group's heat pumps and it also hopes to decrease its energy consumption by at least 50 per cent. In October 2019, the Group initiated a collaboration with Skellefteå Kraft that will supply 100 per cent. origin certified renewable electricity to all of the Issuer's Swedish properties, which will lead to CO_2 emissions 15,000 tonnes lower per year than if the energy was used according to the Nordic residual mix and nuclear fuel waste saving will be just under 70 kilograms.

The Group is committed to upholding its social responsibility and the Group's employees actively participate in community-oriented sustainability work in the places where the Group's properties are located. The Group also collaborates with non-governmental organisations such as the Mentor Sverige program, an initiative designed to encourage healthy and drug-free lifestyles and employees are actively involved in this program.

The Group is a community participant in a large number of locations in Sweden and engages in social sustainability work with young people living in the Group's residential areas. Since its founding the Group has prioritised youth engagement and offered summer jobs to young people living in these residential areas which connects all of the dimensions of the Group's social engagement by contributing to the creation of nicer external environments in the Issuer's residential areas, reducing the wastage of shared resources, furthering the Group's long-term operating net profit and creating a link to youth employment.

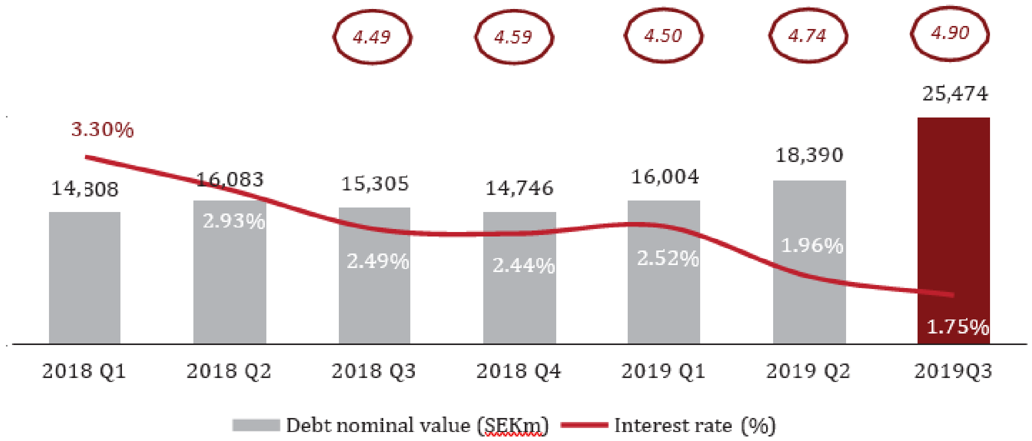
MATERIAL AGREEMENTS

Financing arrangements

The Group has substantial indebtedness comprising bank loans in SEK and NOK, unsecured bonds in SEK and EUR, secured bonds in SEK and NOK and commercial paper in SEK and EUR. As of 30 September 2019, the Group's interest-bearing liabilities were SEK 25,331 million and the Group had

4.9 years weighted average maturity (including commercial paper) and a 1.75 per cent. weighted average cost of debt.

The graphic below shows the evolution of the nominal value of the Group's debt along with the weighted average maturity and weighted average cost of debt at the end of each quarter since the first quarter of 2018.



Bank loans

As of 30 September 2019, the Group had SEK 5,770 million of outstanding bank loans. The Group's loan portfolio is divided among 10 credit institutions, primarily Nordic commercial banks. As of 30 September 2019, the Group had SEK 4,248 million of borrowing capacity under its various back-up-facilities.

Bonds

As of 30 September 2019, the Group had SEK 17,883 million of outstanding bonds. The following tables show the Group's listed bonds as of 30 September 2019, including information about whether the bonds are secured, classified as green bonds or issued under the EUR 2,500 million multi-currency Euro Medium Term Note Programme (the "**EMTN Programme**").

Term	Amount Issued (SEK millions)	Amount Repurchased by the Issuer (SEK millions)	Interest Rate	Base Interest Rate Floor	Maturity Date	ISIN	Comment
2018-2021	750	167	Stibor 3M + 3.90%	Yes	29/01/2021	SE0010414581	
2018-2019	300	277	2.90%	No	20/12/2019	SE0010869123	
2018-2021	474	120	Stibor 3M + 3.65%	Yes	17/05/2021	SE0010985713	
2017-2020	1,500	1,430	Stibor 3M + 6.00%	Yes	06/04/2020	SE0009805468	
2018-2022	1,000	580	Stibor 3M + 3.60%	No	03/10/2022	SE0011725514	
2019-2024	500	-	Stibor 3M + 3.30%	No	14/02/2024	SE0012256741	Green
2019-2024	200	-	Stibor 3M + 3.25%	No	19/02/2024	SE0012313245	
2018-HYB	1,200	-	Stibor 3M + 6.35%	No	Perpetual	SE0011642776	
2017-HYB	1,000	300	Stibor 3M + 7.00%	Yes	Perpetual	SE0010414599	
2019-2025	600	-	Stibor 3M + 1.90%	No	14/01/2025	XS1997252975	EMTN Programme
2019-2023	200	-	Stibor 3M + 1.40%	No	22/05/2023	XS2000538699	EMTN Programme
2016-2021	683	-	Stibor 3M + 1.85%	Yes	23/12/2021	NO963342664	Secured
2019-2022	500	-	Stibor 3M + 1.20%	No	22/07/2022	XS2021634675	Green, EMTN Programme
2019-2021	1,400	-	Stibor 3M + 0.93%	No	05/07/2021	XS2022418243	EMTN Programme
2019-2023	500	-	Stibor 3M + 1.15%	No	06/09/2023	XS2050862262	Green

Term	Amount Issued (EUR millions)	Amount Repurchased by the Issuer (EUR millions)	Interest Rate	Base Interest Rate Floor	Maturity Date	ISIN	Comment
2019-HYB	300	-	4.63%	No	Perpetual	XS1974894138	
2019-2025	550	3	1.75%	No	14/01/2025	XS1993969515	EMTN Programme
2019-2026	500	-	1.13%	No	04/09/2026	XS2049823680	EMTN Programme

Term	Amount Issued (NOK millions)	Amount Repurchased by the Issuer (NOK millions)	Interest Rate	Base Interest Rate Floor	Maturity Date	ISIN	Comment
2016-2023	620	-	3.00%	No	01/11/2023	NO0010777683	Secured

Preference Shares

As of the date of these Listing Particulars, the Group had Outstanding Preference Shares (as defined in the Conditions) in an aggregate principal value of SEK 22,174,786 in issue.

Commercial paper

In May 2018, the Group established a SEK 2,000 million commercial paper program (the "**SEK CP Program**") arranged by Swedbank and in June 2019, the SEK CP Program limit was increased to SEK 4,000 million. In July 2018, the Group established a EUR 200 million commercial paper program (the "**EUR CP Program**") arranged by Swedbank AB (publ) filial i Finland. As of 30 September 2019 the Group had SEK 1,728 million of outstanding commercial paper, comprising SEK 1,030 million outstanding under the SEK CP Program and the EUR 66.5 million (SEK 698 million) outstanding under the EUR CP Program.

Debt Maturity Structure

The following table shows the maturity profile of the Group's financial obligations, excluding commercial paper, as of 30 September 2019.

Less than 1 year	Between 1 and 2 years	Between 2 and 3 years	Between 3 and 4 years	Between 4 and 5 years	More than 5 years	Total
			(SEK millions)			
232	**2,522**	**4,201**	**2,097**	**2,108**	**12,566**	**23,726**

The following table shows the maturity profile of the Group's financial obligations, including commercial paper, as of 30 September 2019.

Less than 1 year	Between 1 and 2 years	Between 2 and 3 years	Between 3 and 4 years	Between 4 and 5 years	More than 5 years	Total
			(SEK millions)			
1,960	**2,522**	**4,201**	**2,097**	**2,108**	**12,566**	**25,457**

Off-balance sheet arrangements

As of 30 September 2019, the Group did not have any off-balance sheet arrangements.

Acquisition and transfer agreements

Since the Group's establishment in March 2016, a significant number of acquisitions and transfers, mainly of property owning companies and properties, have been made by the Group. Amongst others, the Issuer has acquired Samhällsbyggnadsbolaget i Norden AB (publ) (the current SBB i Norden) (after its acquisition of AB Högkullen (publ) and Gimmel Fastigheter AB), Kuststaden Holding AB, Sörmlandsporten AB, Kopparleden AB, as well as an acquisition and subsequent sale of a company owning property in central Oslo that included DNB Bank ASA's headquarters.

In acquisition agreements, fixed-term warranties regarding the property and the acquired company are regularly provided by the seller. When subsidiaries of the Group sell properties and companies, warranty claims may be brought by the buyer in relation to any damage that has arisen. Historically, no material warranty claims have been brought against the Group and the Group is not aware of any pending or threatened warranty claims or other material obligations. See "*Risk Factors—Acquisitions and Sales of properties*".

Commercial leases

As of 30 September 2019, the Group had commercial lease agreements primarily for its community services properties, including residual commercial premises in lower floors and development properties used as offices, warehouses or industrial spaces. Most of the Group's commercial leases are based on the Swedish Property Federation's (Sw. *Fastighetsägarna*) standard agreements or similar standards in the other Nordic countries and are subject to annual rent adjustments tied to changes to the consumer price index. The agreements usually contain appendices with specific provisions for the relevant lease and the term of the leases are usually three to five years with a termination notice period of nine months.

Distributor agreements

Other than its financing costs, the Group's most significant expenses are related to its property costs, including costs of heating, waste disposal and continuous maintenance of its properties. The Group does not consider any individual distributor agreement relating to property costs to be material.

INFORMATION TECHNOLOGY

The Group's information technology infrastructure and operations are largely outsourced to Axia IT AB. cent. has entered into a comprehensive IT services agreement with Axia IT AB, under which Axia IT AB provides IT development, support, maintenance and administration with the overall aim of optimising the Issuer's IT infrastructure and consolidating different IT environments within the Group, in order to create a central platform and structure. Further, the Head of IT Operations for the Issuer is appointed under the IT services agreement.

Together with the external Head of IT Operations, the Issuer has implemented several internal policies and guidelines with the purpose of supporting the overall continuity of the operations of the Issuer by ensuring that the Issuer's IT infrastructure is secure and that there are procedures in place for upholding and recovering necessary IT services in time. Among other things, the policies include procedures for the storage and backup of data, as well as a detailed IT disaster plan. The Issuer's IT environment has an integrated mechanism for authorisation control, which includes limiting authority based on different roles within the Issuer.

INTELLECTUAL PROPERTY

The Group has not registered and does not own or license intellectual property rights that would be material to its operations except for the sbbnorden.se internet domain and the trademarks "Samhällsbyggnadsbolaget i Norden", "SBB i Norden" and "Samhällsbyggnadsbolaget" and four logos containing "SBB Samhällsbyggnadsbolaget" or "SBB", which are protected as registered EU trademarks. Intellectual property rights do not have a material effect on the Group's business or profitability.

INSURANCE

The Group maintains insurance for risks connected to its properties and other aspects of its operations, including machines, management and service, environmental responsibilities for builders, rental loss, legal costs, liability for its CEO and Board members and investments. The Group believes that its insurance coverage, including the maximum coverage amounts, exclusions and limitations of liability and terms and conditions of its policies, are both consistent with that of other companies operating in the same industry and appropriate for the operations of the Group. There is, however, no guarantee that the Group will not incur any losses or become the subject of claims that exceed the scope of the relevant insurance coverage.

LEGAL PROCEEDINGS

The Group is, from time to time, involved in disputes, claims and negative decisions from authorities as a part of the business. During the last twelve months, the Group has not been involved in any governmental, legal or arbitration proceedings (including any proceedings that are pending or threatened of which the

Group is aware), that have had or could have material effects on the financial position or profitability of the Group. The Group is not aware of any facts or circumstances that could reasonably be expected to lead to any material claims being made against the Group in the foreseeable future. See "*Risk Factors—Legal risks*".

CORPORATE GOVERNANCE

THE BOARD, MANAGEMENT AND AUDITORS

The Issuer's board of directors ("**Board of Directors**" or "**Board**") consists of seven ordinary members, including the chairman of the Board, with no deputy members of the Board, all of whom are elected for the period up until the end of the annual general meeting in 2020. The table below shows the members of the Board, when they were first elected and whether or not they are considered to be independent of the Issuer and/or the Issuer's major shareholders. In this context, major shareholders are defined as controlling, directly or indirectly, at least ten per cent. of the shares or votes in the Issuer. If a company owns more than 50 per cent. of the shares, ownership interest or votes in another company, the former is regarded as having indirect control of the latter company's ownership in other companies.

			Independent of	
Name	**Position**	**Member since**	**The Issuer and executive management**	**The major shareholders**
Lennart Schuss	Chairman	2017	Yes	Yes
Ilija Batljan	Board member and CEO	2017	No	No
Sven-Olof Johansson	Board member	2017	Yes	Yes
Fredrik Svensson	Board member	2018	Yes	No
Hans Runesten	Board member	2014*	Yes	Yes
Eva Swartz Grimaldi	Board member	2017	Yes	Yes
Anne-Grete Strøm-Erichsen	Board member	2017	Yes	Yes

* Hans Runesten was also a member of the Board of Directors in relation to the previous business, which was conducted under the company name Effnetplattformen AB (publ) and related to advanced digital communication and investment.

LENNART SCHUSS

Born 1954. Chairman of the Board since 2017, chairman of the audit committee and member of the remuneration committee.

Education: B.A. in Economics from Stockholm School of Economics.

Other current assignments: Member of the board of directors of Brasil Development AB, Briot AB and Skoga Invest AS.

Deputy member of the board of Strandeken Fastigheter AB and a number of subsidiaries in the Group.

Advisor to Genesta Fastighetsfonder and chairman of the Swedish Society of Friends of the Weizmann Institute of Science.

ILIJA BATLJAN

Born 1967. Member of the Board and CEO since 2017.

Education: Ph.D. in demography and planning for elderly care, Stockholm University. Bachelor of Economics, Stockholm University.

Other current assignments: Chairman of the board of Cryptzone Research & Development Aktiebolag, Cryptzone Group AB, Cryptzone Digital AB and a number of subsidiaries in the Group.

Member of the board of Used A Porter International AB, Health Runner AB, Ilija Batljan Invest Kristianstad Fastigheter AB, Ilija Batljan Invest AB, Ilija Batljan Invest Kristianstad AB and a number of subsidiaries in the Group.

SVEN-OLOF JOHANSSON

Born 1945. Member of the Board since 2017 and member of the audit committee.

Education: Master's degree in political science from Stockholm University and Stockholm School of Economics

Other current assignments:

Chairman of the board of Gaudemus AB, Deamatris Förvaltning Aktiebolag, FastProp Gävle AB, FastProp Holding AB, Xenella Holding AB, Centralparken Täby III AB, Centralparken Täby IV AB and Slättö Fastpartner Spånga AB.

