

**PROSPECTUS REGARDING ADMISSION TO TRADING  
ON THE CORPORATE BOND LIST OF  
NASDAQ STOCKHOLM OF  
SEK 1,500,000,000  
SUBORDINATED PERPETUAL FLOATING RATE CALLABLE  
CAPITAL NOTES  
SAMHÄLLSBYGGNADSBOLAGET I NORDEN AB (PUBL)**



**9 December 2019**

**Arrangers:**

**Danske Bank A/S, Danmark, Sverige Filial**

**DNB Bank ASA, Sweden Branch**

**Nordea Bank Abp**

**Skandinaviska Enskilda Banken AB (publ)**

**Swedbank AB (publ)**

**Issuing Agent:**

**Nordea Bank Abp, filial i Sverige**

**TÖRNGREN MAGNELL**

*The validity of this Prospectus will expire 12 months after the approval. The Company's obligation to supplement this Prospectus in the event of significant new factors, material errors or material inaccuracies does not apply when this Prospectus is no longer valid.*

## IMPORTANT INFORMATION

On 28 October 2019 Samhällsbyggnadsbolaget i Norden AB (publ) (the “**Company**”) issued subordinated perpetual floating rate callable capital notes of SEK 1,500,000,000, under a loan amounting up to a maximum of SEK 2,500,000,000 (the “**Capital Notes**”). This prospectus (the “**Prospectus**”) has been prepared by the Company in order to apply for listing of the issued Capital Notes on the Corporate Bond List of Nasdaq Stockholm. Danske Bank A/S, Danmark, Sverige Filial, DNB Bank ASA, Sweden Branch, Nordea Bank Abp, Skandinaviska Enskilda Banken AB (publ) and Swedbank AB (publ) have been acting as Arrangers and Nordea Bank Abp, acting through its Swedish branch, Nordea Bank filial i Sverige, has been acting as Issuing Agent to the Company in connection with the issue of the Capital Notes and Advokatfirman Törngren Magnell KB has been acting as legal advisor in connection with the admission to trading of the Capital Notes.

This Prospectus has been prepared in accordance with the standards and requirements of the Regulation (EU) 2017/1129 of the European Parliament and of the Council, supplemented by the Commission Delegated Regulation (EU) 2019/980 (the “**Prospectus Regulation**”). The Prospectus has been approved and registered by the Swedish Financial Supervisory Authority (Sw. *Finansinspektionen*) (the “**SFSA**”) as the competent authority under the Prospectus Regulation. The SFSA’s approval and registration of this Prospectus is only based on the Prospectus meeting the Prospectus Regulation’s requirements of completeness, comprehensibility and consistency. The approval of the SFSA does not imply that the SFSA guarantees that the information in this Prospectus is correct or complete. The Prospectus will be available via the websites of the SFSA ([www.fi.se](http://www.fi.se)) and the Company ([www.sbbnorden.se](http://www.sbbnorden.se)). Paper copies may be obtained from the Company.

Solely for the purposes of the product governance requirements set forth in Directive 2014/65/EU (as amended, “**MiFID II**”), the Arrangers (for the purposes of this paragraph, the “**manufacturers**”) have made a target market assessment in respect of the Capital Notes, and have concluded that the target group for the Capital Notes is:

*Type of client:* Clients that are eligible counterparties, professional clients and retail clients, each as defined in MiFID II.

*Knowledge and experience:* Clients that are (i) informed investors, having one or more of the following characteristics: (a) average knowledge of the relevant financial products (an informed investor can make an informed investment decision based on the offering documentation, together with knowledge and understanding of the specific risk factors/risks highlighted with them only), or (b) some financial industry experience, and (ii) advanced investors, having one, or more of the following characteristics: (x) good knowledge of the relevant financial products and transactions, or (y) financial industry experience or accompanied by professional investment advice or included in a discretionary portfolio service.

*Financial situation with a focus on the ability to bear losses:* Clients that have the ability to bear losses of up to 100% of the capital invested in the Capital Notes.

*Risk tolerance:* Clients with a high risk tolerance. Clients investing in the Capital Notes are typically willing to take more risk than deposit savings or unsubordinated debt securities and do not require a fully guaranteed income or return profile.

*Investment objective:* Clients whose investment objective is to generate growth of the invested capital and have long term investment horizon.

Furthermore, the manufacturers have made an assessment as to the negative target market and concluded that the negative target market for the Capital Notes is clients that seek full capital protection or full repayment of the amount invested, are fully risk averse/have no risk tolerance or need a fully guaranteed income or fully predictable return profile.

The manufacturers have made an assessment as to the distribution strategy for the Capital Notes, and have concluded that (i) all channels for distribution of the Capital Notes to eligible counterparties and professional clients are appropriate; and (ii) the following channels for distribution of the Capital Notes to retail clients are appropriate – investment advice, portfolio management, non-advised sales and pure execution services, subject to the distributor’s suitability and appropriateness obligations under MiFID II, as applicable. Any person subsequently offering, selling or recommending the Capital Notes (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 Notes (by either adopting or refining the manufacturers’ target market assessment) and determining appropriate distribution channels, subject to the distributor’s suitability and appropriateness obligations under MiFID II, as applicable.

The Prospectus has been prepared solely for listing of the loan constituted by the Capital Notes for trading at Nasdaq Stockholm and does not constitute at any part an offer by the Company for subscription or purchase of the Capital Notes in any jurisdiction.

This Prospectus is governed by Swedish law. The Prospectus may not be distributed in any jurisdiction where such distribution or sale would require any additional prospectus, registration or other measures than those required by Swedish law or otherwise would conflict with regulations in such jurisdiction. Holders of the Prospectus or Noteholders must therefore inform themselves about, and observe any such restrictions. The Capital Notes have not been and will not be registered under the U.S. Securities Act of 1933 as applicable at any time, or under any U.S. state securities legislation. Furthermore, the Company has not registered the Capital Notes under the securities legislation of any other country. The Noteholder may be subject to purchase or transfer restrictions with regard to the Capital Notes, as applicable, under local laws to which a Noteholder may be subject.

The Prospectus, including the documents incorporated by reference (see section 6 “*Documents incorporated by reference*” below) as well as any supplements to the Prospectus, contains statements regarding the prospects of the Company made by the board of directors. Such statements are based on the board of directors’ knowledge of current circumstances regarding the Company’s business, the market conditions, the current global environment in which the Company operates and other prevailing external factors. The reader should observe that forward-looking statements always are associated with uncertainty. An investment in the Capital Notes is associated with risks and risk taking. Anyone considering investing in the Capital Notes is therefore encouraged to carefully study the Prospectus, in particular section 1 (*Risk Factors*). Each potential investor in the Capital Notes must decide upon the suitability of an investment in the light of their own circumstances.

The figures in this Prospectus have in some cases been rounded off, which means that some tables do not always sum up correctly. Disputes regarding this Prospectus shall be exclusively governed by Swedish law and settled by the Swedish courts exclusively.

Definitions and capitalised terms used in this Prospectus have the same meaning as in the Terms and Conditions in section 7 (*Terms and Conditions*) unless otherwise expressly stated in this Prospectus.

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<b>Agent</b>	means Nordic Trustee & Agency AB (publ), Reg. No. 556882-1879.
<b>Capital Notes</b>	means the subordinated perpetual floating rate callable capital notes with ISIN SE0013359148.
<b>Company or Issuer</b>	means Samhällsbyggnadsbolaget i Norden AB (publ), Reg. No. 556981-7660.
<b>Euroclear</b>	means Euroclear Sweden AB, Reg. No. 556112-8074.
<b>Group</b>	means the Company together with its subsidiaries, including the Company.
<b>Group Company</b>	means a company within the Group.
<b>Issuing Agent</b>	means Nordea Bank Abp, filial i Sverige, a Swedish branch with Reg. No. 516411-1683 of Nordea Bank Abp, a public limited liability company incorporated under the laws of Finland with Reg. No. 2858394-9
<b>Nasdaq Stockholm</b>	means the Corporate Bond List on Nasdaq Stockholm AB.
<b>Noteholder</b>	means the person who is registered on a Securities Account as direct registered owner (Sw. <i>ägare</i> ) or nominee (Sw. <i>förvaltare</i> ) with respect to a Note.
<b>Prospectus</b>	means this prospectus, including any documents incorporated by reference.
<b>SBB i Norden</b>	means SBB i Norden AB, Reg. No. 559053-5174.
<b>SEK</b>	means the lawful currency in Sweden.
<b>Swedish Companies Act</b>	means the Swedish Companies Act (Sw. <i>aktiebolagslagen (2005:551)</i> ).
<b>Terms and Conditions</b>	means the terms and conditions for the Capital Notes.