Member of the board of Kebarco AB, Autoropa Aktiebolag, Storheden Invest AB, STC Interfinans Aktiebolag, Batteriet Hus AB, Landeriet Förvaltning AB, Fastpartner Årsta 76:2 AB, Standard Fastighet i Märsta AB, Landeriet 14 AB, Fredriksten Fastighet AB, Märsta Centrum AB, Robarco AB, Anbarco Bilinvest AB, Partnerfastigheter NF AB, Batteriet Fastighetsförvaltning AB, Profundo AB, Landeriet Fastighet AB, Fastighetspartner Täby AB, Fastighetspartner Amplus AB, Fastighetspartner Hallstahammar AB, Fastighetspartner Norrköping AB, Hjulsbro Byggtjänst AB, Cabinjo Holding AB, Colonia Fastighet AB, FastPartner Expansion AB, Ranchen.com Tobo Gård AB, H.J. Catering AB, Landeriet-Gruppens Hyresredovisning AB, Compactor Fastigheter AB, FastPartner Mälarporten AB, Batteriet Centrumhus AB, Västsvenska Hotellfastigheter AB, Svenska Stadshotell AB, Fastpartner Bagaren 7 AB, Nordpartner Aktiebolag, Fastpartner Humlet AB, VATTELUS AB, FastPartner Frihamnen AB, FastPartner Tech Center AB, Fastighetspartner Globen AB, FastPartner Sätesdalen 2 AB, Fastpartner Hammarby-Smedby 1:454 AB, Fastpartner Hammarby-Smedby 1:461 AB, Fastighetspartner Avaström Holding AB, FastPartner Syllen 4 AB, Fastighetspartner AB Drillsnäppan, Fastighetspartner Skolfastigheter AB, FastPartner Västerbotten 19 AB, Fastpartner Märsta 24:4 AB, FastPartner Ekplantan 2 AB, FastPartner Centrum 13 AB, FastPartner Ritmallen 1 AB, Fastighetspartner Lunda AB, Fastighetspartner Knivsta-AR AB, Adam Care AB, Hotell Larmvall AB, Fastighets AB Bomullsspinneriet, Vexillum Duo AB, Fastighetspartner Bromma AB, Vallentuna Centrum AB, FastPartner Solna One AB, VATELLUS Holding AB, Vallentuna 1:7 AB, Vallentuna Prästgård 1:130 AB, Vallentuna 1:474 AB, Sätra Hälsofastigheter AB, FastPartner Högsbo 27:6 AB, FastPartner Mälardalen AB, FastPartner Sporren 4 AB, SRU Intressenter AB, Gävle Näringen 22:2 AB, FastPartner Haninge AB, Vinsta Stenskärve AB, FastPartner Hässelby AB, FastPartner Rinkeby AB, FastPartner Älvsjö AB, FastPartner Tensta AB, FastPartner Bredäng AB, FastPartner Brynäs 124:3 AB, FastPartner Hemsta 9:4 AB, FastPartner Fastigheter Märsta AB, FastPartner Hammarby-Smedby AB, Vallentuna 1:472 AB, Fastighetsbolaget Oljan 2 i Täby AB, Fastighets AB Krejfast, FastPartner Brista AB, FastPartner Märsta Kontor AB, Fastighets AB Repslagaregatan, Fast Real AB, Märsta 1:198 AB, FastPartner Bredden AB, FastPartner Luntmakargatan 22-34 AB, Fastpartner Valbo-Backa 6:13 AB, FastPartner Alingsås-Ulricehamn AB, Autoropa Holding AB, FastPartner Västra Hindbyvägen 12 AB, FastPartner Målaren 14 AB, FastPartner Kärra 78:3 AB, FastPartner Aga 2 AB, FastPartner Fagerstagatan 21 AB, One Network Of Holding AB, One Network Of Concept AB, Fastpartner Uppfinnaren 1 AB, FastPartner Biskopsgården 46:4 AB, FastPartner Slakthuset 21 AB, FastPartner Slakthuset 20 AB, FastPartner Importen 3 AB, FastPartner Slakthuset 18 AB, FastPartner Slakthuset 19 AB, FastPartner Slakthuset 22 AB, Tartt Förvaltning AB, Fastpartner Kostern 11 AB, FastPartner Sjöstugan 1 AB, FastPartner Pooc AB, Fastpartner Karis 4 AB, Fastpartner Karis 3 AB, FastPartner Ekenäs 4 AB, FastPartner Ekenäs 3 AB, FastPartner Ekenäs 2 AB, FastPartner Ekenäs 1 AB, FastPartner Bolmensvägen AB, FastPartner Gustav 1F AB, FastPartner Gustav 1B AB, FastPartner Gustav 1 AB, FastPartner Gustav 1C AB, FastPartner Gustav 1D

AB, FastPartner Gustav 1E AB, FastPartner Bromsten Holding II AB, FastPartner Bromsten Holding I AB, FastPartner Bosgården 1:32 AB, FastPartner Sätra Skolfastigheter AB, Fastpartner Kungsängen 40:1 AB, Fastpartner Flyggodset AB and Fastpartner Reläet 8 AB.

Deputy member of the board of Colinasverdes AB, Henrik and Sven-Olof Fastigheter AB and Centralparken Holding AB.

FREDRIK SVENSSON

Born 1961. Member of the Board since 2018 and member of the audit committee.

Education: M.B.A. from Linköping University.

Other current assignments: Chairman of the board of Rocklunda Fastigheter Aktiebolag, Industritekniska Gymnasiet Bergslagen AB, Arvid Svensson Invest AB, Fastighetsaktiebolaget Femur AB, Arosmotets Bostadsfastigheter AB, KFAS Fastigheter i Västerås AB, Fastighetsaktiebolaget Femur 2, EMIRIT i Västerås AB, Anund Fastighets AB, Fridnäs 2:1 AB and SVKA Holding i Västerås AB.

Member of the board of Aktiebolaget Arvid Svensson, Fastighets AB Balder, Aktiebolaget Axel Sundströms Järnhandel, Fagerblads Frank Aktiebolag, ASCA Förvaltnings AB, Vretvägens Fastighets AB, Aston Carlsson AB, Arvid Svensson Fastigheter Aktiebolag, Arvid Svensson Förvaltnings AB, Allmogekulturen i Västerås AB, Arvid Svensson Cityfastigheter AB, Svanå Bruk & Säteri AB, ASE Media AB, Savana Stockholm AB, AB Venarv, Lås & Larmteknik Europe AB, Mirino AB, AB Tenzing, Youth Entrepreneurship Togetherness Innovation Holding AB, Svensk Markförvaltning AB, Ektorp Holding AB, Högantorp Holding AB, Albyäng Holding AB and Fastighets AB Vintertullstorget.

Deputy member of the board of Celeritas Fastigheter AB.

HANS RUNESTEN

Born 1956. Member of the Board since 2014 and member of the audit committee.

Education: M.B.A. from Stockholm University.

Other current assignments: Chairman of the board of Effnet AB, Effnetplattformen AB (publ), Twicebasic AB and Scan Baltic Ltd.

Member of the board of Ironbridge AB.

EWA SWARTZ GRIMALDI

Born 1956. Member of the Board since 2017, chairman of the remuneration committee and member of the audit committee.

Education: Bachelor's degree in Languages (Italian, Spanish and French) as well as from Kulturvetarlinjen.

Other current assignments: Chairman of the board of Norstedts Förlagsgrupp AB, Michael Berglund AB, Doberman AB, Eva Swartz Grimaldi Consulting AB, Doberman Group AB and Efevevmimanisa AB.

Member of the board of Richard Swartz AB och Storytel AB (publ).

Member of the board of Stockholm University, Stockholm Concert Hall, Forget Foundation and Royal Patriotic Society.

ANNE-GRETE STRØM-ERICHSEN

Born 1949. Member of the Board since 2017 and member of the audit committee.

Education:	B.A. i Computer Science från Bergen Technical School (University of Bergen), South Dakota School of Mines & Technology 1980-1981.
Other current assignments:	Chairman of the board of the Norwegian Atlantic Committee, Bergen og Omland Havn and DIP AS. Member of the board of Kongsberg Gruppen ASA, Carte Blanche AS, and Tankesmien Agenda AS.

EXECUTIVE MANAGEMENT TEAM

ILIJA BATLJAN

Born 1967. Member of the Board and CEO since 2017.

For further details, see "—*Board*" *above.*

LARS THAGESSON

Born 1959. Deputy CEO and COO since 2018.

Education:	9 years of elementary school.
Other current assignments:	Chairman of the board of Seglora Fastighets AB, Arctic Forest Development AB, Nordic Forest Development AB, Hammars Markentreprenad i Jönköping AB, Solhemmet Samhällsfastigheter AB, BRN Fastigheter 1 AB, BRN Fastigheter 2 AB and BRN Fastigheter 3 AB. Member of the board of Trenäs Förvaltning AB, Smart Parkering Sverige AB, Djurgårdsblicken AB, Tagesson & söner Fastighets AB, Hagabacken Förvaltnings AB, Skomakargatan 13 Invest AB and Valerum Fastighets AB. Deputy member of the board of Seglora Invest AB, Tyghuset i Taberg Aktiebolag, Örnen Vänern AB and Tabergsdalens Invest AB. CEO of Karlbergsvägen 77 Fastighets AB

KRISTER KARLSSON

Born 1970. Deputy CEO and property development director since 2016.

Education:	Real estate economics from the Royal Institute of Technology, Stockholm University and Uppsala University and law studies at Uppsala University.
Other current assignments:	Chairman of the board, board member and deputy board member of a number of subsidiaries in the Group.

ROSEL RAGNARSSON

Born 1955. Finance director since 2017.

Education:	Bachelor of Science in Business and Economics from Uppsala University.
Other current assignments:	Deputy member of the board of Ragnarsson Ekonomikonsult Aktiebolag.

EVA-LOTTA STRIDH

Born 1975. CFO since 2016.

Education:	Bachelor of Science in Business and Economics from Stockholm University.
Other current assignments:	Member of the board of Eva-Lotta Stridh Ekonomikonsult AB and a number of subsidiaries in the Group.

OSCAR LEKANDER

Born 1985. Business development director since 2016.

Education:	Master of Science in Real Estate and Finance from The University of Hong Kong. B.A. in Real Estate and Finance from the Royal Institute of Technology.
Other current assignments:	Member of the board of SBB i Norden AB (publ), Holp Förvaltning AB and a number of subsidiaries in the Group. Deputy board member of a number of subsidiaries in the Group.

FREDRIK HOLM

Born 1962. Head of Asset Management since 2019.

Education:	Degree in Engineering from Mälardalens Högskola, Bsc in Economics and Business administration from University of Örebro, Business strategy and real estate development, course, Kth Royal Institute of Technology
Other current assignments:	Member of the board and managing director of AB Hållbar Rörelse Fastighetsutveckling

ADRIAN WESTMAN

Born 1985. IR-director (consultant) since 2018.

Education:	Degree in strategic communication and PR from Bergs School of Communication. Studies in business administration and economic history at Stockholm University.
Other current assignments:	Member of the board of SSW Holding AB and Hypoteket Fondförvaltning Sverige AB. Partner of Fogel & Partners i Stockholm AB.

OTHER INFORMATION ON THE BOARD AND THE EXECUTIVE MANAGEMENT TEAM

There are no family ties between any of the members of the Board or executive management.

There are no conflicts of interest or potential conflicts of interest between the obligations of members of the Board and executive management of the Issuer and their private interests and/or other undertakings.

Hans Runesten was a member of the board of Axxonen Holding AB (publ) and Axxonen Properties AB and withdrew from his position less than a year before the companies were declared bankrupt in 2018. Krister Karlsson was a member of the board of Uppsala Fastighetsprojekt FAS 2 AB and Uppsala Fastighetsprojekt Holding AB and withdrew from his position less than a year before the companies were declared bankrupt in 2019.

With the exception of the aforementioned, none of the members of the Board nor any of the members of the executive management has, during the last five years, (i) been sentenced for fraud-related offences, (ii) represented a company which has been declared bankrupt or filed for liquidation, or been subject to administration under bankruptcy, (iii) been the subject of accusations and/or sanctions by any agency authorised by law or regulation (including approved professional organisations) or (iv) been prohibited by a court of law from being a member of any company's administrative, management or supervisory body or from holding a senior or overarching position in any company.

All members of the Board and the members of the executive management are available at the Issuer's main office at Strandvägen 1, SE-114 51 Stockholm.

EXTERNAL AUDITOR

At the Issuer's extraordinary general meeting held on 16 January 2017, Ernst & Young Aktiebolag was elected as the Issuer's auditor for the period up to the end of the annual general meeting in 2017. At the Issuer's annual general meetings on 27 April 2017, 27 April 2018 and 29 April 2019, Ernst & Young Aktiebolag was elected as the auditor for the period up to the end of the annual general meetings in 2018, 2019 and 2020 respectively. Ingemar Rindstig (born 1949) is the auditor in charge. Ingemar Rindstig is an authorised public accountant and a member of FAR (professional institute for authorised public accountants). Ernst & Young Aktiebolag's office address is Jakobsbergsgatan 24, SE-111 44 Stockholm.

Ernst & Young Aktiebolag, with Ingemar Rindstig as auditor in charge, has been the auditor of SBB i Norden since the period before 16 January 2017 and is covered by the financial information in these Listing Particulars.

GOVERNANCE FRAMEWORK

The Issuer is a Swedish public limited liability company. Prior to its listing on Nasdaq Stockholm, the Issuer's corporate governance was based on Swedish law, the Issuer's own internal rules and instructions, the regulations, rules and recommendations for companies whose shares are listed on Nasdaq First North Premier Growth Market and good practice in the stock market. Since listing on Nasdaq Stockholm the Issuer complies with Nasdaq Stockholm's Rule Book for Issuers and is subject to the requirement of applying the Swedish Corporate Governance Code (the "**Code**"). Prior to the listing on Nasdaq Stockholm, the Issuer applied the Code on a voluntary basis. The Issuer is not obliged to comply with every rule in the Code as the Code itself provides for the possibility to deviate from the rules, provided that any such deviations and the chosen alternative solutions are described and the reasons therefor are explained in the corporate governance report (according to the so-called "comply or explain principle").

Any deviation from the Code will be reported in the Issuer's corporate governance report. There were no deviations reported in the Issuer's corporate governance report for the financial year of 2018.

General meeting

According to the Swedish Companies Act (2005:551) (Sw. *aktiebolagslagen*) (the "**Swedish Companies Act**"), the general meeting is the Issuer's ultimate decision-making body. At the general meeting, the shareholders exercise their voting rights on key issues, such as the adoption of income statements and balance sheets, appropriation of the Issuer's results, discharge from liability of members of the Board and the CEO, election of members of the Board and auditors and remuneration to the Board and the auditors.

The annual general meeting must be held within six months of financial year-end. In addition to the annual general meeting, extraordinary general meetings may be convened. According to the Issuer's articles of association, general meetings are convened by publishing the convening notice in the Swedish National Gazette (Sw. *Post- och Inrikes Tidningar*) and on the Issuer's website. At the time of the notice convening the meeting, information regarding the notice shall be published in the Swedish daily newspaper Dagens Nyheter.

Right to participate in general meetings

Shareholders who wish to participate in a general meeting must be included in the general register maintained by Euroclear Sweden on the day falling five workdays prior to the meeting and notify the Issuer of their participation no later than the date stipulated in the notice convening the meeting. Shareholders may attend the general meetings in person or by proxy and may be accompanied by a maximum of two assistants. Typically, it is possible for a shareholder to register for the general meeting in several different ways as indicated in the notice of the meeting. A shareholder may vote for all Issuer shares owned or represented by the shareholder.

Shareholder initiatives

Shareholders who wish to have a matter brought before the general meeting must submit a written request to the Board. Such request must normally be received by the Board no later than seven weeks prior to the general meeting.

Nomination committee

Companies applying the Code shall have a nomination committee. According to the Code, the general meeting shall appoint the members of the nomination committee or resolve on procedures for appointing the members. The nomination committee shall, pursuant to the Code, consist of at least three members of which a majority shall be independent in relation to the Issuer and the Group management. In addition, at least one member of the nomination committee shall be independent from the largest shareholder or group of shareholders acting in concert (in terms of voting rights).

At the Issuer's annual general meeting held on 29 April 2019 it was resolved that the nomination committee for the annual general meeting in 2020 shall be composed of representatives of the three largest shareholders and the chairman of the Board.

The nomination committee consists of Mia Batljan (chairman), Rikard Svensson, Sven-Olof Johansson and Lennart Schuss.

The nomination committee's term of office ends when a new nomination committee has been appointed. If the shareholder structure changes in a material way after the nomination committee has been appointed, the representatives shall be replaced accordingly. The nomination committee proposes and nominates to the annual general meeting, the chairman and the other members of the Board. The committee also proposes the remuneration to be divided between the chairman of the Board and the other Board members, as well as other remuneration for committee work, proposes the auditor and their remuneration (and auditor alternate if applicable) and proposes instructions for appointing a new nomination committee. The nomination committee may charge the Issuer for hiring headhunters and other ancillary costs that are deemed appropriate in order for the nomination committee to be able to fulfill its duties. There shall be no remuneration for work carried out by the nomination committee.

Board

The Board shall comprise 3-10 members and no deputy members.

The Board is the second-highest decision-making body of the Issuer after the general meeting. According to the Swedish Companies Act, the Board is responsible for the organisation of the Issuer and the management of the Issuer's affairs, which means it is responsible for, among other things, setting targets and strategies, devising processes to evaluate targets, continuously assessing the financial condition and profits of the Issuer and evaluate the operating management. The Board is also responsible for ensuring that annual reports and interim reports are prepared in a timely manner. It also appoints the CEO. The Board members are generally appointed by the annual general meeting for the period up to the end of the next annual general meeting. In accordance with the Issuer's articles of association, the Board shall, to the extent it is elected by the general meeting, consist of at least three but not more than 10 members and no deputies.

According to the Code, the chairman of the Board is to be elected by the general meeting. The chairman's main role is to lead the work of the Board and to ensure that the Board carries out its work efficiently.

The Board applies written rules of procedure, which are revised annually and adopted by the inaugural Board meeting every year. Among other things, the rules of procedure govern the practice and functions of the Board as well as the division of work between the members of the Board and the CEO. At the inaugural Board meeting, the Board also adopts instructions for the CEO, including instructions for financial reporting.

The Board meets according to an annual predetermined schedule. In addition to these meetings, additional Board meetings can be convened to handle issues that cannot be postponed until the next ordinary Board meeting. In addition to the Board meetings, the chairman of the Board and the CEO continuously discuss the management of the Issuer.

Currently, the Board consists of seven ordinary members elected by the general meeting. See "*—Board"* and "*—Executive Management Team*" for further details.

Audit committee

In a Swedish limited liability company, the transferable securities of which are admitted to trading on a regulated marketplace, the Board shall have an audit committee. The members of the committee may not be employees of the Issuer, at least one member must be independent and have accounting or auditing proficiency and the committee shall appoint one of its members as chairperson.

The audit committee of a company shall monitor the Issuer's financial reporting, monitor the efficiency of the Issuer's internal controls, internal auditing and risk management, keep informed of the auditing of the annual report and the consolidated accounts, review and monitor the impartiality and independence of the auditors and pay close attention to whether the auditors are providing other services besides audit services for the Issuer, and assist in the preparation of proposals for the general meeting's decision on election of auditors. The Issuer has an audit committee consisting of six members: Lennart Schuss (chairman), Sven-Olof Johansson, Hans Runesten, Eva Swartz Grimaldi, Anne-Grete Strøm-Erichsen and Fredrik Svensson.

Remuneration committee

The Issuer has a remuneration committee consisting of two members: Eva Swartz Grimaldi (chairman) and Lennart Schuss. The remuneration committee considers matters concerning remuneration principles, remuneration and other employment terms for the CEO and the executive management.

The CEO and other executive management

The CEO is appointed by the Board and is responsible for the everyday management and operations of the Issuer. The division of work between the Board and the CEO is set out in the rules of procedure for the Board and the CEO's instructions. The CEO is responsible for preparing reports and compiling information for Board meetings and for presenting such materials at Board meetings.

According to the instructions for financial reporting, the CEO is responsible for the Issuer's financial reporting and consequently must ensure that the Board receives adequate information to be able to evaluate the Issuer's financial condition.

The CEO must continuously keep the Board informed of: developments in the Issuer's operations; the Issuer's sales development, results and financial condition, liquidity and credit status; any important business events; and all other events, circumstances or conditions that may be of significance to the Issuer's shareholders.

For details on the CEO and executive management, see "*—Board*", "*—Executive Management Team*" and "*—Other Information on the Board and the Executive Management Team*".

REMUNERATION OF THE MEMBERS OF THE BOARD, CEO AND EXECUTIVE MANAGEMENT

Remuneration payable to the members of the Board

Fees and other remuneration payable to the members of the Board, including the chairman, are determined by the general meeting. At the annual general meeting held on 29 April 2019, it was resolved that the fee payable to the chairman of the Board should be SEK 450,000 and that the fee payable to the other members should be SEK 300,000 each. Further, the fee payable to each of the members of the remuneration committee should be SEK 30,000. The members of the Board are not entitled to any benefits following termination of their assignments as directors.

Remuneration to the Board during the 2018 financial year

The table below presents an overview of remuneration payable to the previous and present members of the Board elected by the general meeting for the 2018 financial year.

Name	Remuneration	Variable compensation	Pension cost	Other remuneration	Total
			(SEK thousand)		
Chairman of the Board					
Lennart Schuss	480	–	–	–	480
Board member					
Ilija Batljan	–	–	–	–	–
Sven-Olof Johansson	300	–	–	–	300

Name	Remuneration	Variable compensation	Pension cost	Other remuneration	Total
Fredrik Svensson	300	–	–	–	300
Hans Runesten	300	–	–	–	300
Eva Swartz Grimaldi	330	–	–	–	330
Anne-Grete Strøm-Erichsen	441	–	–	–	441
Total	**2,151**	**–**	**–**	**–**	**2,151**

Guidelines for remuneration payable to the Board, the CEO and the deputy CEOs

The annual general meeting to be held in 2020 will resolve upon guidelines for remuneration to the Board of Directors, the CEO and the deputy CEOs. The guidelines will not cover, for example, remuneration fees and other compensation for Board assignments. Other remuneration to the members of the Board of Directors, such as salary, will however be covered by the guidelines.

Current employment agreements for the CEO and other executive management

Decisions as to the current remuneration levels and other conditions of employment for the CEO and the other members of executive management have been determined by the Board.

The table below presents an overview of remuneration to the CEO and other members of executive management for the 2018 financial year.

Name	Remuneration	Variable compensation	Pension cost	Other remuneration	Total
			(SEK thousand)		
Ilija Batljan, Chief Executive Officer........	3,211	–	928	–	4,139
Other members of executive management (6)..	6,862	–	1,607	–	8,468
Total	**10,073**	**–**	**2,535**	**–**	**12,607**

The CEO, Ilija Batljan, is entitled to pension provisions corresponding to 30 per cent. of his salary. Other members of executive management are entitled to pension provisions corresponding to 4.5 per cent. on wage shares, up to 7.5 base income amounts (SEK 40,250 per month during 2019) and 30 per cent. on wage share exceeding 7.5 base income amounts.

In circumstances where the CEO gives notice to the Issuer, the CEO is subject to a six month notice period and in circumstances where the Issuer gives notice to the CEO, the CEO is subject to a twelve month notice period. A notice period of three months applies to members of executive management. Neither the CEO nor the other members of the executive management is entitled to a severance payment.

INTERNAL CONTROL

The Issuer's internal control over financial reporting is designed to manage risks and ensure high reliability in the processes regarding the preparation of financial reports and to ensure that applicable accounting requirements and other requirements for the Issuer, as a listed company, are complied with. The Board is responsible for the internal control of the Issuer regarding financial reporting. The Issuer follows the Committee of Sponsoring Organisations of the Treadway Commission (COSO) framework to evaluate a company's internal control of financial reporting, entitled the "Internal Control - Integrated Framework", which consists of the following five components: (i) control environment, (ii) risk assessment, (iii) control activities, (iv) information and communication and (v) follow-up.

(i) Control environment

Distribution and delegation of responsibility have been documented and communicated in several internal documents governing the Board and the Issuer, for example: (i) the Board's rules of procedure, (ii) the instructions to the CEO, (iii) the delegation scheme, (iii) the certification scheme and (iv) other internal control documents (e.g., financial manual). All internal control documents are regularly updated when changes are made to, for example, legislation, accounting standards or listing requirements and when otherwise needed.

(ii) Risk assessment

In accordance with the rules of procedure, the Board, as well as the audit committee, reviews the Issuer's internal control once a year. Risks are identified and assessed and measures are implemented to reduce identified risks. The auditor is invited to report on his/her internal control report at a Board meeting and to the audit committee. The significant risks identified by the Issuer are errors in accounting and valuation of properties, credit risks, refinancing risks, interest rate risks, tax and value added tax (**VAT**), and the risk of fraud, loss or misappropriation of assets.

(iii) Control activities

The Issuer's financial system is structured such that the conclusion of agreements, payment of invoices and other similar actions must comply with certain decision paths, signatory powers and authorisations set out in the internal control documents. There is therefore a basic control structure to counteract and prevent the risks that the Issuer has identified. In addition to these control structures, a number of control activities are carried out to detect and correct errors in and deviations from, such control structures. These control activities consist of follow-up at various levels in the organisation, such as follow-up and reconciliation of the resolutions made by the Board, review and comparison of profit items, account reconciliations, approval and reporting of business transactions with the finance department.

(iv) Information and communication

The Issuer has built up an organisation to ensure that its financial reporting is correct and effective. The internal control documents specify who is responsible for what and daily interaction between relevant people ensures that the relevant information reaches all parties concerned. The Issuer's management regularly receives financial information concerning the Issuer and its subsidiaries and the development of letting and other management and reviews and follows up on ongoing and future investments and liquidity planning. The Board is informed by the Issuer's management team in relation to risk management, internal control and financial reporting. The Issuer's information policy ensures that all information provided externally and internally reaches the appropriate person at the appropriate time. All employees at the Issuer have been involved in influencing the design of relevant internal policies and guidelines by means of a review process and have thus been directly involved in the preparation of these internal control documents.

(v) Evaluation follow-up

As explained above, a continuous internal control process takes place on an ongoing basis at all levels of the organisation. The Board regularly evaluates the information provided by the Issuer's management and its auditors. In addition, the Issuer's auditor reports its observations from the audit and its assessment of the Issuer's internal control directly to the Board. In particular, the Board monitors of the development of internal controls to ensure that action is taken in relation to any deficiencies that may emerge.

Auditing

The auditor shall review the Issuer's annual reports and accounting, as well as the management of the Board and the CEO. Following each financial year, the auditor shall submit an audit report and a consolidated audit report to the annual general meeting.

Pursuant to the Issuer's articles of association, the Issuer shall have no fewer than one and not more than two auditors and not more than two deputy auditors or one registered audit firm. The Issuer's auditor is Ernst & Young Aktiebolag, with Ingemar Rindstig as auditor in charge. See "—*External auditor*" for further details on the Issuer's auditor.

In 2018, the total remuneration payable to the Issuer's auditor amounted to SEK 11.4 million.

THE COMBINED COMPANY

HEMFOSA IN BRIEF

Hemfosa is a community service properties specialist working with health care, education and the judicial system, amongst others, in the Nordic region. On Hemfosa's premises police, teachers and medical doctors work and Hemfosa actively tries to adapt their properties to their needs. As of 30 September 2019, Hemfosa owned 403 properties in Sweden, Norway and Finland with a fair value of SEK 39.8 billion.

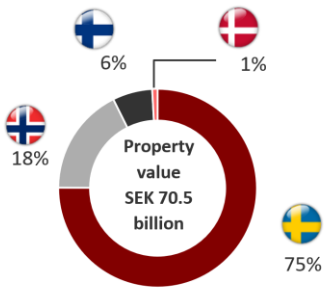
Hemfosa's operational organisation consists of a strong, locally anchored proprietary management organisation that is supported by group-wide functions. In Sweden, Hemfosa's property portfolio is divided into five regions: North, Stockholm, Mid, West and South. Each region is headed by a regional manager with operational responsibility for the properties in the region. Hemfosa has offices in Falun, Gothenburg, Halmstad, Härnösand, Karlskrona, Karlstad, Kristianstad, Norrköping, Sundsvall, Västerås, Växjö and Umeå. The Norwegian organisation has five local administrative offices and is led from the Oslo office. In Finland all the tasks are today managed from a local cooperation partner. At the headquarters in Nacka are Hemfosa's group-wide functions. These consists of Transaction and Analysis, Finance, Legal and Market/Communications. On 31 December 2018, the number of employees amounted to 71 people.

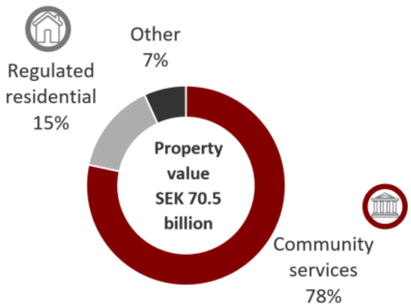
Hemfosa has a well-diversified tenant structure, with the largest tenant accounting for only 6 per cent. of total rental income and the ten largest tenants accounting for 30 per cent. At the end of the period, the average remaining lease term was 6.5 years. There is a favourable spread in lease maturities, with maximum one-seventh of the rental value expiring each year over the next few years. More than one-third will expire in 2026 or later. The economic leasing rate was 94.2 per cent.