# 1. RISK FACTORS

*In this section material risk factors are illustrated. A number of factors, both within the Issuer's control but also factors not controllable by the Issuer, affect, or could affect, the Issuer's profit, financial position and the Capital Notes. The Issuer's assessment of the materiality of each risk factor is based on the probability of their occurrence and the expected magnitude of their negative impact. The description of the risk factors below is based on information available and estimates made at the date of this Prospectus. The risk factors are presented in categories where the most material risk factors in a category are presented first under that category. Subsequent risk factors in the same category are not ranked in order of materiality or probability of occurrence.*

## 1.1. Risks relating to the Issuer and the Group

### **The Group's business, results of operations and profitability are subject to risks related to general economic conditions and demographic trends in its geographical markets**

The Group is affected by macroeconomic factors such as general economic trends, regional economic development, employment rates, production rates of new premises, changes of infrastructure, inflation and interest rates in Sweden, Norway, Finland and Denmark. These factors significantly impact supply and demand in the real estate market and accordingly affect occupancy rates, rent levels and gross asset values of the Group's properties. If the general economic situation weakens, the value and rental income of the Group's property portfolio may decline. The majority of the Group's property portfolio is located in Sweden and the Group operates in different geographical markets throughout Sweden. In 2015, Swedish GDP grew by 4.0 per cent. This was followed by slower growth in subsequent years, with GDP growth of 3.3 per cent, 2.4 per cent and 2.3 per cent for the years 2016, 2017 and 2018, respectively. The European Commission has projected Swedish GDP growth of 1.3 per cent for 2019 and estimated that this will slow to 1.2 per cent in 2020. While Sweden maintains a strong labour market and elevated employment and activity rates, there can be no assurances that these positive trends will continue. Sweden's economy may also be impacted by its neighbouring countries which could result in deterioration of the economic conditions in Sweden. 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 material adverse effect on the Group's business, financial position, results of operations and prospects.

In addition to operating in various regions in Sweden, the Group also operates in different regions within Norway, Finland and Denmark. Differences between these countries, as well as their internal regional variances, may result in significant differences in the economic conditions in their respective regional property and rental markets, the level of supply and demand for properties and the return on property investments. Consequently, economic downturns or fluctuations could have different impacts within the Group's different market areas. A downturn or fluctuation in growth in the local markets in which the Group operates may affect occupancy rates and rent levels, which can negatively impact the Group's rental income, and may negatively impact the Group's business overall, its financial position and its earnings. If demand to rent the Group's properties falls in any or all of the geographical markets where the Group's properties are located, this could have a material adverse effect on the Group's results of operations and profit.

### **The Group's business, results of operations and profitability are subject to risks related to developments in the global financial markets**

The Nordic markets are affected by developments in the global financial markets, which continue to experience disruptions, including increased volatility and diminished liquidity and credit availability. Concerns about credit risk (including that of sovereigns) have increased globally, 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 globally, 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 that are difficult to predict. Any such developments could limit the Company's access to the capital it requires to finance its operations.

For the reasons described above, adverse developments in the global financial markets could have a material adverse impact on the Group's financial position and results of operations.

**The Group operates in a competitive market and the Group may fail to compete successfully**

The Group is active in the property industry which is subject to substantial competition, including from community service property providers such as Vacse AB, Hemsö Fastighets AB, Hembla AB and Hemfosa Fastigheter AB and residential property providers such as Rikshem AB, Heba Fastighets AB, Kojamo Oyj, Wallenstam AB, Hemsö Fastighets AB and Hemfosa Fastigheter AB. The Group's competitiveness is dependent on its ability to acquire desirable properties in attractive locations, attract and retain tenants, to anticipate future changes and trends in the industry, and to adapt swiftly to, for example, current and future market needs. Furthermore, the Group competes for tenants based on, for example, the location of the property, rents, size, accessibility, quality, tenant satisfaction, convenience and the Group's reputation.

The Group's competitors may have greater financial resources than the Group, a better capacity to withstand downturns in the market, greater access to potential acquisition targets, compete more effectively, retain skilled personnel and respond faster to changes in local markets. In addition, competitors may have a higher tolerance for lower yield requirements and more efficient technology platforms. Furthermore, the Group may need to incur additional investment costs to keep its properties competitive in relation to competitors' properties. If the Group cannot compete successfully, this can significantly impact rent levels and vacancy rates and the Group's income could be reduced.

**The Group is exposed to the risk that it may be unable to sell any portion of its total portfolio on favourable terms or at all**

The Group is exposed to risks arising from the illiquidity of parts of its property portfolio. Community service properties constitute a unique asset class as they have been adapted to fit specific purposes and there is a limited buyer universe and a limited number of investors in this sector. As a result, although municipalities and county councils have access to financing even when financial markets are distressed through entities such as Kommuninvest in Sweden, the market for the types of properties the Group owns or may acquire in the future is characterized by limited liquidity. If the Group is required to liquidate parts of its portfolio on short notice for any reason, including raising funds to support its operations or to 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 or property portfolio being sold and the price at which the Group could otherwise sell such property or property portfolio. Any such shortfall could have a material adverse effect on the Group's business, financial position, results of operations and prospects. In addition, the Group may face further difficulty in disposing of its properties due to covenants and pledges limiting asset disposals in the Group's financing agreements. These restrictions could complicate or delay any proposed property development.

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.

**The gross asset value of the Group's properties shown in the valuation reports may prove to be inaccurate and the gross asset value may decrease in the future**

The Group's properties are reported at market value in the Group's consolidated balance sheet with changes in value being shown in the income statement.

The Group reports its investment properties at fair value. Under the Group's valuation policy, 100 per cent of its properties are valued as of 30 June and 31 December of each year by external valuers Newsec Advice AB, Jones Lang LaSalle Holding AB, Savills Sweden AB and Colliers International Danmark A/S. Values as of 31 March and 30 September of each year are usually determined based on internal valuations, but have been based on external valuations as of 31 March 2019 and 30 September 2019 that have been prepared in connection with the issue of Capital Notes. As at 30 September 2019, the gross asset value of the Group's properties was SEK 30,800,000,000. Property valuations represent the opinion of the independent appraiser who prepares the valuation report and the assumptions underlying the appraisals are tested, as is customary, through random sampling. Additionally, property valuations by their nature are based on a number of assumptions that may not prove to be accurate. Such assumptions include property specific assumptions regarding rent levels, occupancy rates and operating expenses and market specific assumptions regarding macroeconomic developments, general economic trends, regional economic development, employment rates, production rates of new premises, changes of infrastructure and inflation and interest rates in Sweden, Norway Finland and Denmark. It is possible that the valuations received by the Group do not accurately represent the current value of the Group's properties or reflect the amounts for which the properties could be sold. Moreover, appraisal methods that are currently generally accepted and that were used for the purpose of developing valuation reports of the Group's portfolio may in hindsight be determined to be unsuitable. It cannot be ruled out that the assumptions underlying the appraisals of the properties in the past or in the future may later be determined to have been erroneous. Accordingly, investors should not assume that the gross asset value of the Group's property as shown on the balance sheet is accurate or will not change in the future.

The real estate market and property prices are subject to fluctuations. If the gross asset value of the properties decreases, the decrease in value will adversely impact the Group's results of operations. In addition, a reduction in gross asset value could result in a breach of certain covenants in the Group's financing agreements, which in turn could result in such financings being accelerated prior to maturity and consequently affect the liquidity of the Group.

## **1.2. Risks relating to the Issuer's and the Group's operations**

**Decreases in the Group's rental income and Economic Occupancy Rate and increases in tenant turnover may have an adverse effect on the Group's results of operations**

The Group's commercial success depends on its ability to maintain and increase its rental income. Therefore, in addition to rental rates, a notable risk to the Group's operations is related to its Economic Occupancy Rate and to a lesser extent tenant turnover and, by extension, the amount of rental income the Group is able to generate. These depend on, among other things, macroeconomic conditions, demographic trends and the level of new residential construction, which could increase the supply of rental properties relative to demand. Furthermore, if the condition, location or other characteristics of the properties in the Group's property portfolio are not responsive to the demand, this may negatively affect the Group's ability to maintain and increase rent levels and total rental income.

The Economic Occupancy Rate of the Group's property portfolio has a significant impact on the Group's rental income and, therefore on the profitability of the Group's operations. The Economic Occupancy Rate of the Group's properties was 95,3 per cent as of 30 September 2019, 96.2 per cent as of 31 December 2018, 96.8 per cent as of 31 December 2017 and 98.3 per cent as of 31 December 2016. There can be no assurances that the Group will be able to maintain its Economic Occupancy Rate at similar levels in the future. If the Group's Economic Occupancy Rate were to decrease, the Group's total revenue would

decrease while its maintenance and financing costs would likely remain relatively constant. Additionally, tenant turnover may result in additional costs for the Group owing to, for example, the expenses associated with arranging and signing new lease agreements and the cost of minor renovations and maintenance typically made following a tenant's departure from a property.

The Group aims to maintain and increase its rental income, secure a high Economic Occupancy Rate and reduce tenant turnover and related costs by (i) enhancing the desirability of its housing through planned maintenance and renovations, (ii) actively developing its property portfolio to meet the demands of existing and prospective tenants, and (iii) maintaining tenant satisfaction. However, there can be no assurances that any measures that the Group takes will achieve the intended goals and provide a service level that meets the needs of existing and prospective tenants.

If the Group, despite the aforementioned measures, fails to maintain and, where possible increase its rental income as it anticipates or fails to maintain a high Economic Occupancy Rate, this could have a material adverse impact on the Group's results of operations.