THE COMBINED COMPANY

Operations

The Transaction would create the 4th largest listed company in the Nordics within the segment of social infrastructure with a combined portfolio book value of approximately SEK 70.5 billion, equivalent to SEK 17,419 per square meter (excluding value of building rights). The combined portfolio would consist of 1,245 properties with a total lettable area of 4.0 million square meters across Sweden, Norway, Finland and Denmark, with primary focus on community services and regulated residential. The portfolio of the Combined Company will be divided as per below:

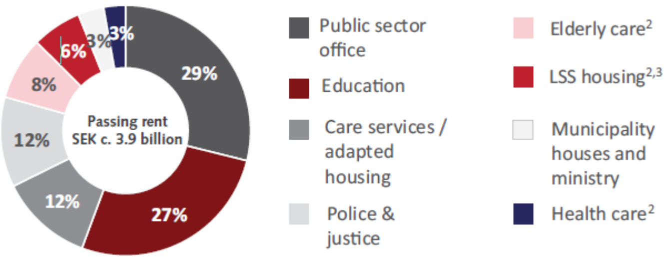




The combined property portfolio would provide a clear focus in the community services sector across the largest Nordic city regions, with a particularly strong market position in Sweden. The Combined Company's community portfolio, will further be diversified across different use cases, with the majority of the portfolio related to education and municipal houses and ministry. A further breakdown of the segment is provided below:

Community service property split by category[1]

(by passing rent)



Source: Company information, reported figures as of 30 September 2019 (Q3 2019)

Notes: [1]Hemfosa's passing rent split based on proportionate split of rental value for each category; [2]Applies to SBB's portfolio; [3]Refers to care homes for people with disabilities

The economic occupancy of the Combined Company would be 94.7 per cent. and the lease maturity would amount to 6.7 years. The EPRA NAV for the Combined Company would amount to SEK 24,509 million (adjusted EPRA NAV of SEK 34,163 million)[1]. Furthermore, the Combined Company would have an overall strengthened balance sheet and financials; improving the companies' key ratios and accelerating delivery of financial and operational targets.

Business concept, targets and strategy

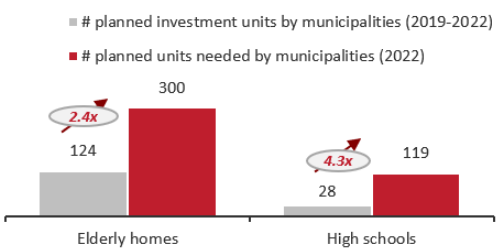
The Combined Company would be focused on low risk assets within social infrastructure with municipality and governmental tenants, including tenants such as the Swedish Government, the Norwegian Government, the Stockholm City Council and the City of Gothenburg. The sovereign credit rating of Sweden, Norway and Denmark is AAA, while Finland's sovereign credit rating is AA+ contributing to the low risk profile of the Combined Company.

Community service leases, compared to other segments, have limited tenant turnover. The lease terms are typically spanning over 10 to 15 years for newly signed leases. The lease terms generally have no break clauses and are indexed to CPI. Moreover, a majority of tenant improvements are paid for by the tenants, thus limiting unexpected capital expenditures.

The business model entails stable and predictable cash flows for the Combined Company. As part of its strategy, the Combined Company would have high exposure to the major Nordic cities, with 23 per cent. of its portfolio in Stockholm, 15 per cent. in Oslo, 7 per cent. in Malmö and 6 per cent. in Gothenburg.

The Combined Company's strategy of focusing on community service properties is further supported by attractive demographics, where the demand for elderly homes and high schools are both expected to increase significantly the upcoming years.

Planned (2019–2022) and needed units (2022) in Sweden



[1] Based on a sum of the parts analysis. The combined and adjusted EPRA NAV figures will be contingent upon the transaction structure and paid premium, among other factors.

Financial effects for the Issuer

The Combined Company will have an improved business and credit profile with an enhanced exposure to community services and an attractive equally low risk Swedish rent-regulated residential portfolio.

The Combined Company will become increasingly diversified in its community service offerings, allowing the Combined Company to potentially obtain an improved business profile rating among rating agencies and if so, potentially obtain a higher credit rating resulting in lower cost of capital. Lower cost of funding is further discussed in section "*The Combined Company – The Combined Company - Synergy effects*".

Certain key metrics of the Combined Company's portfolio are presented below. Please refer to section "*Pro forma financial statements*" for pro forma figures reviewed by the Issuer's auditor.

Key portfolio metrics (as of 30 September 2019)	The Issuer	Hemfosa	Combined Company
Portfolio book value (SEK billion)	30.8	39.8	70.5
Lettable area (million sqm)	1.8	2.2	4.0
Net initial yield (%)[1]	4.7%	5.4%	5.1%
Economic occupancy rate (%)[2]	95.3%	94.2%	94.7%
Lease maturity (years)[2]	7.0	6.5	6.7
Portfolio book value / sqm (SEK)[1, 4]	16,397	18,261	17,419
Passing rent / sqm (SEK)[1, 4]	1,116	1,329	1,233
Net Loan-to-Value Ratio (% of total assets)[1, 5]	37.1%[6]	56.1%	< 50%
Interest Coverage Ratio[3, 5]	2,4x	3,6x	> 3.0x
Net profit for the period, 190101-190930 (SEK million)	1,337	1,497	2,834

1 Non-IFRS measure. For reconciliation tables, see section "—*Reconciliation tables*" below.
2 As reported by the Issuer and Hemfosa as of 30 September 2019. For the Combined Company this is calculated by weighted average on lettable area.
3 Non-IFRS measure. For reconciliation table for the Issuer, see section "*Selected consolidated financial, operating and other data—Non-IFRS financial data and reconciliation tables*". For reconciliation table for Hemfosa, see section "—*Reconciliation tables*" below.
4 For the Combined Company this is calculated by the combined value divided by lettable area.
5 For the Combined Company this equals the management's expectations for the year 2020.
6 The Issuer Net Loan-to-Value Ratio adjusted for October 2019. For reconciliation table for the Issuer, see section "*Selected consolidated financial, operating and other data—Non-IFRS financial data and reconciliation tables*".

Moreover, the proposed merger would have significant effects on the companies' financial profiles. Certain of the Combined Company's key financial figures are presented below. Please refer to section "*Pro forma financial statements*" for pro forma figures reviewed by the Issuer's auditor.

Key financial metrics	The Issuer	Hemfosa	Combined Company
Market cap (SEK million)[1,5]	21,120	17,423	38,543
Enterprise value (SEK million)[1,5]	42,609	42,613	85,222
EPRA NAV (SEK million)[1]	10,314	14,195	24,509
Adjusted EPRA NAV (SEK million)[1,3]	17,657	15,986	33,643
Passing rent (SEK million)[2]	2,003	2,894	4,897
Passing NOI (SEK million)[2]	1,374	2,131	3,505
Passing NOI margin (%)[1,3]	68.6%	73.6%	71.6%
EBITDA (SEK million)[1]	1,369	2,021	3,390
EBITDA margin (%)[1,4]	68.3%	69.8%	69.2%

1 Non-IFRS measure. For reconciliation tables, see section "—*Reconciliation tables*" below.
2 As reported by Issuer and Hemfosa as of 30 September 2019 under earnings capacity.
3 For the Combined Company this is calculated as the combined Passing NOI divided by the combined Passing rent.
4 For the Combined Company this is calculated as the combined EBITDA divided by the combined Passing rent.
5 Based on share prices as of 14 November 2019.

Synergy effects

The Issuer believes the Combined Company, with a larger portfolio and greater geographical coverage, would be better positioned as a partner to the Nordic welfare states and other important stakeholders than either of the Issuer or Hemfosa alone. The strengthened market position and diversification are expected to further enhance the Combined Company's profile with rating agencies; it is thus estimated that the combined business over time will benefit from an improved credit rating, which has the potential to reduce the cost of funding for the combined group. The Issuer has also identified unrealised value stemming from the developments of building rights for social infrastructure in Hemfosa's portfolio realisable upon zoning being granted. Furthermore, the Issuer believes there are additional value creation opportunities from reduction in renovation and refurbishment costs due to economies of scale and profits from property transactions.

Organisation

The Issuer expects the proposed combination of the businesses to be positive for the Issuer and provide attractive employment opportunities for the Hemfosa employees. To realise the integration benefits, the integration of Hemfosa and the Issuer will likely entail some changes to the organisation, operations and employees of the combined group. The specific initiatives to be implemented pursuant to the integration will be determined following completion of a detailed review of the combined business in the period following the completion of the Offer. Before completion of the Offer, it is too early to say which initiatives will be taken and the impact these would have. There are currently no decisions on any changes to the Issuer's or Hemfosa's employees and management or to the existing organisation and operations of Hemfosa, including the terms of employment, employment rate and locations of the business.

Reconciliation tables

The section "*The Combined Company*" contains certain financial measures that are not defined or recognised under IFRS. These financial measures has been included because the Issuer believes they provide useful supplemental information to understand and analyse the Combined Company and the possibilities and synergies that may be achieved. Below follow reconciliation tables for such non-IFRS numbers.

Net initial yield (%)

The Issuer Q3 2019 net initial yield (%)

Passing net operating income (SEK million)	1,374
Gross asset value of properties (SEK million)	30,776
Adjustment to exclude building rights value (SEK million)	1,343
Adjusted asset value of properties (SEK million)	29,433
Net Initial Yield (%)	**4.7%**

Hemfosa Q3 2019 net initial yield (%)

Passing net operating income (SEK million)	2,131
Gross asset value of properties (SEK million)	39,773
Adjustment to exclude building rights value (SEK million)	0
Adjusted asset value of properties (SEK million)	39,773
Net Initial Yield (%)	**5.4%**

Portfolio book value / sqm (SEK)

The Issuer portfolio book value / sqm (SEK)

Gross asset value of properties (SEK million)	30,776
Adjustment to exclude building rights value (SEK million)	1,343
Adjusted asset value of properties (SEK million)	29,433
Lettable area (million sqm)	1.8
Portfolio book value / sqm (SEK)	**16,397**

Hemfosa portfolio book value / sqm (SEK)

Gross asset value of properties (SEK million)	39,773
Adjustment to exclude building rights value (SEK million)	0
Adjusted asset value of properties (SEK million)	39,773
Lettable area (million sqm)	2.2
Portfolio book value / sqm (SEK)	**18,261**

Passing rent / sqm (SEK)

The Issuer passing rent / sqm (SEK)

Passing rent (SEK million)	2,003
Lettable area (million sqm)	1.8
Passing rent / sqm (SEK)	**1,116**

Hemfosa passing rent / sqm (SEK)

Passing rent (SEK million)	2,894
Lettable area (million sqm)	2.2
Passing rent / sqm (SEK)	**1,329**

Net Loan-to-Value Ratio (% of Total Assets)

The Issuer Net Loan-to-Value Ratio (% of Total Assets)

Total Assets reported (SEK million)	43,760
Cash raised on October 2019 (SEK million)	400
Total Assets adjusted for cash raised on October 2019 (SEK million)	44,160
Net interest-bearing liabilities (SEK million)	16,399
Of which gross interest-bearing liabilities (SEK million)	*25,331*
Of which cash and cash equivalents (SEK million)	*(8,532)*
Of which cash raised on October 2019 (SEK million)	*(400)*
Net Loan-to-Value Ratio (%)	**37.1%**

Hemfosa Net Loan-to-Value Ratio (% of Total Assets)

Total Assets reported (SEK million)	41,149
Net interest-bearing liabilities (SEK million)	23,071
Of which gross interest-bearing liabilities (SEK million)	*23,687*
Of which cash and cash equivalents (SEK million)	*(616)*
Net Loan-to-Value Ratio (%)	**56.1%**

Interest Coverage Ratio

Hemfosa Interest Coverage Ratio

Profit from property management (SEK million)	1,039
Share in profit from joint ventures and associated companies (SEK million)	10
Depreciation / amortisation (SEK million)	0
Financial income and expenses (SEK million)	(403)

Interest-coverage ratio, multiple	**3,6**

Market cap

The Issuer market capitalisation

Market capitalisation (SEK million)	
Equity value of A and B shares (SEK million)	18,465
Equity value of D shares (SEK million)	2,654
Market Capitalisation (SEK million)	**21,120**

Hemfosa market capitalisation

Market capitalisation (SEK million)	
Equity value of common shares (SEK million)	17,423
Market Capitalisation (SEK million)	**17,423**

Enterprise value

The Issuer Enterprise Value

Enterprise Value (SEK million)	
Market Capitalisation (SEK million)	21,120
Equity value of preference shares (SEK million)	22
Net interest-bearing liabilities (SEK million)	16,399
Of which gross interest-bearing liabilities (SEK million)	*25,331*
Of which cash and cash equivalents (SEK million)	*(8,532)*
Of which cash raised on October 2019 (SEK million)	*(400)*
Hybrid bonds (SEK million)	5,029
Non-controlling interests (SEK million)	39
Enterprise Value (SEK million)	**42,609**

Hemfosa Enterprise Value

Enterprise Value (SEK million)	
Market Capitalisation (SEK million)	17,423
Equity value of preference shares (SEK million)	2,117
Net interest-bearing liabilities (SEK million)	23,071
Of which interest-bearing liabilities (SEK million)	*23,687*
Of which cash and cash equivalents (SEK million)	*(616)*
Non-controlling interests (SEK million)	1
Enterprise Value (SEK million)	**42,613**

EPRA NAV

The Issuer EPRA NAV adjusted for October 2019 shares issued

EPRA NAV adjusted for October 2019 shares issued

EPRA NAV Q3-2019 reported (SEK million)	9,914
Equity raised on October 2019 (SEK million)	400
EPRA NAV adjusted for October 2019 shares issued	**10,314**

Hemfosa EPRA NAV

Equity attributable to Parent Company shareholders (SEK million)	14,455
Preference share capital (SEK million)	(1,791)
Deferred tax (SEK million)	1,428
Derivatives (SEK million)	103
EPRA NAV (SEK million)	**14,195**

Adjusted EPRA NAV

The Issuer Adjusted EPRA NAV adjusted for October 2019 shares issued

Adjusted EPRA NAV adjusted for October 2019 shares issued

Adjusted EPRA NAV Q3-2019 reported (SEK million)	17,257
Equity raised on October 2019 (SEK million)	400
Adjusted EPRA NAV adjusted for October 2019 shares issued	**17,657**

Hemfosa Adjusted EPRA NAV

Adjusted EPRA NAV

EPRA NAV Q3-2019 (SEK million)	14,195
Preference shares book value (SEK million)	1,791
Adjusted EPRA NAV	**15,986**

EBITDA

The Issuer EBITDA based on earnings capacity

EBITDA

Passing NOI (earnings capacity, SEK million)	1,374
Central administration costs (earnings capacity, SEK million)	(85)
Results from associated companies / joint ventures (earnings capacity, SEK million)	80
EBITDA	**1,369**

Hemfosa EBITDA based on earnings capacity

EBITDA

Passing NOI (earnings capacity, SEK million)	2,131
Central administration costs (earnings capacity, SEK million)	(125)

Results from associated companies / joint ventures (earnings capacity, SEK million)	15
EBITDA	**2,021**

Passing NOI margin (%), and EBITDA margin (%)

The Issuer NOI and EBITDA margins

Passing rent (earnings capacity, SEK million)	2,003
Passing NOI (earnings capacity, SEK million)	1,374
Passing NOI margin (%)	**68.6%**
EBITDA (Earnings Before Interests, Tax, Depreciation and Amortisation)	1,369
EBITDA margin (%)	**68.3%**

Hemfosa NOI and EBITDA margins

Passing rent (earnings capacity, SEK million)	2,894
Passing NOI (earnings capacity, SEK million)	2,131
Passing NOI margin (%)	**73.6%**
EBITDA (Earnings Before Interests, Tax, Depreciation and Amortisation)	2,021
EBITDA margin (%)	**69.8%**

SELECTED CONSOLIDATED FINANCIAL, OPERATING AND OTHER DATA

The selected consolidated financial information set forth below has been derived from (i) the 2018 Audited Financial Statements and the 2017 Audited Financial Statements (together, the "**Audited Financial Statements**"); and (ii) the Unaudited Q3 2019 Interim Financial Statements and the unaudited interim consolidated financial statements of the Issuer for the nine months ended 30 September 2018, including the related notes thereto, which have been prepared in accordance with IAS 34 and the Swedish Annual Accounts Act (the "**Unaudited Q3 2018 Interim Financial Statements**", together with the Unaudited Q3 2019 Financial Statements, the "**Unaudited Interim Financial Statements**", and together with the Audited Financial Statements, the "**Historical Financial Information**"), all of which were reviewed by Ernst & Young AB as set forth in their review reports included in the "*Historical Financial Information*" section of this document.