**The Group's rental income may be adversely affected if the Group's largest tenants do not renew or extend their leases**

Decreased occupancy and rental rates can negatively affect a property company's earnings and this risk is increased when a property company has a high concentration of large tenants, including tenants that hold multiple leases across a number of properties. The Group currently derives approximately 43 per cent of its rental income from its ten largest tenants within the social infrastructure properties segment. If the Group's largest tenants do not renew or extend a significant number of these leases when they expire, in the long-term this could lead to reduced rental income and increased vacancies. If these tenants experience financial difficulties or are otherwise unable to fulfil their obligations under any lease, this could have significant consequences for the Group, resulting in the Group's rental income being significantly lower than estimated. Vacancies prevent property owners from benefiting from their properties' full earning capacities. Occupancy rates may decrease if tenants move out and the premises cannot be rented out again immediately, or within a reasonable period of time. Additionally, this could lead to the Group having to expend money and resources in order to find replacement tenants, thereby incurring unexpected legal or marketing costs and if the Group is unable to replace outgoing tenants this may result in a decreased Economic Occupancy Rate and additional turnover costs. If the Group fails to retain its largest tenants, or if its largest tenants are unable to fulfil their obligations, it can lead to a loss of rental income and cause the Group to incur additional expenses and/or interest costs until the property is re-let.

**The Group's rental income could be adversely affected by tenants' failure to fulfil their obligations**

Rental income constitutes the Group's main source of current earnings. This income needs to cover operation and maintenance costs, administration costs, financing expenses and dividend requirements. The Group is exposed to the risk that tenants will not pay their rent in a timely fashion. If tenants do not pay their rent on time or at all, or otherwise fail to fulfil their obligations under their lease, this could lead to reduced rental income. A decline in rental income as a result of tenants' failure to pay their rent could result in lower cash flows and earnings for the Group's operating activities, which could adversely impact the Group's business, financial position, results of operation and prospects.

The Group's rental income for its community service properties, is predominantly paid, directly or indirectly, by state, municipalities and county councils and is therefore affected by the capacity to pay of such social institutions in Sweden, Norway, Finland and Denmark. Lease lengths are typically between 5-15 years and base rent is commonly adjusted annually through indexation. The Group's rent-regulated residential contracts operate without a fixed maturity. Rent is negotiated between the landlord and the Swedish Union of Tenants on an annual basis and is affected by the standard of the properties. Rental income for both the Group's community service properties and the Group's rent-controlled residential properties is also impacted in the long-term by supply and demand in the markets in which the Group operates. A common cause of lower rental income is a lower occupancy rate.

**The Group may be adversely affected by increased maintenance and repair costs and damage and defects at properties and these factors could lead to increased costs and reputational damage for the Group**

All of the Group's properties will require some level of repair and maintenance in the future following expiration of current lease agreements or otherwise. Such regular property maintenance is necessary in order to maintain the fair value of and rent levels of the properties in the Group's portfolio. However, the amount of required maintenance and repair work may increase, for example, as a result of changes to energy efficiency or other requirements set to residential properties or as a result of damage caused by tenants or other parties. In addition, the associated maintenance costs may increase as a result of inflation, which is beyond the Group's control and the Group's repair cost and modernization investments may increase more than the Group currently anticipates as a result of its growth strategy and the related party acquisitions and real estate development projects. Furthermore, if some maintenance needs are not recognized in time and as a result the level of maintenance is left insufficient, this may lead to decreases in the value of such properties, and the Group may also need to set lower rent levels in these properties.

Operating in the real estate industry also entails the possibility of technical risks. Technical risks refer to the risks associated with the technical operation of properties, such as the risk of design errors, other hidden defects or deficiencies, damage (caused, for example, by fire or another force of nature, or by tenants) and contaminants. If technical problems arise, they can lead to a significant increase in costs for the Group. In addition, a property company's reputation is particularly important in relation to new and current tenants. If the Group fails to adequately respond to technical or maintenance problems, the Group's reputation may be damaged, which in turn can lead to difficulties in retaining current tenants or attracting new tenants. If the Group's reputation is damaged or it has increased costs due to technical damage, this can lead to a loss of income and/or lost growth opportunities.

**The Group may not be able to successfully execute some, or all, of the strategic initiatives and/or the benefits of these initiatives may not be achieved at the time or to the extent expected, or at all**

Successful execution of the Group's strategic initiatives is not assured, and the Group may fail to achieve management's guidance, targets or expectations in respect to its financial and operational targets or may not realise all or part of the benefits that it expects from its current plans or other future initiatives. 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 this document. In addition, the Group's ability to carry out acquisitions pursuant to its growth strategy, will depend on a number of factors, including its relationships with municipalities and its ability to identify acceptable targets for acquisition and obtain necessary financing. The Company is often approached as the first potential buyer by a seller before the seller begins 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. If the Group's relationships with municipalities change such that it is no longer able to take advantage of off-market transactions, it may be unable to successfully execute its strategic objectives relating to real estate transactions.

If the Group is unable to achieve its targets, this could have a material adverse impact on the Group's business and results of operations.

**The Group may be exposed to risks associated with its property development activities such as the timely receipt of necessary zoning changes and construction permits**

The Group's property development activities involve the identification of opportunities to develop community service properties or rent-regulated residential projects in the Nordic region and the development of such projects up to the commencement of construction. The Group assesses the current status of the chosen site, its long-term prospects and conducts its due diligence. The main critical factors investigated are the property's technical condition, its net operating income and any potential legal risks. In general, the Group seeks to sell its development projects at the pre-construction phase upon zoning



being granted or to enter into a joint venture with the developer to eliminate (or reduce in the case of joint ventures) the Group's exposure to construction risks.

Two of the principal risks associated with the Group's property development activities relate to its ability to obtain necessary changes to zoning and to its ability to obtain all necessary construction permits to develop the relevant site in a timely manner. Although the Company is always involved in the zoning plan process, the municipalities involved have the final say on the implementation of these plans and additionally there may be some relatively minor but unforeseen financial costs associated with completing the necessary zoning plans and obtaining the required planning permits. The Group acquires properties for its property development business based on its expectations regarding the possibility of rezoning. The Group's development activities also entail identifying suitable geographical areas for development projects and information from third parties may be disclosed to the Group concerning zoning plan processes and future land utilisation, which the Group then uses as the basis for its investment and project decisions. Such information may turn out to be incorrect and municipalities or decision-makers may deviate from such information, which can ultimately result in the Group carrying out projects at less than favourable geographical sites.

The Group may be required to apply to municipalities or other government agencies for various permits and registrations in order to be able to carry on its property development business and the Group acquires properties for its property development business based on its expectations regarding its receipt of all necessary permits. Good relations with municipalities are therefore important and these relations are subject to change over time thereby potentially affecting the Group's ability to obtain changes in zoning according to its development plans. There is a risk that the Group will not be granted a vital permit, permits may not be issued promptly or are issued subject to unforeseen conditions. As a result, the Group's property development activities may experience substantial delays, and this could negatively impact the Group's business, financial position, results of operations and prospects.

If the Group is unable to have the relevant property rezoned or if necessary permits cannot be obtained in a timely manner and without complications, there is a risk that the value of the relevant projects may be less than the Group expected which could adversely affect the Group's 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. 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.

**The Group's business may be adversely affected if the acquisition and integration of properties and property companies is not successful**

The Group's strategy includes organic growth through direct property acquisitions as well as growth through acquisitions of companies that own properties. The Company has, for example, currently made an ongoing public offer to the shareholders of Hemfosa Fastigheter AB (publ) ("**Hemfosa**"), see section 4.8.2 "*Public offer to the shareholders of Hemfosa Fastigheter AB (publ)*" below. Acquisitions, *inter alia* the acquisition of Hemfosa, expose the Group to a number of risks. For example, when deciding to make an acquisition, the Group makes certain assumptions and determinations based on its due diligence of the properties to be acquired, as well as other information then available, including assumptions regarding future rental income and operating costs. However, these assumptions and determinations

involve risks and uncertainties that may cause them to be incorrect, and therefore the Group may not realise the full benefits it expects from an acquisition. Other risks involved in the acquisition of property include risks linked to future losses of tenants, environmental conditions and technical shortcomings. The acquisition of property companies is also associated with the risk of, for example, higher taxes and the risk of legal disputes as well as higher leverage and higher interest costs. Anticipated economies of scale and cost savings may not be realized in whole or in part or may occur later than anticipated. This may result in higher administrative costs than planned. There can also be no assurances that the systems, operations or controls required to support the expansion of the Group's business are sufficient and they may require continued development.

In addition, acquisitions of property companies, such as Hemfosa, can expose the Group to additional risks. These risks are mainly related to the integration of the acquisitions, such as the inability to retain key individuals, merging costs, organisational costs, unexpected costs and difficulties in achieving the anticipated synergies from the acquisitions and the successful implementation of the Group's strategy in the aftermath of the acquisition. As the Group is engaged in acquisitions on an ongoing basis, these risks may be recurrent and accordingly, acquisitions can entail significantly higher costs than originally estimated. The Group is continually exploring opportunities to acquire properties and property companies, and therefore the Group is exposed to the risk of unexpectedly increased transaction costs or cancelled acquisitions. In addition to the risks associated with the acquired properties themselves, certain acquisitions may be overly complex or difficult to integrate, thus diverting attention and resources from being deployed elsewhere. Additionally, if any of the foregoing risks relating to future acquisitions materialize, the Group's results of operations.

**The Group's success, future operations and business plan depend upon its ability to attract, motivate and retain key personnel**

Being able to attract, motivate and retain qualified personnel in general and qualified officers of the Group in particular is important for the Group's success, future operations and business plan. The Group is particularly dependent on the knowledge, experience and commitment of the officers of the Group, including Ilija Batljan, the Group's Chief Executive Officer, Chairman of the Management Team, Board member and the Company's largest shareholder. In order to attract, motivate and retain certain key personnel, the Group may be required to increase compensation to such individuals, resulting in additional expenses. If the Group is not able to attract and retain qualified personnel in the future, this could have a material adverse impact on the Group's prospects.

### **1.3. Risk related to the Group's and the Company's financing arrangement**

**The Group finances itself by incurring debt which exposes it to certain risks**

Although the Group maintains an investment grade rating, it has a significant amount of debt. As of 30 September 2019, the Group's interest-bearing liabilities amounted to SEK 25,331,000,000. Interest-bearing liabilities amounted to SEK 25,457,000,000 of which SEK 1,960,000,000 (including commercial paper) (equivalent to eight (8) per cent) must be renewed or refunded within the coming year, SEK 2,522,000,000 (equivalent to ten (10) per cent) must be renewed or refunded within one to two years and SEK 8,406,000,000 (equivalent to thirty-three (33) per cent) must be renewed or refunded within two to five years. There is a risk that the Group will be unable to secure financing at favourable rates, or at all, when the Capital Notes are redeemed or other debt falls due and needs to be refinanced. As in the future loans may need to be obtained at significantly higher costs than at present, lenders may choose not to extend the Group's loans at maturity or there may not be alternative credit facilities at the Group's disposal. Further, certain loan agreements and note terms contain provisions which may limit the Issuer's and the Group's ability to incur new debt. Additionally, the Group intends to raise debt by accessing the capital markets. Capital markets are affected by general market conditions and therefore the Group is exposed to the potential effects of adverse market conditions such as interest rate fluctuations and inflation which may affect the Group's ability to access capital markets.

The Group's operations have historically been financed by bank loans or bonds and it is likely that the capital necessary to finance future acquisitions as well as capital expenditure on existing properties will

be obtained from these sources. The Group's ability to obtain financing in the future will depend upon its business, prospects and market conditions. In the event of adverse market conditions, the Group's financial performance may suffer which may reduce the availability of financing to the Group. In addition, certain of the Group's indebtedness contains financial covenants, which particularly in the event of adverse market conditions could have negative consequences for the Group, including the following:

- the Group's financial and operating flexibility in planning for, or responding to, changes in its business and industry could be limited;
- the Group's ability to fund capital expenditures on existing properties could be limited as the Group may be required to dedicate a portion of its cashflow from operations to making payments on its debt;
- the Group's ability to exploit business opportunities or make acquisitions or investments could be restricted;
- the Group's ability to incur additional indebtedness or to secure any future indebtedness could be limited;
- the Group's ability to pay dividends may be limited; and
- the Group may be at a disadvantage compared to those of its competitors that have less debt.

The Group is also exposed to credit risks relating to its financial operations. Such credit risks arise in connection with, among other things, investments of the Group's cash resource, entering into interest rate or currency hedging agreements and entering into long-term and short-term credit agreements. If the Group's financial counterparties, do not fulfil their obligations towards the Group, their defaults could have a material adverse impact on the Group's business, financial position, results of operations and prospects. Any of the foregoing could have a material adverse impact on the Group's financial position and results of operations.

**Fluctuations in interest rates may decrease the value of the Group's properties and increase the cost financing and thereby adversely affect the Group's business**

Interest expense on the Group's indebtedness is one of the Group's main cost items. Although the Group's policy is to incur fixed rate indebtedness or to enter into interest rate hedges to reduce its exposure to floating interest rates, in the long-term, adverse changes in interest rates could have a significant effect on the Group's results and cash flows. The current low interest rate environment in Sweden and the rest of the European Union has had a significant impact on the residential property market leading to high valuations for residential properties. However, it is possible and likely that interest rates will increase in the future and this will be coupled with high Swedish household indebtedness. Any increase in interest rates may have a negative effect on the Group's residential portfolio and may require the Group to record fair value adjustment losses. Such losses would result in a corresponding decrease in the value of the Group's properties as reported on its balance sheet and in the Group's fair values and increases in the Group's loan to value. Further, increases in interest rates generally may cause demand for residential properties to decrease and could have an adverse effect on the ability of potential buyers to finance purchase of properties. Inflation also affects the Group's costs. Any changes in inflation and interest rates may also affect the gross asset value of the Group's properties. Materialisation of any of the above risks could have a material adverse impact on the Group's business, financial position, results of operations and prospects.

**Any downgrade of the Group's existing or future credit ratings could increase the Group's borrowing costs and affect its ability to access the capital markets**

In order to fund acquisitions of properties, the Group will be dependent on its ability to access the capital markets and its cost of borrowing will be affected by its credit rating. The Group has been assigned a long-term debt issuer rating of BBB- with positive outlook by S&P Global Ratings Europe Limited and BBB- by Fitch Ratings Limited. Third party rating agencies may also issue unsolicited ratings intended to measure the Group's ability to repay its obligations and are based upon criteria established by such agencies. The Group's credit rating is subject to periodic review and may be revised downward or revoked.

Rating agencies assign credit ratings based on several factors, most of which are company specific. However, some factors relate to general economic conditions and circumstances that are outside the Company's control. The Group cannot predict what actions rating agencies may take, or what actions may

be taken in response to the actions of rating agencies. Any downgrade or revocation of a credit rating assigned to the Group could increase the Group's borrowing cost and impact its financial flexibility and competitive position. Changes in methodology and criteria used by rating agencies could result in downgrades that do not reflect changes in general economic conditions or the financial condition of the Group.

**Some of the Group's agreements may be affected by changes of control of the Group**

In some of the Group's agreements, mainly in respect of issued bonds and the Group's loan agreements with credit institutions, certain provisions may be triggered by a change of control of the Group. Under the Group's bonds, a change in ownership occurs in the event that one or several parties acting jointly become the holders, directly or indirectly, of more than 50 per cent of the shares and votes in the Group or have the right to appoint all or a majority of the Board members. Although no change of control is anticipated in connection with the issue of Capital Notes, if a change of control occurs in the future, some rights of the counterparty or obligations for the Group, could be triggered by such changes of control and come into force, which may impact the Group's future financing. If the Group's financing is impacted this could have a material adverse impact on the Group's business and financial position.

In addition, a tax loss carry-forward can be limited or lost as a consequence of future changes in Swedish taxation legislation or, under the present rules, as a result of a change in ownership, entailing that one or more shareholders according to a specific calculation jointly holds shares acquired over a specific period of time which represent more than 50 per cent of the votes. In the case of such a change in ownership, historic loss carry-forwards are lost to the extent that they exceed 200 per cent of the cost of the acquisition of the controlling influence (where contributions and other value transfers may reduce the expense in some way). If the Group's tax loss carry-forward is lost or reduced, it could have a significant impact on the Group's tax burden, potentially entail a tax surcharge, and have a material negative impact on the Group's business activities, financial position or earnings.

**The Group is exposed to foreign exchange risk as a result of operating in multiple geographical markets**

The Group operates in multiple geographical markets and is exposed to foreign exchange translation risk due to its investments in Norway, Finland and Denmark. The Group's reporting currency is Swedish krona ("SEK"), and all balance sheet items for foreign properties as well as all income and expenses generated by them are converted to SEK. The Group's most significant exchange rate risk relates currently to Norwegian krone ("NOK") denominated rental income, maintenance costs and property valuations as nine (9) per cent of the Group's property portfolio is located in Norway, making it the second largest market for the Group's properties. Additionally, the Group is exposed to euro related exchange fluctuations due to its euro-denominated bonds. The Group monitors and assesses trends in foreign currency exchange rates on an ongoing basis and seeks to address its exposure to fluctuations in currency exchange rates naturally by seeking to match the exposure of its non-SEK denominated assets by incurring indebtedness in local currency when possible and, to a more limited extent, utilising currency hedges for individual transactions. There can be no assurances that the Group's hedging strategy will adequately protect its results of operations from currency exchange fluctuations or that it will be able to adequately manage such risks in the future. Accordingly, adverse movement in foreign currencies, particularly NOK or EUR against SEK, could have a material adverse impact on the Group's results of operations.

**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 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, financial position and earnings and in turn the performance of the Issuer under the Capital Notes. 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.

#### **1.4. Risks related to legal, regulatory and corporate governance issues**

##### **The Group may fail to comply with applicable regulations and risks being involved in legal and administrative proceedings**

The Group operates across various geographical markets and its business must comply with the requirements set out in a number of codes, acts and regulations in the jurisdictions in which it operates including zoning regulations, building standards and safety regulations, among others. For example, in Sweden, the Group's business is regulated by, amongst others, the Swedish Environmental Code (Sw. *Miljöbalken (1998:808)*) and the Swedish Planning and Building Act (Sw. *plan-och bygglagen (2010:900)*). Failure to comply with the Swedish Environmental Code could result in environmental sanction charges of between SEK 1,000 and SEK 1,000,000, while a violation of the Swedish Planning and Building Act could prohibit the continuation of building work on the Group's properties, the imposition of fees or the removal of any additions made in the course of a renovation done without the required permit. New acts and regulations, or a change in the application of existing legislation that the Group must take into account in its operations, or changes that affect the operations of the Group's tenants, may negatively impact the Group's business, financial position, results of operations and prospects. In addition, there is a risk that the Group's interpretation of existing codes, acts and regulations is incorrect, or the accepted interpretation of these codes could change in the future which could cause the Group to incur increased costs or face the risk of material fines or penalties.