Apart from the Historical Financial Information, no information in this document has been audited or reviewed by the Group's auditor.

The information has been extracted without material adjustment from the Historical Financial Information. The following section also includes certain non-IFRS financial information for the periods indicated, which has not been extracted from the Historical Financial Information and has not been prepared in accordance with IFRS.

The selected financial information should be read in conjunction with the information referred to above. Investors are advised to read the whole of this document and not rely solely on the information summarised in this section.

CONSOLIDATED INCOME STATEMENT FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2019 AND 2018 AND THE YEARS ENDED 31 DECEMBER 2018 AND 2017

	For the nine months ended 30 September		For the year ended 31 December	
	2019	**2018**	**2018**	**2017**
	(unaudited)			
	(SEK million)			
Rental income	**1,400**	**1,227**	**1,680**	**1,339**
Operating costs	(326)	(275)	(387)	(303)
Maintenance	(78)	(65)	(100)	(63)
Management administration	(68)	(65)	(92)	(74)
Property tax	(25)	(25)	(32)	(23)
Net property costs	**(497)**	**(430)**	**(610)**	**(462)**
Net operating income	**903**	**797**	**1,071**	**877**
Central administration costs	(85)	(67)	(102)	(76)
Results from associated companies/joint ventures	57	3	13	-
Profit before financial items	**875**	**733**	**982**	**801**
Interest income and similar items	75	2	4	12
Interest expenses and similar items	(325)	(361)	(538)	(476)
Expenses for redeemed loans in advance	(130)	(80)	(127)	-
Translation gains/losses	15	-	-	-
Land lease expenses	(2)	-	-	-
Net financial items	**(367)**	**(440)**	**(661)**	**(464)**
Profit from property management	**508**	**294**	**321**	**338**
Changes in property value	1,136	904	1,575	2,797
Changes in derivatives value	(118)	6	8	(4)
Profit before tax	**1,526**	**1,204**	**1,904**	**3,131**
Tax	(189)	(205)	(214)	(702)
Net profit for the period	**1,337**	**999**	**1,690**	**2,429**

CONSOLIDATED BALANCE SHEET AS OF 30 SEPTEMBER 2019 AND 2018 AND 31 DECEMBER 2018 AND 2017

	As of 30 September		As of 31 December	
	2019	2018	2018	2017
	(unaudited)			
ASSETS		*(SEK million)*		
Fixed assets				
Intangible assets				
Goodwill	24	25	24	-
Total intangible assets	**24**	**25**	**24**	**-**
Tangible assets				
Investment properties	30,776	25,122	24,243	23,001
Land lease agreements	137	-	-	-
Equipment, machinery and installations	4	4	5	10
Total tangible fixed assets	**30,917**	**25,126**	**25,247**	**23,011**
Financial fixed assets				
Shares in associated companies/joint ventures	535	99	213	111
Receivables from associated companies/joint ventures	1,754	1,282	583	-
Financial fixed assets at fair value	239	-	-	-
Other long-term receivables	39	37	74	11
Total financial fixed assets	**2,567**	**1,418**	**870**	**121**
Total fixed assets	**33,508**	**26,569**	**26,140**	**23,132**
Current assets				
Current receivables				
Accounts receivable	27	18	30	26
Receivables from associated companies/joint ventures	-	-	991	-
Current assets at cost	165	-	-	-
Other receivables	333	228	290	278
Prepaid expenses and accrued income	101	125	32	40
Total current receivables	**626**	**371**	**1,344**	**344**
Short-term investments	1,094	-		
Cash and cash equivalents	8,532	143	157	93
Total current assets	**10,252**	**513**	**1,501**	**436**
TOTAL ASSETS	**43,760**	**27,083**	**27,641**	**23,569**

	As of 30 September		As of 31 December	
	2019	2018	2018	2017
	(unaudited)			
EQUITY AND LIABILITIES		*(SEK million)*		
Share capital	83	74	80	74
Other contributed capital	5,302	3,050	4,345	3,040
Reserves and retained earnings including comprehensive income	5,487	4,268	4,585	3,275
Equity attributable to the parent company's shareholders	**10,872**	**7,392**	**9,010**	**6,389**
Hybrid bonds	5,029	1,971	1,873	668
Non-controlling interests	39	489	314	579
Total equity	**15,940**	**9,852**	**11,197**	**7,636**
Long-term liabilities				
Liabilities to credit institutions	5,635	6,582	5,898	6,596
Bond loans	17,763	6,387	6,599	5,941
Derivatives	118	29	12	35
Long-term liabilities to owners	-	-	-	34
Liabilities leasing	137	-	-	-
Deferred tax liabilities	1,238	1,040	1,047	863
Other long-term liabilities	33	130	25	14
Total long-term liabilities	**24,924**	**14,168**	**13,580**	**13,482**
Current liabilities				
Liabilities to credit institutions	135	396	12	637
Commercial papers	1,728	1,823	1,840	-
Bond loans	70	30	327	660
Accounts payable	78	68	88	135
Short-term liabilities to owners	-	-	-	40
Current tax liabilities	47	37	19	53
Other liabilities	404	374	279	654
Accrued expenses and prepaid income	434	335	299	270
Total current liabilities	**2,896**	**3,063**	**2,864**	**2,450**
TOTAL EQUITY AND LIABILITIES	**43,760**	**27,083**	**27,641**	**23,569**

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2019 AND 2018 AND THE YEARS ENDED 31 DECEMBER 2018 AND 2017

	For the nine months ended 30 September		For the year ended 31 December	
	2019	2018	2018	2017
	(unaudited)			
		(SEK million)		
Operations				
Profit from property management	508	294	321	338
Adjustments for non-cash flow items				
Depreciations	1	1	1	2
Net financial items	367	439	661	464
Interest paid	(390)	(464)	(739)	(416)
Interest received	73	2	4	12
Income tax paid	(52)	(17)	(1)	(40)
Net cash from operating activities before changes in working capital	**507**	**255**	**248**	**361**
Cash flow from changes in working capital				
Changes in current receivables	(106)	(23)	(6)	(181)
Changes in current liabilities	143	(333)	(402)	330
Cash flow from operations	**544**	**(102)**	**(161)**	**510**
Investment activities				
Investments in properties	(10,069)	(2,584)	(3,908)	(13,674)
Divestment of properties	6,024	1,995	3,418	737
Investments/sales equipment, machinery, installations	0	6	5	(6)
Investments in associated companies/joint ventures	(321)	12	(102)	(28)
Investments in intangible fixed assets	-	(25)	(24)	-
Changes in receivables from associated companies/joint ventures	(178)	(1,282)	(1,574)	-
Changes in financial assets	(1,408)	-	-	-
Changes in other long-term receivables	(28)	(27)	(63)	3
Cash flow from investment activities	**(5,980)**	**(1,905)**	**(2,249)**	**(12,973)**
Financing activities				
New issues	-	-	-	-
Share issue	1,053	-	1,380	2,832
Issue hybrid bonds	3,115	1,303	1,505	668
Redeemed preference shares	(93)	-	(98)	-
Repurchase hybrid bonds	-	-	(317)	-
Redeemed warrants	-	-	(93)	-
Issue warrants	-	9	9	2
Dividends paid	(390)	(133)	(186)	(71)
Shareholder contributions received	-	-	-	-
Acquired minority shares	-	-	13	315
Redeemed minority shares	(345)	(127)	(298)	(188)
New loans	21,389	5,820	7,516	11,102
Amortisation of loans	(10,929)	(4,868)	(6,895)	(1,846)
Occupied debt to owners	-	-	-	74
Amortisation of loans from shareholders	-	(74)	(74)	(794)
Occupied debt to associated companies/joint ventures	-	9	-	-
Change in other long-term liabilities	8	117	12	(45)
Cash flow from financing activities	**13,808**	**2,056**	**2,474**	**12,049**
Cash flow for the period	**8,732**	**49**	**64**	**(414)**
Cash and cash equivalents at the beginning of the period	**157**	**93**	**93**	**506**
Translation difference of cash and cash equivalents	3	1	(0)	(0)
Cash and cash equivalents at the end of the period	**8,532**	**143**	**157**	**93**

NON-IFRS FINANCIAL DATA AND RECONCILIATION TABLES

The following tables show certain key non-IFRS financial data that the Directors believe provide useful supplemental information to understand and analyse the Group's underlying results.

Key performance indicators and other historical financial and operating data

	Nine months ended 30 September		Year ended 31 December	
	2019	**2018**	**2018**	**2017**
Operational data				
Gross asset value of properties (SEK million)	30,776	25,122	25,243	23,001
Number of properties	842	782	570	749
Lettable area of properties (m^2 thousands)	1,795	1,402	1,330	1,366
Passing Rent (SEK million)(1)	2,003	1,637	1,585	1,588
Passing NOI (SEK million)(2)	1,374	1,139	1,112	1,111
EPRA NAV				
EPRA NAV (long-term net asset value) (SEK millions)(3)	9,914	8,294	8,736	7,120
EPRA NAV (long-term net asset value) per share (SEK)(4)	13.11	11.24	11.55	9.65
Adjusted EPRA NAV (SEK millions)(5)	17,257	10,432	11,941	7,955
Adjusted EPRA NAV per share (SEK)(6)	22.83	14.14	15.79	10.78
EPRA NNNAV (actual net asset value) (SEK millions)(7)	8,692	7,375	7,838	6,282
EPRA NNNAV (actual net asset value) per share (SEK)(8)	11.50	9.99	10.37	8.51
Key ratios				
Net Operating Margin (%)(9)	65.0	65.0	63.7	65.5
Net Initial Yield (%)(10)	4.7	4.8	4.7	5.1
Equity Ratio (%)(11)	36.4	36.4	40.5	32.4
Loan-to-Value Ratio (%)(12)	38.4	55.7	52.5	60.0
Secured Loan-to-Value Ratio (%)(13)	16.3	44.1	37.8	-
Interest Coverage Ratio (%)(14)	2.4x	1.9x	1.8x	-
Shares data				
Average number of Class A and Class B shares	756,049,031	737,949,031	741,569,031	653,360,953
Average number of Class D shares	62,248,416	-	918,854	-
Average number of preference shares	153,947	333,205	324,983	168,360
Basic number of Class A and Class B shares at period end	756,049,031	737,949,031	756,049,031	737,949,031
Number of Class D shares at period end	76,498,230	-	41,626,390	-
Number of preference shares at period end	30,713	333,205	175,251	333,205
Earnings per Class A and Class B share (SEK)	1.41	1.24	2.07	3.60
Earnings per Class D share (SEK)	1.50	-	0.50	-
Shareholders' equity (SEK millions)	10,872	7,391	9,009	6,389
Return on Shareholders' Equity (%)(15)	9.9	11.4	17.9	51.7

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(1) "**Passing Rent**" represents contracted rental income (including additions and rent discounts) and other real estate-related income on a rolling 12-months basis, based on current lease contracts as of the period end.

(2) "**Passing NOI**" is calculated as Passing Rent less budgeted annual operating costs, budgeted annual maintenance costs, annualised management administration costs and budgeted property tax expense, as shown in the following table.

	Nine months ended 30 September		Year ended 31 December	
	2019	**2018**	**2018**	**2017**
Passing Rent	2,003	1,673	1,585	1,588
Budgeted annual operating costs	(402)	(313)	(307)	(292)
Budgeted annual maintenance costs	(137)	(102)	(88)	(100)
Current management administration costs annualised	(65)	(56)	(52)	(58)
Budgeted property tax expense	(26)	(27)	(26)	(27)
Passing NOI	**1,374**	**1,139**	**1,112**	**1,111**

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(3) "**EPRA NAV (Long-term net asset value)**" represents total equity, excluding equity associated with preference shares, Class D shares, non-controlling interests and hybrid bonds, adding back deferred tax liability and derivatives, as shown in the following table.

	Nine months ended 30 September		Year ended 31 December	
	2019	**2018**	**2018**	**2017**
Equity	15,940	9,852	11,197	7,636
Preference share capital	(15)	(167)	(88)	(167)
Class D share capital	(2,299)	-	(1,244)	-
Non-controlling holdings	(39)	(489)	(315)	(579)
Hybrid bonds	(5,029)	(1,971)	(1,873)	(668)
Reversal of deferred tax	1,238	1,040	1,047	863

	Nine months ended 30 September		Year ended 31 December	
	2019	2018	2018	2017
Reversal of derivatives	118	29	12	35
EPRA NAV (Long-term net asset value)	9,914	**8,294**	**8,736**	**7,120**

(4) "**EPRA NAV (Long-term net asset value) per share**" represents EPRA NAV (Long-term net asset value) divided by the basic number of Class A shares and Class B shares as of the end of the period.

(5) "**Adjusted EPRA NAV**" represents EPRA NAV (Long-term net asset value) plus equity attributable to investors in the hybrid bonds, Class D shares and preference shares, as shown in the following table.

	Nine months ended 30 September		Year ended 31 December	
	2019	2018	2018	2017
EPRA NAV (long-term net asset value)	9,914	8,294	8,736	7,120
Equity attributable to hybrids investors	5,029	1,971	1,873	668
Equity attributable to Class D shares investors	2,299	-	1,244	-
Equity attributable to preference shares investors	15	167	88	167
Adjusted EPRA NAV	**17,257**	**10,432**	**11,941**	**7,955**

(6) "**Adjusted EPRA NAV per share**" represents Adjusted EPRA NAV divided by the basic number of Class A shares and Class B shares as of the end of the period.

(7) "**EPRA NNNAV (Actual net asset value)**" represents EPRA NAV (long-term net asset value) less the fair value of derivative financial instruments, adjusted for estimated actual deferred tax at 5.5 per cent., as shown in the following table.

	Nine months ended 30 September		Year ended 31 December	
	2019	2018	2018	2017
EPRA NAV (Long-term net asset value)	9,914	8,294	8,736	7,120
Fair value of derivative financial instruments	(118)	(29)	(12)	(35)
Estimated actual deferred tax at 5.5% ..	(1,104)	(890)	(886)	(803)
EPRA NNNAV (Actual net asset value)	**8,692**	**7,375**	**7,838**	**6,282**

(8) "**EPRA NNNAV (Actual net asset value) per share**" represents EPRA NNNAV (Actual net asset value) divided by the basic number of Class A shares and Class B shares as of the end of the period.

(9) "**Net Operating Margin**" represents net operating income as a percentage of rental income for the period.

(10) "**Net Initial Yield**" is calculated as Passing NOI as a percentage of the gross asset value of properties adjusted to exclude the value of building rights as shown in the following table.