The Group also risks becoming involved in legal or administrative proceedings, which could result in significant claims for damages or other demands for payment, including claims for damages from customers or competitors for breaches of competition law. It is inherently difficult to predict the outcome of legal, regulatory and other adversarial proceedings or claims and if the outcome of any future legal or administrative proceeding turns out to be negative for the Group, this could have a material adverse impact on the Group's financial position and results of operations.

##### **The Group's operations are exposed to environmental risks and must comply with various health and safety and environmental regulations and these may adversely affect the Group's operations and future earnings**

The Group's operations in property management and property development carry environmental risks and the Group is subject to environmental regulations that may impose liability if the Group fails to comply. Although the Group conducts inspections during the acquisition of individual properties, there is a risk that environmental regulations were not complied with. Under current environmental legislation in the jurisdictions in which the Group operates, an operator that has contributed to the contamination of a property is also liable for its remediation. If the operator cannot carry out or pay for remediation of the property, the party who acquired the property and who, at the time of acquisition, knew about or ought to have known about the contamination, is liable for the remediation. This means that under certain circumstances, the Group may be ordered to restore the property to a state that is compliant with environmental legislation. This may involve soil decontamination or remediation in respect of the presence of, or suspicion of the presence of, contaminants in the soil, catchment areas or groundwater. The cost to the Group of investigation, removal, or remediation required to comply with environmental regulations may be substantial and therefore such orders may negatively impact the Group's earnings, cash flow and financial position. 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.

The Group is and may also be subject to further regulation in areas such as occupational health and safety, the handling of asbestos and asbestos removal, as well as acts and regulations limiting emissions of greenhouse gases such as through energy and electricity consumption. Non-compliance with such acts and regulations in any of the jurisdictions in which the Group operates may result in the government

issuing orders for enforcement measures, imposing fees or fines, and in some cases even imposing restrictions on the operations of the Group, which can be serious.

Furthermore, contamination may also be detected on properties and in buildings, in particular during renovation processes or when buildings are upgraded for environmental certification. The discovery of any contaminants or residual pollution in connection with the lease or sale of properties could trigger claims for rent reductions, damages or lease terminations. Measures to remove such contaminants or remediate any pollution can be required as part of the Group's ongoing operations and may, depending on the extent of the contamination, involve considerable costs and have a material adverse impact on the Group's results of operations.

**The Group's tax situation may worsen if changes are made in taxation legislation**

The Group operates through a number of subsidiaries in Sweden, Norway and Finland and Denmark. For the taxation year of 2018 the tax costs of the Group amounted to SEK 214,000,000. The handling of tax issues within the Group is based on interpretations of current taxation legislation, tax treaties and other taxation regulations in the countries concerned, and the determinations of the affected tax agencies. Furthermore, the Group regularly obtains advice from independent tax experts on these matters. From time to time, the Group and its subsidiaries are subject to tax audits and reviews. There is a risk that tax audits or reviews will result in additional tax being applied, for example with regard to previous acquisitions, mergers, splits and corporate restructurings, transactions with employees, interest deductions and deductions for improvement expenditure.

On 30 March 2017, 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 indirect sales of properties would be subject to stamp duty. If the law proposal would be implemented in its current wordings, this could imply tax payable upon all of the Group's future disposals of property owning companies.

If the Group's interpretations of taxation legislation, tax treaties and other taxation regulations or their applicability are incorrect, if one or more government agencies are successful in making adverse adjustments to the tax payable for a business unit within the Group, or if the current legislation, treaties, rules or interpretations thereof change, or administrative practices in respect thereof change, including those with retrospective application, the Group's previous and current management of tax issues may be challenged. If the tax agencies are successful in their claims, this could lead to an increased tax expense (including a tax surcharge and interest) which could have a material negative impact on the Group's results of operations.

**The Group's failure to comply with the European Union's General Data Protection Regulation may adversely affect the Group's business activities and financial position**

The Group processes a variety of personal data, primarily including the data of its current tenants and employees both in electronic and physical form. The Group also processes the data of relatives of its employees, applicants for apartments or employment, and investors. This personal data is mainly processed for the purpose of entering into and executing lease agreements or in order to execute employment agreements. The European Union's ("EU") general data protection regulation 2016/679/EU ("GDPR"), entered into force on 24 May 2016 and has been applied since 25 May 2018. The main objectives of the GDPR are to harmonize 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. If the Group's systems that house this personal data are hacked, the Group has shortcomings in its processing of personal data or fails to comply with the GDPR, the Group could be subject to substantial monetary fines which could have a material adverse impact on the Group's business and financial position. The fines can be of up to EUR 20,000,000 or four (4) per cent of the global annual turnover of the Company, depending on which amount is the higher. For less serious infringements the fines can be up to EUR 10,000,000 or two (2) per cent of the global annual turnover.

### **Dividend restrictions**

Some of the Group's credit arrangements and note terms contain provisions that restrict the possibility to pay dividends, *for example*, that Group Companies may not pay dividends if a certain debt/equity ratio cannot be ascertained after such payment. There is a risk that such provisions restrict the possibilities to move funds within the Group and thus impede the execution of scheduled renovations 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 financial position.

## **1.5. Risks relating to ongoing public offer**

**The conditions for the Group's public offer to the shareholders of Hemfosa may not be fulfilled within acceptable time or on terms that are acceptable to the company**

The Company has made a public offer to the shareholders of Hemfosa, see section 4.8.2 "*Public offer to the shareholders of Hemfosa Fastigheter AB (publ)*" below. The Company has set a number of conditions for the completion of the public offer, including that the offer is accepted to such an extent that the Company will become the owner of more than 90 per cent of the total number of shares in Hemfosa and that the required approvals from authorities are obtained within a period of time that is acceptable to the Company and on reasonable terms. As these conditions are beyond the Company's control, there is a risk that the public offer will not be completed. Uncertainty regarding the public offer may, among other things, impact the market price of the Company's shares.

**After the offer is completed, Hemfosa's operations will become a part of the Group's operations**

After the public offer is completed, Hemfosa's operations will become a part of the Group's operations. There is a risk that the merger of the Group and Hemfosa will be made more difficult or impossible by factors currently unknown to the Company and there is a risk that the cost and growth synergies that could follow from the merger cannot be realised. The risk factor "*The Group's business may be adversely affected if the acquisition and integration of properties and property companies is not successful*", above further describes the risks that arises in connection with the acquisition of companies.

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. 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 fulfillment of the public offer, goodwill will be accrued which in the long run could prove to be misleading and lead to write-downs**

In connection with the fulfilment of the public 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 Company to acquire Hemfosa would prove to be misleading and lead to write-downs, this would mean that the Combined Company's equity, and thus solvency, would be diminished.

## **1.6. Risks relating to the Capital Notes**

**Structural risks relating to the Capital Notes**

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

Generally, lenders 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 Notes. Thus, the Capital Notes will constitute structurally subordinated liabilities of the Issuer's subsidiaries, meaning that creditors of claims against a subsidiary will be entitled to payment out of the assets of such subsidiary before the Issuer. The subsidiaries are legally separate entities and distinct from the Issuer, and have no obligation to settle or fulfil the Issuer's obligations, other than to the extent that follows from security agreements to which the subsidiaries are parties. Any debt that the Issuer's subsidiaries may incur in the future will also rank structurally senior to Capital Notes.

A significant part of the Group's assets and revenues are generated by the Issuer's subsidiaries. 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.

#### **Bankruptcy and similar events and risk of priority**

In the event of a voluntary or involuntary liquidation (Sw. *likvidation*) or bankruptcy (Sw. *konkurs*) of the Issuer (each an "**Issuer Winding-up**"), or a company re-construction (Sw. *företagsrekonstruktion*) ("**Issuer Re-construction**"), the Capital Notes rank junior to any present or future claims in respect of all unsubordinated obligations of the Issuer and all Subordinated Indebtedness (as defined in the Terms and Conditions) and *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 Notes (as defined in the Terms and Conditions). Claims in respect of the share capital of the Issuer, including preference shares (if any), are not subject to loss absorbing measures under an Issuer Re-construction.

In event of insolvency of a subsidiary, there is a risk that the Issuer and its assets are affected by actions of the creditors of a subsidiary. The insolvency of the subsidiaries may affect the financial position of the Issuer negatively, and have effects for the Issuer's ability to make payments under the Capital Notes.

The Capital Notes are direct, unsecured and subordinated obligations of the Issuer, which in the event of an Issuer Re-construction or an Issuer Winding-up Noteholders will only be eligible to recover any amounts in respect of their Capital Notes 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 the Issuer are insufficient to repay the claims of all senior-ranking creditors in full, the Noteholders will lose their entire investment in the Capital Notes. 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 Notes and all other obligations of the Issuer ranking *pari passu* with the Capital Notes, Noteholders will lose some or substantially all of their investment in the Capital Notes. The Noteholders therefore face a higher recovery risk than holders of unsubordinated obligations and Subordinated Indebtedness (as defined in the Terms and Conditions) of the Issuer.