	Nine months ended 30 September		Year ended 31 December	
	2019	2018	2018	2017
Passing NOI	1,374	1,139	1,112	1,111
Gross asset value of properties	30,776	25,122	25,243	23,001
Adjustment to exclude building rights value	1,343	1,285	1,331	1,178
Adjusted asset value of properties	29,433	23,837	23,912	21,823
Net Initial Yield (%)	**4.7**	**4.8**	**4.7**	**5.1**

(11) "**Equity Ratio**" is calculated as reported equity as a percentage of total assets.

(12) "**Loan-to-Value Ratio**" represents net interest-bearing liabilities as a percentage of total assets at the end of the period, as shown in the following table. For purposes of these calculations hybrids are treated as 100 per cent. equity.

	Nine months ended 30 September		Year ended 31 December	
	2019	2018	2018	2017
Long-term liabilities				
Liabilities to credit institutions	5,635	6,582	5,898	6,596
Bonds	17,763	6,387	6,598	5,941
Short-term liabilities				
Liabilities to credit institutions	135	29	12	637
Commercial paper	1,728	1,823	1,840	-
Bonds	70	30	327	660
Cash and bank	(8,532)	(143)	(157)	(93)
Net debt	16,799	15,075	14,518	13,742
Total assets	43,760	27,083	27,641	23,569
Loan-to-Value Ratio (%)	**38.4**	**55.7**	**52.5**	**58.3**

(13) "**Secured Loan-to-Value Ratio**" represents secured interest-bearing liabilities as a percentage of total assets at the end of the period, as shown in the following table.

	Nine months ended 30 September		Year ended 31 December
	2019	**2018**	**2018**
Liabilities to credit institutions	5,770	6,978	5,910
Secured bonds	1,356	4,964	4,552
Total secured loans	7,126	11,942	10,462
Total assets	43,760	27,083	27,641
Secured Loan-to-Value Ratio (%)	**16.3**	**44.1**	**37.8**

(14) "**Interest Coverage Ratio**" represents profit from property management for the preceding 12 months after reversal of financial expenses in relation to financial expenses excluding costs for early redemption of loans and land lease fees, as shown in the following table.

	As at 30 September		As at 31 December
	2019	**2018**	**2018**
Profit from property management (rolling 12 months)	535	382	321
Interest expense and similar items (rolling 12 months)	502	514	538
Expenses for loans redeemed in advance (rolling 12 months)	177	80	127
Translation gains/(losses) (rolling 12 months)	(15)	-	-
Land lease expenses (rolling 12 months)	2	-	-
Total	**1,201**	**976**	**986**
Interest expense and similar items (rolling 12 months)	502	514	538
Interest Coverage Ratio	**2.4x**	**1.9x**	**1.8x**

(15) "**Return on Shareholders' Equity**" is calculated as net profit for the period as a percentage of average equity during the period, which is the arithmetic mean of opening equity and total equity, as shown in the following table.

	Nine months ended 30 September		Year ended 31 December	
	2019	**2018**	**2018**	**2017**
Net profit for the period	1,337	999	1,690	2,429
Opening equity	11,197	7,636	7,636	1,767
Total equity	15,940	9,852	11,197	7,636
Average equity	13,569	8,744	9,417	4,701
Return on Shareholders' Equity (%)	**9.9**	**11.4**	**17.9**	**51.7**

OWNERSHIP STRUCTURE

Insofar as it is known to the Issuer, the following persons, have direct or indirect holdings amounting to five per cent. or more of the shares or voting rights in respect of the Issuer as at 31 December 2019.

Further, insofar as it is known to the Issuer, the following Board members and members of executive management, have direct or indirect holdings (including holdings by any related parties) of the shares or voting rights in respect of the Issuer as at 31 December 2019.

	Shares				per cent.	
Shareholder	**A**	**B**	**D**	**Preference**	**of capital**	**of votes**
Shareholders with holdings that exceed 5 per cent. of the shares or the votes						
Ilija Batljan (directly and indirectly through companies)	109,053,868	10,192,373	–	–	13.0	39.2
Marjan Dragicevic (directly and indirectly through companies)	27,164,652	77,285,000	–	–	14.4	12.4
AB Arvid Svensson	26,000,000	39,513,367	–	–	7.2	10.7
Sven-Olof Johansson (indirectly through companies)	22,315,456	29,481,315	–	–	5.7	9.0
Erik Paulsson (indirectly through companies)	13,919,159	16,799,507	–	–	4.9	5.6
Board members and members of executive management holdings (including holdings by any related parties)						
Ilija Batljan	See above					
Sven-Olof Johansson	See above					
Fredrik Svensson	See above under AB Arvid Svensson					
Lennart Schuss (directly and indirectly through companies)	2,634,957	17,036,419	–	–	2.2	1.6
Hans Runesten	–	5,025,507	-	–	0.6	0.2
Eva Swartz Grimaldi	–	227,880	–	–	0.0	0.0
Lars Thagesson	–	8,412,129	–	–	0.9	0.3
Krister Karlsson	3,174,785	304,456	560	–	0.4	1.1
Rosel Ragnarsson	–	144,990	–	–	0.0	0.0
Eva-Lotta Stridh	317,479	24,422	–	–	0.0	0.1
Oscar Lekander	3,174,785	1,931,348	275,500	–	0.6	1.2
Fredrik Holm	–	25,003	2500	–	0.0	0.0
Adrian Westman	–	10,200	–	–	0.0	0.0
Other shareholders	634,958	285,369,108	71,828,831	29,100	34.1	12,8
Total	209,977,491	629,696,420	76,498,230	30,713	100	100

LEGAL CONSIDERATIONS AND SUPPLEMENTARY INFORMATION

MATERIAL AGREEMENTS

The following agreements (not being agreements entered into in the ordinary course of business) have been entered into by a member of the Group within the two years immediately preceding the date of these Listing Particulars and are, or may be, material or have been entered into at any time by any member of the Group and contain provisions under which any member of the Group has an obligation or entitlement which is, or may be, material to the Group as of the date of these Listing Particulars.

Acquisition and transfer agreements

Since the Group's establishment in March 2016, a significant number of acquisitions and transfers, mainly of property owning companies and properties, have been made by the Group. Amongst others, the Issuer has acquired Samhällsbyggnadsbolaget i Norden AB (publ) (the current SBB i Norden) (after its acquisition of AB Högkullen (publ) and Gimmel Fastigheter AB), Kuststaden Holding AB, Sörmlandsporten AB, Kopparleden AB, as well as an acquisition and subsequent sale of a company owning property in central Oslo that included DNB Bank ASA's headquarters.

In acquisition agreements, fixed-term warranties regarding the property and the acquired company are regularly provided by the seller. When subsidiaries of the Group sell properties and companies, warranty claims may be brought by the buyer in relation to any damage that has arisen. Historically, no material warranty claims have been brought against the Group and the Group currently does not expect any warranty claims or other material obligations to be brought against the Group. See "*Risk Factors—Risks relating to acquisitions and company integration*".

Commercial leases

As of 30 September 2019, the Group had commercial lease agreements primarily for its community services properties and residual commercial premises in lower floors and development properties used as offices, warehouses or industrial spaces. Most of the Group's commercial leases are based on the Swedish Property Federation's (Sw. *Fastighetsägarna*) standard agreements or similar standards in the other Nordic countries and are subject to annual rent adjustments tied to changes to the consumer price index. The agreements usually contain appendices with specific provisions for the relevant lease and the term of the leases are usually three to five years with a termination notice period of nine months.

Distributor agreements

Other than financing costs, the Group's most significant expenses are related to its ordinary property costs, including, inter alia, costs of heating, waste disposal and continuous maintenance. The Group does not consider any individual distributor agreement relating to property costs to be material.

For administrative services, the Issuer has entered into a significant agreement with Newsec Asset Management AB. See "*Description of the Issuer and its operations—Overview of the Group's structure—Outsourcing arrangements*".

DESCRIPTION OF HEMFOSA

OVERVIEW

Below is a summarised description of Hemfosa. The information given in this description is, unless otherwise indicated, retrieved from publicly available information, from Hemfosa's annual reports for the financial years ended 31 December 2016, 2017 and 2018, the interim reports for the nine months ended 30 September 2019 and 2018 and Hemfosa's webpage. Accordingly, all such information relating to Hemfosa has not been independently verified by the Issuer.

OPERATIONS

Operations in brief

Hemfosa is a community service properties specialist working with public-sector offices, schools, care services and adapted housing as well as the judicial system in the Nordic region. On Hemfosa's premises police, teachers and medical doctors work and Hemfosa actively tries to adapt their properties to their needs. As of 30 September 2019, Hemfosa owned 403 properties in Sweden, Norway and Finland with a fair value of SEK 39.8 billion.

Hemfosa's operational organisation consists of a strong, locally anchored proprietary management organisation that is supported by the Hemfosa Group-wide functions. In Sweden, Hemfosa's property portfolio is divided into five regions: North, Stockholm, Mid, West and South. Each region is headed by a regional manager with operational responsibility for the properties in the region. Hemfosa has offices in Falun, Gothenburg, Halmstad, Härnösand, Karlskrona, Karlstad, Kristianstad, Norrköping, Oslo, Sundsvall, Västerås, Växjö and Umeå. The Norwegian organisation has five local administrative offices and is led from the Oslo office. In Finland, a country manager has recently been appointed and today she performs all the tasks together with a local cooperation partner. At the headquarters in Stockholm are Hemfosa Group-wide functions. These consists of Transaction and Analysis, Finance, Legal, Market/Communications. On 31 December 2018 the number of employees amounted to 71 people.

Property portfolio summary

Hemfosa divides its community service properties into four categories – Public-sector offices, Care services and Adapted Housing, Schools and Judicial system. Geographically, the properties in Sweden are located in 109 municipalities throughout Sweden with the emphasis on the Stockholm, Gothenburg and Malmö regions and the coast of Norrland. In Norway, since the first acquisitions in 2015, Hemfosa has assembled a portfolio, primarily in the Oslo region and southern Norway, and since 2017 also in western Norway, through an acquisition in Bergen. At year-end of 2018, the Norwegian portfolio accounted for 25 per cent. of Hemfosa's total property value. Finland is the third market in which Hemfosa has established operations. At year-end of 2018, the property portfolio in Finland accounted for 5 per cent. of Hemfosa's total property value.

Hemfosa has a well-diversified tenant structure, with the largest tenant accounting for only 6 per cent. of total rental income and the ten largest tenants accounting for less than 30 per cent. As of 30 September 2019, the average remaining lease term was 6.5 years. There is a favourable spread in lease maturities, with maximum one-seventh of the rental value expiring each year over the next few years. More than one-third will expire in 2026 or later. As of 30 September 2019, the economic leasing rate was 94.2 per cent.

Vision

The vision of Hemfosa is to serve the community and provide the best properties for the most important people.

Business Concept

Hemfosa has a business concept of acquiring, owning over the long term, developing and actively managing community service properties in the Nordic region with its local presence.

Targets

Hemfosa has a growth target to grow to SEK 50 billion in property value until year 2023 and that distributable earnings per share will increase on average by a minimum of 10 per cent. per year.

FINANCIAL OVERVIEW SUMMARY

The information below regarding Hemfosa is collected from the annual reports for the years ended 31 December 2018, 2017 and 2016 and from the interim reports for the nine-month periods ended 30 September 2019 and 2018. The financial reports for the financial years ended 31 December 2018 and 2017 has been prepared in accordance with IFRS issued by International Accounting Standards Board (IASB) as adopted by EU. Furthermore, the Counsel for Financial Reporting's recommendation RFR 1 Supplementary Accounting Rules for Groups has been applied. The information in the interim reports for the nine month period ended 30 September 2019 and 2018 have been prepared in accordance with IAS 34 and the Swedish Annual Reports Act (Sw. *årsredovisningslagen*). Hemfosa's independent auditor has performed a review in accordance with International Standard on Review Engagements ISRE 2410 Review of interim financial information.

Consolidated statement of profit/loss and comprehensive income

	For the nine months ended 30 September		**For the year ended 31 December**		
	2019	**2018**	**2018**	**2017**	**2016**
	(unaudited)				
			(SEK million)		
Rental income	2,128	1,842	2,525	2,103	2,642
Property expenses					
Operating expenses	(349)	(312)	(403)	(342)	(433)
Maintenance costs	(120)	(130)	(175)	(154)	(212)
Property tax	(59)	(54)	(74)	(66)	(98)
Property administration	(73)	(63)	(82)	(56)	(82)
Net operating income	**1,526**	**1,282**	**1,792**	**1,484**	**1,817**
Central administration	(98)	(102)	(141)	(128)	(128)
Other operating income and expenses	4	6	43	11	21
Share in profit of joint ventures	(1)	2	2	168	542
Share in profit of associated companies	10	20	22	19	-
Financial income and expenses	(403)	(368)	(514)	(381)	(440)
Profit from property management	**1,039**	**840**	**1,204**	**1,173**	**1,812**
Changes in value of properties, realised	-	(2)	(2)	(6)	46
Changes in the value of properties, unrealised	814	1,101	1,307	1,281	1,548
Change in value of financial instruments	(77)	-	(14)	-	-
Change in value of financial instruments, realised	-	12	-	-	-
Change in value of financial instruments, unrealised	-	1	-	44	18
Profit before tax	**1,777**	**1,952**	**2,495**	**2,493**	**3,424**
Current tax	-	(118)	-	-	(18)
Deferred tax	-	(259)	-	-	177
Tax	(280)	-	(466)	(544)	-
Profit after tax	**1,497**	**1,575**	**2,030**	**1,949**	**3,583**
Discontinued operations					
Profit after tax from Nyfosa to be distributed to shareholders	-	1,307	1,407	1,215	-
Loss on distribution to Nyfosa	-	-	(1,077)	-	-
Profit for the period	**1,497**	**2,882**	**2,360**	**3,163**	**3,583**
Other comprehensive income					
Translation differences in translation of foreign operations	235	264	50	(104)	156
Comprehensive income for the period	**1,732**	**3,146**	**2,409**	**3,059**	**3,739**
Profit for the year attributable to:					
Parent Company shareholders	1,497	2,858	2,327	3,142	3,556
Non-controlling interests	-	24	31	21	27
Profit for the period	**1,497**	**2,882**	**2,360**	**3,163**	**3,583**

The income statements for the financial years ended 31 December 2018 and 2017 have been recalculated to take into account the distribution of Nyfosa and pertains to continuing operations. The income statement for the financial year ended 31 December 2016 has not been recalculated to take into account the distribution of Nyfosa.

Consolidated balance sheet in summary

	As of 30 September		As of 31 December		
	2019	2018	2018	2017	2016
	(unaudited)				
			(SEK million)		
Investment properties	39,773	35,570	36,049	41,119	34,668
Site leasehold, right-of-use asset	133	-	-	-	-
Shares in joint ventures	63	63	60	2,096	1,676
Shares in associated companies	231	172	164	123	56
Derivatives and other fixed assets	-	-	13	17	13
Other fixed assets	35	13	-	-	-
Current receivables	297	199	200	190	140
Cash and cash equivalents	616	1,511	974	541	1,221
Assets attributable to Nyfosa, which shall be distributed to shareholders	-	17,270	-	-	-
TOTAL ASSETS	**41,149**	**54,798**	**37,459**	**44,086**	**37,774**
EQUITY AND LIABILITIES					
Shareholders' equity attributable to Parent Company shareholders	14,455	12,927	13,134	17,723	15,506
Non-controlling interests	1	116	143	85	64
Total shareholders' equity	**14,456**	**13,043**	**13,276**	**17,807**	**15,570**
Dividend of Nyfosa	-	8,077	-	-	-
Interest-bearing liabilities	23,687	-	21,944	24,033	20,605
Non-current interest-bearing liabilities	-	19,286	-	-	-
Other non-current liabilities	-	14	-	-	-
Current interest-bearing liabilities	-	3,106	-	-	-
Other current liabilities	-	1,359	-	-	-
Liabilities attributable to Nyfosa, which shall be distributed to shareholders	-	8,798	-	-	-
Lease liability	133	-	-	-	-
Derivatives	-	-	29	43	87
Deferred tax liabilities	1,428	1,115	1,229	1,184	506
Other liabilities	1,446	-	981	1,019	1,006
Total liabilities	**26,694**	**41,755**	**-**	**-**	**-**
TOTAL EQUITY AND LIABILITIES	**41,149**	**54,798**	**37,459**	**44,086**	**37,774**

Key performance data

Key financial data

	As of September 30		As of 31 December		
	2019	2018	2018	2017	2016
Return on equity, %	**14.2**	22.5	15.1	19.0	27.1
Return on equity, continuing operations, %	**-**	13.6	-	-	-
Equity/assets ratio, %	**35.1**	23.8	35.4	40.4	41.2
Equity/assets ratio, continuing operations, %	**-**	34.8	-	-	-
Net loan-to-value ratio, properties, %[1]	**58.0**	58.7	58.2	57.1	55.9
Debt/equity ratio, multiple	**1.6**	1.7	1.7	1.3	1.3
Interest coverage ratio, multiple[1]	**3.6**	3.2	3.3	3.6[2]	3.9
Net debt/EBITDA, multiple	**11.5**	-	11.4	-	-

[1] Refers to an alternative performance measure according to European Securities and Markets Authority (ESMA).
[2] Excluding Nyfosa.

Share-related key figures, ordinary shares

	As of 30 September		As of 31 December		
	2019	2018	2018	2017	2016
Profit from property management per ordinary share, SEK[2]	5.87	4.97	6.52	6.74[4]	11.49
Profit after tax per ordinary share before dilution, SEK	8.59	8.90	11.78	11.66[4]	23.25
Profit after tax per ordinary share after dilution, SEK	8.58	8.89	11.77	11.65[4]	23.25
Equity per ordinary share, SEK[1]	75.51	67.76[3]	67.62	101.01	86.95
Net asset value (EPRA NAV), per ordinary share, SEK[1,2]	83.75	75.11[3]	75.11	112.20	93.87
Cash flow from operating activities per ordinary share, SEK	6.75	8.67	5.07	6.05	6.73
Dividend per ordinary share, SEK	2.38	3.50	2.40	4.80	4.40
Number of shares outstanding, 000s[1]	169,488	167,728	167,728	157,728	157,728

[1] At the end of the period.
[2] Pertains to Alternative Performance Measures according to the European Securities and Markets Authority (ESMA).
[3] Year-end 2018.
[4] Excluding Nyfosa.

Property-related key figures

	As of 30 September		As of 31 December		
	2019	2018	2018	2017	2016
No. of properties	**403**	373	381	472	432
Rental value, SEK million[1]	**3,096**	2,759	2,826	3,397	2,999
Leasable area, 000s of sqm	**2,178**	2,040	2,059	2,918	2,627
Fair value of properties, SEK million	**39,773**	35,570	36,049	41,119	34,668
Property value, SEK per sqm of leasable area	**18,261**	17,436	17,508	14,092	13,195
Economic leasing rate, %	**94.2**	94.4	94.4	92.5	91.1
Surplus ratio, %	**71.7**	69.6	71.0	70.6[2]	68.8
Yield, %	**5.3**	5.2	5.4	5.4	5.5

[1] Pertains to Alternative Performance Measures according to the European Securities and Markets Authority (ESMA).
[2] Excluding Nyfosa.

Share-related key figures, preference shares

	As of 30 September		As of 31 December		
	2019	2018	2018	2017	2016
Dividend per preference share, SEK	**10.00**	**7.50**	**10.00**	**10.00**	**10.00**
Equity per preference share, SEK	**162.85**	**162.85**	**162.85**	**162.85**	**162.85**
Number of preference shares outstanding, 000s[1]	**11,000**	**11,000**	**11,000**	**11,000**	**11,000**

[1] At the end of the period.

SHARES, SHARE CAPITAL AND OWNERSHIP

The share

Hemfosa has two classes of shares, common shares and preference shares. Every common share entitles the holder to one vote and every preference share entitles the holder to one-tenth of a vote. The shares are associated with different rights to dividends and to Hemfosa's assets. Hemfosa's common shares are listed at Nasdaq Stockholm Large Cap under the Ticker "HEMF". Hemfosa's preference shares are listed at Nasdaq Stockholm Large Cap under the Ticker "HEMF PREF". The common shares have the ISIN code SE0007126115 and the preference shares SE0007126123.

As of the date of these Listing Particulars, the number of shares in Hemfosa is 180,488,248, of which 169,488,249 are common shares and 10,999,999 are preference shares, with a quota value of SEK 0.5 per share.

Warrant program for employees

A warrants program for employees of Hemfosa together with its direct and indirect subsidiaries (the "**Hemfosa Group**") was established during 2017. A total of 52 employees acquired a combined total of 1,294,000 warrants, corresponding to 89 per cent. of the maximum number of warrants. The warrants entitle rights to subscribe for common shares during the periods 1-31 May 2022 and 1-31 August 2022 at an initial stated subscription price of SEK 98,40. The 156,000 warrants that were not subscribed have been cancelled. In total, 395,000 of the acquired warrants have been repurchased, most in connection with the distribution of Nyfosa in 2018, when a number of employees transferred to Nyfosa. The repurchased warrants have been cancelled. In connection with the distribution of Nyfosa a recalculation of the subscription price for the shares as well as the number of shares each warrant entitles subscription to was also conducted. As of the date of these Listing Particulars, 899,000 warrants are outstanding, which entitle rights to subscribe 1,431,639 common shares in total, corresponding to a dilution of approximately 0.8 per cent. of the total number of common shares.

At the 2019 annual general meeting it was resolved to introduce a warrants program for employees of the Hemfosa Group. The purpose of the incentive program is to help Hemfosa to recruit and retain personnel and create joint objectives for shareholders, management and employees. The programme has been designed to reward overachievement and is targeted to all employees. In brief, the resolution entails a private placement of a maximum of 1,400,000 warrants. During the second quarter, personnel in Sweden subscribed for 941,400 warrants. These warrants entitle subscription of shares under three different two-week periods after (i) the announcement of the quarterly report Q3 2022 (however not earlier than 25 October 2022), (ii) year-end report for the financial year 2022 (however not earlier than 25 January 2023) and (iii) the quarterly report Q1 2023 (however not earlier than 25 April 2023 and with an end date not later than 10 June 2023), respectively. The subscription price per share is the common shares average price at the time of the issue of the warrants with recalculations upwards or downwards depending on all listed property companies' average development, calculated in accordance with Carnegie's property index

(CREX) based on an average index value for the period from and including 8 May 2019 up to and including 21 May 2019, in comparison to an average index value for the period from and including 1 September 2022 up to and including 14 September 2022. Upon full subscription on the basis of all warrants issued under the 2019 program a dilution of approximately 0.8 per cent. of the total number of common shares in the company will occur.

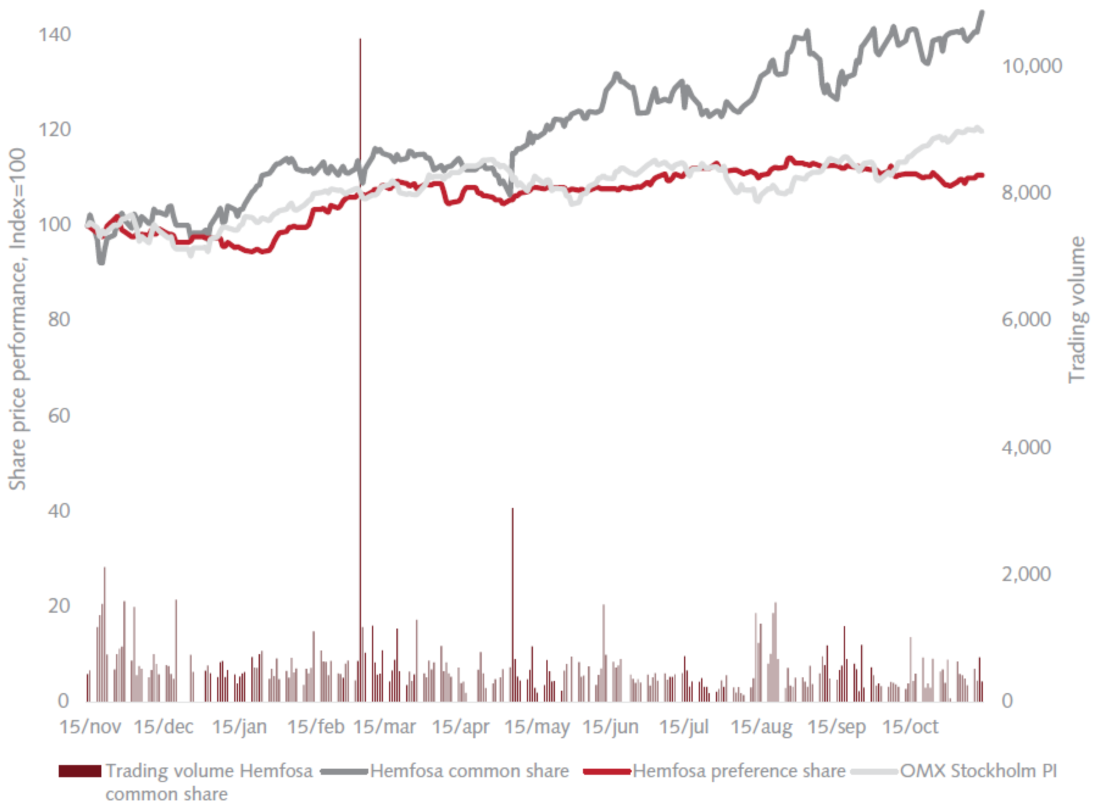
Shareholders

As of 30 September 2019, Hemfosa had 26,979 shareholders. The ten largest shareholders in terms of votes as of 30 September 2019 are set out below.

	Number of shares		**Per. cent of**	
	Ordinary shares	**Preference shares**	**Share capital**	**Votes**
Swedbank Robur Funds	11,453,959	–	6.3	6.7
Länsförsäkringar Funds	11,293,013	–	6.3	6.6
SEB Funds	7,851,667	–	4.4	4.6
Norges Bank	6,194,358	–	3.4	3.6
Vanguard	5,139,044	508,938	3.1	3.0
Columbia Threadneedle	4,897,703	–	2.7	2.9
BlackRock	4,567,675	–	2.5	2.7
XACT Funds	3,333,855	–	1.8	2.0
ICA-Handlarnas Förbund	2,900,000	–	1.6	1.7
Jens Engwall	2,500,000	–	1.4	1.5
Other	109,356,975	10,491,061	66.5	64.7
Total	**169,488,249**	**10,999,999**	**100.0**	**100.0**

Share price performance

The chart set out below illustrates the share price performance and trading volume of the Hemfosa common and preference shares, respectively, over the twelve past months prior to the announcement of the Offer (15 November 2018 to 14 November 2019), compared with the OMX Stockholm PI for the same period.



Dividends policy

The dividend is to amount to about 40 per cent. of distributable earnings, which are defined as profit from property management excluding the share in profit in joint ventures and after paid tax.

Authorisation for the board of directors to resolve upon issue of common shares

At Hemfosa's 2019 annual general meeting a resolution was passed to authorise the board on one or more occasions during the period up to the following annual general meeting, either applying or disapplying the existing shareholders' preferential rights, to decide on the issuance of common shares. The total number of ordinary shares that may be issued pursuant to the authorisation may correspond to no more 10 per cent. of the total number of common shares in Hemfosa at the time of exercising the authorisation. Such new ordinary shares shall be issued at a subscription price corresponding to market terms and payment can be made, except for payment in cash, by assets contributed in kind or by set-off. The board of directors has, on the basis of the authorisation, resolved on an issue in kind of 1,760,000 common shares, i.e. approximately 1 per cent. of the total number of common shares in Hemfosa, to ICA-handlarnas Förbund Finans AB. The issue in kind was registered on 4 July 2019.

The purpose of the authorisation, and the reason for any deviation from the shareholders' pre-emption right, is that the board of directors shall be able to resolve on issues of shares in order to finance acquisitions of real property or real property companies, or part of real property or real property companies, or in order to finance investments in new or existing real property.

Shareholder agreements

Hemfosa's annual report for the financial year 2018 does not mention any agreements between larger shareholders or between larger shareholders and the Issuer or Hemfosa.

Material agreements

Hemfosa's credit agreements contain customary provisions regarding change of control and thereby might be terminated in case of a material change of control in Hemfosa.

BOARD OF DIRECTORS, MANAGEMENT AND AUDITOR

Board of directors

BENGT KJELL, B. 1954

Chairman of the company's board of directors since 2013 and chairman of the remuneration committee. Chairman within the group since 2009.

Education:

Graduate Business Administrator, Stockholm School of Economics.

Other assignments:

Chairman of the boards of SSAB and Expassum AB, and vice chairman of the board of Indutrade AB and Pandox AB. Member of the boards of AB Industrivärden and Amasten et al.

Shareholding in the company (incl. any shares held by related parties):

2,305,000 common shares.

ANNELI LINDBLOM, B. 1967

Member of the company's board of directors since 2013 and chairman of the audit committee. No previous board assignments within the group.

Education:

Bachelor of Science in Economics, Frans Schartau Business Institute, Stockholm.

Other assignments:

Chairman of the board of NoClds AB.

Shareholding in the company (incl. any shares held by related parties):

2,400 common shares.

CAROLINE SUNDEWALL, B. 1958

Member of the company's board of directors since 2013 and member of the audit committee. No previous board assignments within the group.

Education:

Graduate Business Administrator, Stockholm School of Economics.

Other assignments:

Chairman of the board of Stiftelsen Streber Cup. CEO and member of the board of Caroline Sundewall AB. Member of the boards of Elanders AB, SinterCast, Stiftelsen Tillväxt Helsingborg and Mertzig Asset Management.

Shareholding in the company (incl. any shares held by related parties):

3,000 common shares and 2,000 preference shares.

PER-INGEMAR PERSSON, B. 1956

Member of the company's board of directors since 2016 and member of the remuneration committee. No previous board assignments within the group.

Education:

Master of Engineering, Faculty of Engineering, Lund University.

Other assignments:

Chairman of the board of NEWS and ELU Konsult AB member of the boards of Fabege, Finja Prefab AB, Wihlborgs Fastigheter AB and PEKE Konsult AB and a number of wholly owned or associate companies in the Veidekke Group.

Shareholding in the company (incl. any shares held by related parties):

4,400 common shares.

GUNILLA HÖGBOM, B. 1958

Member of the company's board of directors since 2017 and member of the audit committee. No previous board assignments within the group.