#### **Credit risks**

Investors in the Capital Notes are exposed to credit risk in relation to the Issuer. An investor's possibility to obtain payment in accordance with the Terms and Conditions is therefore dependent on the Issuer's ability to meet its payment obligations. The Issuer's financial position, i.e. its ability to meet its payment obligations, is affected by several factors, such as tenants being able to fulfil their obligations to pay rent. If the Group's tenants' would fail to fulfil their obligations to pay rent that could have material adverse effect on the financial position of the Group, which could lead to investors in the Capital Notes not receiving payment under the Terms and Conditions. The risk related to rental income is further described under the risk factor "*The Group's rental income could be adversely affected by tenants' failure to fulfil their obligations*", above. An increase in credit risk for the Capital Notes may also cause the market to price the Capital Notes with a higher risk premium, which could adversely affect the value of the Capital Notes.



### **Interest-rate risks**

The value of the Capital Notes depends on several factors, one of the most significant over time being the level of market interest given that the Capital Notes will carry a floating rate interest. The Capital Notes will bear interest at a floating rate, by reference to STIBOR plus a relevant margin (the relevant margin calculated on the First Issue Date and re-calculated on the 2030 Step-up Date and 2045 Step-up Date (each as defined in the Terms and Conditions)). Investments in the Capital Notes involve a risk that the market value of the Capital Notes may be adversely affected by changes in market interest rates.

There is also a risk related to the STIBOR definition in the Terms and Condition of the Capital Notes. The STIBOR definition provides that if the rate cannot be determined based on STIBOR, and the thereto related provisions in the Terms and Conditions, the rate shall be the rate applicable to the immediately preceding Interest Period all as determined by the Issuing Agent. This entails that if STIBOR ceases to exist the interest-rate will be fixed in accordance with the language in the STIBOR definition.

### **The Capital Notes as a long-term investment**

Unless the Capital Notes have been earlier redeemed or purchased and cancelled due to, for example, a Change of Control Event, a Withholding Tax Event, a Substantial Repurchase Event, a Tax Deductibility Event or a Rating Event, the Issuer is under no obligation to redeem the Capital Notes at any time, but does have the right to do (as further described under section *Voluntary early redemption and reinvestment risk*).

Therefore, prospective investors should be aware that they may be required to bear the financial risks of an investment in the Capital Notes for a long period and may not recover their investment before a redemption of the Capital Notes (if any).

### **Deferred interest payments**

The Issuer may, at any time and in its sole discretion (except on any Interest Payment Date on which the Capital Notes 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 (as defined in the Terms and Conditions), 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 a Deferred Interest Payment Event, as defined in the Terms and Conditions.

Any deferral of interest payments will be likely to have an adverse effect on the market price of the Capital Notes. In addition, as a result of such interest deferral provisions of the Capital Notes, the market price of the Capital Notes 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.

### **Voluntary early redemption and reinvestment risk**

The Issuer has a right to, by giving not less than 30 nor more than 60 days' notice to the Issuing Agent and the Agent (as defined in the Terms and Conditions) redeem the Capital Notes in whole, but not in part, on the First Call Date or on any Interest Payment Date thereafter at their principal amount together with any Deferred Interest (as defined in the Terms and Conditions) and any other accrued and unpaid interest up to (and including) the redemption date.

The Issuer may also, at its option, redeem the Capital Notes in whole, but not in part, upon the occurrence of a Tax Deductibility Event, a Rating Event, a Change of Control Event, a Withholding Tax Event or a Substantial Repurchase Event, as further described in the Terms and Conditions.

In the case of a Tax Deductibility Event or a Rating Event, such redemption will be at (i) 101 per cent. of the principal amount of the Capital Notes, where such redemption occurs before the First Call Date (as

defined in the Terms and Conditions), or (ii) 100 per cent. of the principal amount of the Capital Notes, where such redemption occurs on or after the relevant date specified in (i) above, together in each case with any Deferred Interest and any other accrued and unpaid interest up to (and including) 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 the principal amount of the Capital Notes, together with any Deferred Interest (as defined in the Terms and Conditions) and any other accrued and unpaid interest up to (and including) the redemption date.

During any period when the Issuer may elect to redeem the Capital Notes, the market value of the Capital Notes generally will not rise substantially above the price at which they can be redeemed. Such effects could also arise prior to the actual redemption period.

The Issuer might redeem the Capital Notes when its cost of borrowing is lower than the interest rate on the Capital Notes. There can be no assurance that, at the relevant time, Noteholders 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 Notes. Potential investors should consider reinvestment risk in light of other investments available at that time.

#### **Substitution or variation of the Capital Notes**

There is a risk that, after the issue of the Capital Notes, a Tax Deductibility Event, a Rating Event or a Withholding Tax Event may occur which would entitle the Issuer, without any requirement for the consent or approval of the Noteholders, to substitute all, but not only some, Capital Notes for, or vary the terms of the relevant Capital Notes so that they become or remain (as the case may be), Qualifying Capital Notes (as defined in the Terms and Conditions).

Whilst Qualifying Capital Notes are required to have terms which are not materially less favourable to Noteholders than the terms of the Capital Notes (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 Notes will not have a significant adverse impact on the price of, and/or the market for, the Capital Notes, nor that there will not be any adverse tax consequences for any Noteholders of the Capital Notes arising from such substitution or variation.

#### **Noteholders have very limited rights in relation to the enforcement of 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 Notes which is due and payable, the rights of the Noteholders in respect of the Capital Notes are limited to instituting proceedings for an Issuer Winding-up (in accordance with the Terms and Conditions), and the Noteholders may prove and/or claim in respect of the Capital Notes in an Issuer Winding-up.

Whilst the claims of the Noteholders in an Issuer Winding-up are for the principal amount of their Capital Notes together with any Deferred Interest and any other accrued and unpaid interest, such claims will be subordinated as provided above under "*Bankruptcy and similar events and risk of priority*"; accordingly, claims in respect of the Capital Notes would rank, *inter alia*, junior to claims in respect of unsubordinated obligations of the Issuer and all Subordinated Indebtedness (as defined in the Terms and Conditions) in the event of an Issuer Winding-up. The Noteholders shall not be entitled to accelerate payments of interest or principal under the Capital Notes in any circumstances outside an Issuer Winding-up. Furthermore, whilst the Noteholder may institute other proceedings against the Issuer to enforce the terms of the Capital Notes, 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 Noteholders' rights of enforcement in respect of payments under the Capital Notes are very limited and Noteholders may lose some or substantially all of their investment in the Capital Notes

## **Other risks relating to the Capital Notes**

### **Meeting of Noteholders and Noteholders representation**

The Terms and Conditions include certain conditions regarding the meeting of Noteholders. Such meetings may be held in order to resolve matters relating to, for example, the Noteholders' interests under the Capital Notes. The Terms and Conditions allow for stated majorities to bind all Noteholders, including Noteholders who have not participated in or voted at the actual meeting in question or who have voted differently than the required majority, to decisions that have been taken at a duly convened and conducted Noteholders' meeting. For instance, a change of the Interest Rate or Nominal Amount of the Capital Notes requires the consent of two thirds (2/3) of the Adjusted Nominal Amount for which Noteholders are voting at a Noteholder' Meeting (pursuant to Clause 17.7 of the Terms and Conditions) and the initiation of an Issuer Winding-up requires the consent of more than fifty (50) per cent of the Adjusted Nominal Amount for which Noteholders are voting at a Noteholders' Meeting (pursuant to Clause 17.8 of the Terms and Conditions). Consequently, there is a risk that a Noteholder is bound by resolutions which negatively affect the value of the Capital Notes even if the certain Noteholder did not vote in favour of such resolutions or did not participate in the meeting of Noteholders, although certain quorum requirements of at least fifty (50) per cent, or in some cases twenty (20) per cent, of the Adjusted Nominal Amount applies.

Further, the Agent (being on the First Issue Date Nordic Trustee & Agency AB (publ)) represents all Noteholders in all matters relating to the Capital Notes. Consequently, a Noteholder is not entitled to bring any actions against the Issuer relating to the Capital Notes, unless such actions are supported by the required majority, being *inter alia* more than fifty (50) per cent of the Adjusted Nominal Amount to initiate an Issuer Winding-up. Under the Terms and Conditions, the Agent has the right to make certain decisions and take certain measures that bind all Noteholders, for example the Agent may agree on waiving a certain provision under the Terms and Conditions, pursuant to Clause 20.1 of the Terms and Conditions. As a result thereof, there is a risk that the actions, or omission of such, of the Agent could impact a Noteholder's rights under the Terms and Conditions in a manner that is undesirable for some Noteholders.

However, this does not rule out the possibility that a Noteholder, in certain situations, could bring their own action against the Issuer, which may affect an acceleration of the Capital Notes or other actions against the Issuer negatively.

To enable the Agent to represent the Noteholders in court, the Noteholders may have to submit written powers of attorney for legal proceedings. If such power of attorney should not be submitted by all Noteholders, the enforcement of the Capital Notes could be adversely affected, due to for instance the requisite quorum or majority for taking such legal action not being obtained.