Education:

Master of Engineering, Royal Institute of Technology, Stockholm.

Other assignments:

CEO in Fastighets AB Virtuosen. Member of the board of Sydholmarna Kapitalförvaltning AB.

Shareholding in the company (incl. any shares held by related parties):

1,000 common shares.

ANNELI JANSSON, B. 1974

Board member since 2019. No previous engagements within the group.

Education:

Master of Engineering, Royal Institute of Technology, Stockholm.

Other assignments:

CEO in Humlegården Fastigheter AB and member of the board of several companies in the Humlegården group. Member of the board of Brinova Fastigheter AB and RICS Sverige AB.

Shareholding in the company (incl. any shares held by related parties):

1,200 common shares and 500 preference shares.

ANDERS KUPSU, B. 1962

Board member since 2019.

CARL MÖRK, B. 1969

Board member since 2019.

Education:

Master of Engineering, Royal Institute of Technology, Stockholm.

Other assignments:

CEO and member of the board of Kupran AB. Member of the board of Jernhusen AB.

Shareholding in the company (incl. any shares held by related parties):

2,440 common shares.

Education:

Master of Engineering, Royal Institute of Technology, Stockholm and Masters of Science in Real Estate Finance, London School of Economics, London.

Other assignments:

Chairman of the board and active in Altira AB. Member of the board of Stendörren Fastigheter AB and Vrenen Fastigheter AB. Chairman of the board of Ankarhagen AB.

Shareholding in the company (incl. any shares held by related parties):

-

Management

CAROLINE AREHULT, B. 1973

CEO

Education:

Master of Science, Royal Institute of Technology, Stockholm and Hamburg.

Background:

19 years in various leading roles at Skanska, most recently as Managing Director of Skanska Fastigheter Stockholm.

Shareholding in the company (incl. any shares held by related parties):

20,000 common shares and 120,000 share warrants.

PETER ANDERSON, B. 1970

CFO

Education:

Graduate Business Administrator, Stockholm School of Economics.

Background:

Positions within the property and financial sectors, most recently as Finance Director at Kungsleden. Previously CFO of ICA Fastigheter and CFO at Steen & Ström Sweden and as an auditor at KPMG´s Real Estate Group.

Shareholding in the company (incl. any shares held by related parties):

90,000 share warrants.

ANNIKA EKSTRÖM, B. 1965

Head of Property Management

Education:

Master of Science, Royal Institute of Technology, Stockholm.

Background:

Several positions within Aberdeen Asset Management Sweden, most recently as business area manager, and member of the board of Fastighetsgrunden i Mölndal Förvaltning AB.

Shareholding in the company (incl. any shares held by related parties):

24,666 common shares and 100,000 share warrants.

LINDA ERIKSSON, B. 1975

Head of Finance

Education:

Master of Science, Royal Institute of Technology, Stockholm.

Other assignments:

Member of the board of Frälsningsarméns Förlagsaktiebolag.

Background:

Experience from the financial and property sectors in roles such as Head of Finance at Kungsleden, analyst at AGL and Förvaltaren, and project controller at KF fastigheter.

Shareholding in the company (incl. any shares held by related parties):

3,000 common shares and 75,000 share warrants.

ANNA ALSBORGER, B. 1977

Head of transactions

Education:

Master of Science, KTH Royal Institute of Technology in Stockholm.

Background:

Several positions within transaction and analysis, most recently as Head of transactions at Hemsö.

Shareholding in the company (incl. any shares held by related parties):

6,000 common shares and 60,000 share warrants.

Auditor

The registered firm of accountants KPMG AB was re-elected auditor at the annual general meeting held 7 May 2019. Peter Dahllöf is the auditor in charge up until the end of the next annual general meeting.

TAXATION

Certain Swedish tax considerations

The following is a general description of certain Swedish tax consequences relating to the acquisition, ownership and disposal of Capital Securities (i.e. perpetual securities in respect of which there is no fixed redemption date). The summary is based on Swedish tax legislation currently in effect and is only intended to provide general information. Consequently, the summary is not exhaustive and does not address all potential aspects of Swedish taxation that may be relevant for a prospective purchaser of Capital Securities and the summary is neither intended nor should be construed as legal or tax advice. The summary does for example not cover (i) Capital Securities held as current assets in a business operation, (ii) Capital Securities held via a capital insurance policy (Sw. *kapitalförsäkring*), (iii) Capital Securities held on an investment savings account (*S*w. *investeringssparkonto*), or (iv) taxation of foreign exchange gains and losses in connection with an investment in the Capital Securities. Special tax rules apply to certain categories of taxpayers, such as investment companies and insurance companies. These rules are not described in this summary.

Also, the summary does not cover the rules on reporting obligations for, among others, payers of interest.

Since the tax treatment of each Holder depends on the Holder's particular circumstances, each prospective purchaser of Capital Securities should consult a tax adviser regarding the specific tax consequences that may arise in the individual case, including the applicability and effect of foreign tax rules and tax treaties.

Resident Holders of Capital Securities

As used herein, a resident Holder means a Holder of Capital Securities who is (a) an individual who is a resident in Sweden for tax purposes, or (b) an entity organised under the laws of Sweden or which is otherwise resident in Sweden for tax purposes.

Generally, for Swedish companies and individuals (and estates of deceased individuals) that are resident Holders of Capital Securities, all capital income (for example income that is considered as interest for Swedish tax purposes and capital gains on Capital Securities) will be taxable. For companies the tax rate is currently 21.4 per cent and for individuals the tax rate is 30 per cent.

Swedish preliminary tax may be withheld at a rate of 30 per cent in relation to payments of amounts on the Capital Securities that are considered as interest for Swedish tax purposes to resident Holders that are individuals (or estates of deceased individuals). Otherwise, no Swedish preliminary tax should be withheld in relation to payments on the Capital Securities.

Non-resident Holders of Capital Securities

As used herein, a non-resident Holder means a Holder of Capital Securities who is (a) an individual who is not resident in Sweden for tax purposes and who has no connection to Sweden other than the investment in the Capital Securities, or (b) an entity not organised under the laws of Sweden and which is not otherwise resident in Sweden for tax purposes.

Payments of principal, premium or interest in respect of the Capital Securities to a non-resident Holder of Capital Securities should not be subject to Swedish income tax provided that such Holder does not have a permanent establishment in Sweden to which the Capital Securities are effectively connected. Also, no Swedish withholding tax should be levied on payments of principal, premium or interest in respect of the Capital Securities to a non-resident Holder of Capital Securities.

The Holders may, however, be subject to tax in the country where they are resident for tax purposes.

The proposed financial transactions tax ("FTT")

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

The Commission's Proposal has a very broad scope and could, if introduced, apply to certain dealings in the Capital Securities (including secondary market transactions) in certain circumstances. The issuance and subscription of Capital Securities should, however, be exempt.

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

However, the FTT proposal remains subject to negotiation between participating Member States. It may therefore be altered prior to any implementation, the timing of which remains unclear. Additional EEA member states may decide to participate and certain of the participating Member States may decide to withdraw.

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

SUBSCRIPTION AND SALE

Citigroup Global Markets Limited, Danske Bank A/S, Deutsche Bank AG, London Branch, J.P. Morgan Securities plc and Nordea Bank Abp (together, the "**Joint Bookrunners**") have, pursuant to a Subscription Agreement (the "**Subscription Agreement**") dated 28 January 2020, jointly and severally agreed to subscribe or procure subscribers for the Capital Securities at the issue price of 100 per cent. of the principal amount of Capital Securities. The Issuer has agreed to pay the Joint Bookrunners a combined management and underwriting commission, will reimburse the Joint Bookrunners in respect of certain of their expenses, and has also agreed to indemnify the Joint Bookrunners against certain liabilities, incurred in connection with the issue of the Capital Securities. The Subscription Agreement may be terminated in certain circumstances prior to payment of the Issuer.

United States

The Capital Securities have not been and will not be registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act.

The Capital Securities are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986, as amended, and regulations thereunder.

Each Joint Bookrunner has represented and agreed that, except as permitted by the Subscription Agreement, it will not offer, sell or deliver the Capital Securities (a) as part of their distribution at any time or (b) otherwise until 40 days after the later of the commencement of the offering and the Issue Date within the United States or to, or for the account or benefit of, U.S. persons and that it will have sent to each dealer to which it sells any Capital Securities during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Capital Securities within the United States or to, or for the account or benefit of, U.S. persons. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

In addition, until 40 days after the commencement of the offering, an offer or sale of Capital Securities within the United States by any dealer that is not participating in the offering may violate the registration requirements of the Securities Act.

Prohibition of sales to EEA Retail

Each Joint Bookrunner has represented and agreed that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Capital Securities to any retail investor in the EEA. For the purposes of this provision the expression "**retail investor**" means a person who is one (or more) of the following:

(i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "**MiFID II**"); or

(ii) a customer within the meaning of Directive (EU) 2016/97 (the "**Insurance Distribution Directive**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II.

United Kingdom

Each Joint Bookrunner has represented and agreed that:

(a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of any Capital Securities in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer; and

(b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Capital Securities in, from or otherwise involving the United Kingdom.

The Kingdom of Sweden

This document has not been approved by or registered with the Swedish Financial Supervisory Authority (Sw. *Finansinspektionen*) pursuant to the Prospectus Regulation. Each Joint Bookrunner agrees that it will not market or offer the Capital Securities in Sweden other than in circumstances that are deemed not to be an offer to the public in Sweden which would result in a requirement to prepare a prospectus in Sweden under the Prospectus Regulation.

Singapore

Each Manager has acknowledged that these Listing Particulars have not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, each Manager has represented, warranted and agreed that it has not offered or sold any Capital Securities or caused the Capital Securities to be made the subject of an invitation for subscription or purchase and will not offer or sell any Capital Securities or cause the Capital Securities to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, these Listing Particulars or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Capital Securities, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor (as defined in Section 4A of the Securities and Futures Act (Chapter 289) of Singapore, as modified or amended from time to time (the "**SFA**")) pursuant to Section 274 of the SFA, (ii) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Capital Securities are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

(i) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or

(ii) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities or securities-based derivatives contracts (each term as defined in Section 2(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Capital Securities pursuant to an offer made under Section 275 of the SFA except:

(a) to an institutional investor or to a relevant person, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;

(b) where no consideration is or will be given for the transfer;

(c) where the transfer is by operation of law;

(d) as specified in Section 276(7) of the SFA; or

(e) as specified in Regulation 37A of the Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018.

General

No action has been taken by the Issuer or any of the Joint Bookrunners that would, or is intended to, permit a public offer of the Capital Securities in any country or jurisdiction where any such action for that purpose is required. Accordingly, each Joint Bookrunner has undertaken that it will not, directly or indirectly, offer or sell any Capital Securities or distribute or publish any Listing Particulars, prospectus, form of application, advertisement or other document or information in any country or jurisdiction except under circumstances that will, to the best of its knowledge and belief, result in compliance with any applicable laws and regulations and all offers and sales of Capital Securities by it will be made on the same terms.

GENERAL INFORMATION

Authorisation

The issue of the Capital Securities was authorised by a resolution of the Board of the Issuer passed on 19 November 2019.

Listing

Application has been made to Euronext Dublin for the Capital Securities to be admitted to the Official List and to trading on the GEM; however, no assurance can be given that such application will be accepted. It is expected that admission of the Capital Securities to the official list and to trading on the GEM will be granted on or about 30 January 2020, subject only to the issue of the Capital Securities.

The total expenses related to the admission to trading of the Capital Securities are expected to be approximately EUR 4,540.

Listing Agent

Arthur Cox Listing Services Limited is acting solely in its capacity as listing agent for the Issuer in connection with the Capital Securities and is not itself seeking admission of the Capital Securities to the Official List or to trading on the GEM.

Clearing Systems

The Capital Securities have been accepted for clearance through Euroclear and Clearstream, Luxembourg (which are the entities in charge of keeping the records). The ISIN for this issue is XS2010032618 and the Common Code is 201003261. The address of Euroclear is Euroclear Bank SA/NV, 1 Boulevard du Roi Albert II, B-1210 Brussels and the address of Clearstream, Luxembourg is Clearstream Banking S.A., 42 Avenue JF Kennedy, L-1855 Luxembourg.

No significant change

Other than as disclosed on pages 60 to 66, 84 and 103 to 110 of these Listing Particulars, there has been no significant change in the financial or trading position of the Issuer or the Group since 30 September 2019. There has been no material adverse change in the prospects of the Issuer or the Group since 31 December 2018.

Litigation

There are no governmental, legal or arbitration proceedings, (including any such proceedings which are pending or threatened, of which the Issuer is aware), which may have, or have had during the 12 months prior to the date of these Listing Particulars, a significant effect on the financial position or profitability of the Issuer or the Group.

Auditors

Ernst & Young AB of Box 7850, SE-103 99 Stockholm, Kingdom of Sweden, regulated by the Supervisory Board of Accountants in the Kingdom of Sweden (*Revisorsnämnden*) and a member of FAR (the institute for the accountancy profession in the Kingdom of Sweden (*Föreningen Auktoriserade Revisorer*)) have audited without qualification and in accordance with generally accepted auditing standards in the Kingdom of Sweden, the consolidated financial statements of the Issuer, prepared in accordance with IFRS, for each of the financial years ended on 31 December 2017 and 2018 and have given, and have not withdrawn, their consent to the inclusion of their unqualified audit reports in these Listing Particulars in the form and context in which it is included. The auditors of the Issuer have no material interest in the Issuer.

U.S. tax

The Capital Securities (other than the Temporary Global Capital Security) and Coupons will contain the following legend: Any United States person who holds this obligation will be subject to limitations under the United States income tax laws, including the limitations provided in Sections 165(j) and 1287(a) of the Internal Revenue Code.

Documents Available

For as long as the Capital Securities are listed on the Official List and admitted to trading on the GEM, copies of the following documents will be available for inspection in electronic form from the registered office of the Issuer and from the specified office of the Fiscal Agent for the time being in London:

(a) the constitutional documents of the Issuer (with an English translation thereof);

(b) the audited consolidated financial statements of the Issuer in respect of the financial year ended 31 December 2017, together with the auditors' report in connection therewith, and the audited consolidated financial statements of the Issuer in respect of the financial year ended 31 December 2018, together with the auditors' report in connection therewith. The Issuer currently prepares audited consolidated accounts on an annual basis;

(c) the most recently published financial statements of the Issuer, together with any audit or review reports prepared in connection therewith. The Issuer currently prepares unaudited consolidated interim accounts on a quarterly basis; and

(d) the Agency Agreement.

Websites

For the avoidance of doubt, the content of any website referred to in these Listing Particulars does not form part of these Listing Particulars.

Joint Bookrunners transacting with the Issuer

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

Yield

On the basis of the issue price of the Capital Securities of 100 per cent. of their principal amount, the yield on the Capital Securities for the period until the First Reset Date is 2.625 per cent. on an annual basis.

The yield is calculated on the Issue Date on the basis of the issue price of the Capital Securities. It is not an indication of future yield.

Interests of natural and legal persons involved in the issue of the Capital Securities

Save for the commissions described under "*Subscription and Sale*", so far as the Issuer is aware, no person involved in the issue of the Capital Securities has an interest material to the offer.

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