### **Secondary market and liquidity risk**

Subject to the Terms and Conditions of the Capital Notes the Company must use its best efforts to list the Capital Notes on the corporate bond list of Nasdaq Stockholm or any other regulated market within thirty (30) days from the First Issue Date. Thus, the Issuer will apply for listing of the Capital Notes at Nasdaq Stockholm, or, if such admission to trading is not possible to obtain or maintain, listing on another Regulated Market after the Swedish Financial Supervisory Authority (Sw. *Finansinspektionen*) approves a prospectus for this purpose. However, there is a risk, which the Company considers to be of low probability, that the Capital Notes will not be approved for listing in time (or at all).

If the Issuer fails to procure listing in time (or at all), Noteholders will not be entitled to withdraw, revoke or otherwise cancel their investments in the Capital Notes, nor to claim compensation from any person on the grounds of such listing failure. Further, if the Issuer fails to procure listing in time, investors holding Capital Notes on an investment savings account (Sw. *ISK or IS-konto*) will no longer be able to hold the Capital Notes on such account, thus affecting such investor's tax situation.

Even if the Capital Notes are admitted to trading on a regulated market such as Nasdaq Stockholm, there may be a lack of demand for, and trade in, the Capital Notes. This can result in investors being unable to sell their Capital Notes at a desired time or to a return which is comparable to similar investments that

have an existing and functioning secondary market. This lack of an efficient market place and a liquid secondary market may adversely affect the market value of the Capital Notes.

**Conflicts of interest of the Bookrunners**

Danske Bank A/S, Danmark, Sverige filial, DNB Markets a part of DNB Bank ASA, Sweden branch, Nordea Bank Abp, Skandinaviska Enskilda Banken AB (publ) and Swedbank AB (publ) (the "**Bookrunners**") may have engaged in, and may in the future engage in, investment banking and/or commercial banking or other services for the Issuer and/or the Group in the ordinary course of business. Accordingly, conflicts of interest may exist or may arise as a result of the Bookrunners having previously engaged, or in relation to future engagements, in transactions with other parties, having multiple roles or carrying out other transactions for third parties with conflicting interests.

**The regulation and reform of "benchmarks" may adversely affect the value of Capital Notes linked to such "benchmarks"**

The interest-rate of the Capital Notes for each Interest Period is calculated based on STIBOR and relevant Margin for such Interest Period. Interest rates and indices which are deemed to be "benchmarks", such as STIBOR, 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" as STIBOR 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 any Capital Notes linked to or referencing STIBOR as a "benchmark". 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 STIBOR, or other benchmarks, 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 any Capital Notes linked to or referencing a benchmark, 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 any such Capital Notes.

## **2. PERSONS RESPONSIBLE FOR THE PROSPECTUS**

The Company issued Capital Notes of an initial amount of SEK 1,500,000,000 on 28 October 2019, based on a resolution to issue Capital Notes of up to SEK 2,500,000,000 taken by the board of directors of the Company on 14 October 2019. This Prospectus has been prepared in connection with the Company applying for admission of trading of the Capital Notes on the Corporate Bond List at Nasdaq Stockholm and in accordance with regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Directive 2003/71/EC.

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

The Prospectus has been approved by the Swedish Financial Supervisory Authority, as competent authority under Regulation (EU) 2017/1129 of the European Parliament and of the Council. The Swedish Financial Supervisory Authority only approves this prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by Regulation (EU) 2017/1129 of the European Parliament and of the Council. Such approval should not be considered as an endorsement of the Issuer that is the subject of this Prospectus. Investors should make their own assessment as to suitability of investing in the Notes.

Stockholm on 9 December 2019

**Samhällsbyggnadsbolaget i Norden AB (publ)**

The Board of Directors

### 3. THE CAPITAL NOTES IN BRIEF

This section contains general description of the Capital Notes. It does not claim to be comprehensive or cover all details of the Capital Notes. Potential investors should therefore carefully consider the Prospectus as a whole, including documents incorporated by reference, before a decision is made to invest in the Capital Notes. The Terms and Conditions for the Capital Notes can be found in section 7 (*Terms and Conditions*). Terms defined in the Terms and Conditions shall have the same meaning in this overview unless otherwise expressly defined or a contrary intention appears.

<b>The Issuer:</b>	Samhällsbyggnadsbolaget i Norden AB (publ), a public limited liability company incorporated under the laws of Sweden with company registration number 556981-7660.
<b>The Notes:</b>	The total aggregate amount of the bond loan is of an amount of up to a maximum of SEK 2,500,000,000. The Issuer may choose not to issue the full amount of Capital Notes on an issue date and may choose to issue the remaining amount of Capital Notes, however not later than on the date falling three (3) months after the First Issue Date. As of the date of this Prospectus, an initial amount of Capital Notes of SEK 1,500,000,000 was issued on 28 October 2019. As of the date of this Prospectus, another SEK 1,000,000,000 Notes may be issued under the Terms and Conditions. This Prospectus is prepared solely for the admission to trading of the Initial Capital Notes on Nasdaq Stockholm. In case of subsequent issues of Capital Notes a new prospectus will be prepared for the admission to trading of such Capital Notes.
<b>Number of Notes:</b>	The total number of Capital Notes is 1250 of which 750 have been issued as of the date of this Prospectus.
<b>Type of securities:</b>	Subordinated perpetual floating rate callable capital notes.
<b>ISIN:</b>	SE0013359148.
<b>First Issue Date:</b>	28 October 2019.
<b>Issue Price:</b>	100 per cent.
<b>Interest Rate:</b>	<p>Interest on the Capital Notes will be paid at a floating rate of three-month STIBOR plus a margin as specified below:</p> <ul style="list-style-type: none"><li>(a) in respect of the period from (but excluding) the First Issue Date to (and including) the First Call Date 3.50 per cent. per annum;</li><li>(b) in respect of the period from (but excluding) the First Call Date to (and including) the 2030 Step-up Date 3.50 per cent. per annum;</li><li>(c) in respect of the period from (but excluding) the 2030 Step-up Date to (and including) the 2045 Step-up Date 3.75 per cent. per annum; and</li><li>(d) in respect of the period from (but excluding) the 2045 Step-up Date and thereafter 4.50 per cent. per annum.</li></ul> <p>Each Initial Capital Note carries interest at the Initial Interest Rate from (but excluding) the First Issue Date up to (and including) the relevant Redemption Date.</p>
<b>Interest Payment Date:</b>	Subject to Optional Interest Deferral, 28 January, 28 April, 28 July and 28 October each calendar year or, to the extent such day is not a

Business Day, the Business Day following from an application of the Business Day Convention. The first Interest Payment Date for the Notes shall be 28 January 2020.

**Optional Interest Deferral:**

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 Notes are to be redeemed) by giving notice of such election to the Noteholders, the Issuing Agent and the Agent not less than seven (7) Business Days prior to the relevant Interest Payment Date.

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

The deferral of an Interest Payment as described above shall not constitute a Default Event by the Issuer under the Capital Notes or for any other purpose.

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 Noteholders, the Issuing Agent and the Agent not less than seven (7) Business Days prior to the date (to be specified in such notice) on which the Issuer will pay such Deferred Interest.

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

- (a) the tenth (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 all of the interest accrued in respect of the relevant Interest Period; and
- (c) the date on which the Capital Notes are redeemed or repaid in accordance with Clause 11 (Redemption and Repurchase of the Capital Notes) or Clause 16 (Default and Enforcement).

Notice of any Deferred Interest Payment Event shall be given by the Issuer to the Noteholders, the Issuing Agent and the Agent within three (3) Business Days of such event.

**Nominal Amount:**

The nominal amount of each Capital Note is SEK 2,000,000.

**Noteholder:**

Means the person who is registered on a Securities Account as direct registered owner (Sw. *ägare*) or nominee (Sw. *förvaltare*) with respect to a Capital Note.

**Denomination and Status of the Capital Notes:**

The Capital Notes are denominated in SEK and each Capital Note is constituted by the Terms and Conditions. The Issuer undertakes to

	make payments in relation to the Capital Notes and to comply with the Terms and Conditions.
<b>Type and rank of debt:</b>	The Capital Notes constitute direct, unsecured and subordinated obligations of the Issuer. The rights and claims of the Noteholders in respect of the Capital Notes against the Issuer are subordinated as described in Clause 4 of the Terms and Conditions.
<b>Maturity:</b>	Perpetual.
<b>Issuer's purchase of Notes:</b>	The Issuer or any Group Company may, subject to applicable law, at any time and at any price purchase Capital Notes on the market or in any other way at prices aligned with current market prices of the Capital Notes (traded or quoted). The Capital Notes held by the Issuer or any Group Company may at such Group Company's discretion be retained, sold or, if held by the Issuer, cancelled.
<b>Issuer's Call Option:</b>	<p>The Issuer may, by giving not less than 30 nor more than 60 days' notice to the Issuing Agent, the Agent and the Noteholders (which notice shall be irrevocable and shall specify the date fixed for redemption), redeem all, but not some only, of the Capital Notes on the First Call Date or on any Interest Payment Date thereafter at their principal amount together with any Deferred Interest and any other accrued and unpaid interest up to (and including) the redemption date.</p> <p>Upon the expiry of such notice, the Issuer shall redeem the Capital Notes.</p>
<b>Redemption upon a Tax Deductibility Event or a Rating Event:</b>	<p>If a Tax Deductibility Event or a Rating Event has occurred and is continuing, the Issuer may, by giving not less than 30 nor more than 60 days' notice to the Issuing Agent, the Agent and the Noteholders (which notice shall be irrevocable and shall specify the date fixed for redemption) and subject to Clause 13 of the Terms and Conditions, redeem all, but not some only, of the Capital Notes at any time at an amount equal to:</p> <ul style="list-style-type: none"> <li>(a) 101 per cent. of their principal amount, where such redemption occurs before the First Call Date; or</li> <li>(b) 100 per cent. of their principal amount, where such redemption occurs on or after the First Call Date,</li> </ul> <p>together, in each case, with any Deferred Interest and any other accrued and unpaid interest up to (and including) the redemption date.</p> <p>Upon the expiry of such notice, the Issuer shall redeem the Capital Notes.</p>
<b>Redemption upon a Withholding Tax Event or a Substantial Repurchase Event</b>	<p>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 Issuing Agent, the Agent and, in accordance with Clause 14 (Notices), the Noteholders (which notice shall be irrevocable and shall specify the date fixed for redemption) and subject to Clause 13 (Preconditions to Special Event Redemption, Change of Control Redemption, Substitution and Variation), redeem all, but not some only, of the Capital Notes at any time at their principal amount together with any</p>



Deferred Interest and any other accrued and unpaid interest up to (and including) the redemption date.

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

**Redemption for Change of Control Event:**

If after the First 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 Noteholders (which notice shall be irrevocable and shall specify the date fixed for redemption), redeem all, but not some only, of the Capital Notes 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 (and including) the redemption date.

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 Agent and the Noteholders in accordance with Clause 14 of the Terms and Conditions specifying the nature of the Change of Control Event.

**Substitution or Variation:**

If at any time a Tax Deductibility Event, a Rating Event or a Withholding Tax Event has occurred on or after the First Issue Date and is continuing, then the Issuer may, subject to Clause 13 of the Terms and Conditions (without any requirement for the consent or approval of the Noteholders) and subject to it having delivered to the Agent immediately prior to the giving of any notice referred to herein a certificate signed by two authorised signatories of the Issuer stating that certain provisions of Clause 13 of the Terms and Conditions have been complied with having given not less than 30 nor more than 60 days' notice to the Issuing Agent, the Agent, and the Noteholders (which notice shall be irrevocable), at any time either:

- (a) substitute all, but not some only, of the Capital Notes for Qualifying Capital Notes; or
- (b) vary the terms of the Capital Notes with the effect that they remain or become, as the case may be, Qualifying Capital Notes.

Upon expiry of such notice, the Issuer shall either vary the terms of or, as the case may be, substitute the Capital Notes in accordance with Clause 12 of the Terms and Conditions.

In connection with any substitution or variation, the Issuer shall comply with the rules of any stock exchange on which the Capital Notes are for the time being listed or admitted to trading.

**Cancellation of Capital Notes:**

All Capital Notes which are redeemed or substituted and all Capital Notes purchased and elected to be cancelled pursuant to Clause 11.1 of the Terms and Conditions will be cancelled and may not be reissued or resold. The Issuer shall promptly inform the Noteholders and the Agent of any such cancellation and for so long as the Capital Notes are admitted to trading on Nasdaq Stockholm and the rules of such exchange so require, the Issuer shall promptly inform Nasdaq Stockholm of the cancellation of any Capital Notes.

**Admission to Trading:**

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

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

**Central Securities  
Depository (the “CSD”):**

The Issuer’s central securities depository and registrar in respect of the Capital Notes, from time to time, initially Euroclear Sweden AB, Swedish Reg. No. 556112-8074, P.O. Box 191, 101 23 Stockholm, Sweden.

The Capital Notes will be registered for the Noteholders on their respective Securities Accounts and no physical notes will be issued. Accordingly, the Capital Notes will be registered in accordance with the Financial Instruments Accounts Act.

**Agent:**

Nordic Trustee & Agency AB (publ), Swedish Reg. No. 556882-1879, or another party replacing it as agent, in accordance with the Terms and Conditions. Investors may have access to the Terms and Conditions on the Agent’s website, [www.nordictrustee.com](http://www.nordictrustee.com).

**Transferability:**

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

**Prescription:**

The right to receive repayment of the principal of the Capital Notes shall be prescribed and become void ten (10) years from the redemption date.

The right to receive payment of interest (excluding any capitalised interest) shall be prescribed and become void three (3) years from the relevant due date for payment.

**Governing Law and  
Jurisdiction:**

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

The Issuer submits to the non-exclusive jurisdiction of the City Court of Stockholm (Sw. *Stockholms tingsrätt*).

**Use of Proceeds:**

The Issuer shall use the proceeds from the issue of the Capital Notes, less costs and expenses incurred in conjunction with the issuance thereof, of approximately SEK 1,494,750,000 for refinancing of outstanding perpetual capital notes and general corporate purposes, including refinancing of financial indebtedness.

## 4. DESCRIPTION OF THE COMPANY AND ITS OPERATIONS

### 4.1. Company description

Samhällsbyggnadsbolaget i Norden AB (publ), Reg. No. 556981-7660 and LEI number 549300HX9MRFY47AH564, is a Swedish public limited liability company having its registered office in Stockholm. The Company 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 Company's operations are mainly regulated by Swedish law, including but not limited to, the Swedish Companies Act (Sw. *aktiebolagslagen* (2005:551)) and the Swedish Annual Accounts Act (Sw. *årsredovisningslagen* (1995:1554)).

The object of the Company's business is to own and manage real property and/or shares, directly or indirectly, and conduct any other activities compatible therewith.

Effnetplattformen AB's (publ) business, together with its subsidiaries, was spun off from the Company in the middle of January 2017. From this time, the Company has been a dormant holding company without any business activities. In connection with the spin off, the Company changed its name from Effnetplattformen AB (publ) to Samhällsbyggnadsbolaget i Norden AB (publ).

On the extraordinary general meeting held 16 January 2017 in the Company, it was resolved to acquire all shares in SBB i Norden, Kuststaden Holding AB, Reg. No. 556875-2173, and Sörmlandsporten AB, Reg. No. 556716-3034. The acquisitions were financed with an issue in kind together with a cash component. The acquisition of SBB i Norden was accounted as a reversed take-over. Following the acquisitions, the Company became a pure real estate company and was approved for listing on Nasdaq First North in its current form on 31 March 2017.

### 4.2. Business overview

#### General

The Company owns and manages properties and aims to be one of the leading Nordic real estate companies with a focus on community service properties, residential properties and development.

#### Business idea

The Group's business idea is:

- to be a natural and reliable partner to the public sector in the Nordic countries with a long-term perspective by owning, managing and developing community properties;
- to acquire, develop, construct and manage residential properties throughout Sweden; and
- to work actively with the aim of creating residential building rights by being a community service builder and long-term partner to municipalities, countries and state authorities.

The Company's operations are mainly carried out by its direct and indirect subsidiaries, among which SBB i Norden has an important role, and the Company is therefore to a large extent dependent on its subsidiaries in order to generate profit and cash flow.

#### Vision, goals and strategy

The Group's vision is to create a high risk-adjusted yield for its shareholders by owning, managing and developing properties.

The Group has a goal to become the best and most efficient long term owner of residential and community service properties in the Nordics. Further, the Group has a goal to renovate 600 apartments annually starting from the second half of the year 2018.

The Group focuses on residential properties and community properties, constituting property types which the management of the Group has long experience of acquiring and developing. Residential properties

are acquired in Sweden and shall primarily be located in municipalities with a growing population and low unemployment. Community properties are acquired in Sweden and other Nordic countries with stable and tax-financed tenants as counterparts.

Commercial properties are usually not acquired specifically by the Group. However, commercial properties may be acquired as a part of a large stock of residential properties, for instance a ground floor with stores, or if there is a possibility in the long term to convert these to residential properties.

The Group has an elaborated initial acquisition analysis consisting of two main components. One part is the analysis of the location and the long-term prospects for the specific location with a focus on population and demography. The other part is the analysis of the current property. These two components in combination have to provide a sufficiently strong investment option for the deeper analysis and due diligence to be performed. Key factors may consist of diverse assessments of the property's technical condition following a technical control, uncertainty regarding revenues where the parties are not of the same opinion or legal risks, primarily in relation to tax risks. Besides acquisitions, the Group is growing by value creating activities such as reconstruction and renovation of existing properties and the development of building rights.

#### Long-term financial goals

##### ***Growth in net asset value per ordinary share***

Generate growth in net asset value per ordinary share, excluding dividend on ordinary shares, which over a period of 5 years in average exceeds 12 per cent per year.

##### ***Earnings from the sale of building rights***

Generate profit from the sale of building rights, which over time amounts to SEK 250,000,000 - 400,000,000 per year in average.

##### ***Loan to value***

Goal: Below 30 per cent.

Per 30 September 2019: 38 per cent.

##### ***Equity Ratio***

Goal: Exceed 45 per cent.

Per 30 September 2019: 36 per cent.

##### ***Interest cover ratio***

Goal: Exceed 3.0 times.

Per 30 September 2019: 2.4 times.

##### ***Distribution policy***

The Company has as a long-term target to pay dividend up to 40 per cent of the distributable earnings. However, in the short term the focus is to build a strong financial base.

##### ***Operational goal***

Equity ratio of at least 45 per cent, secured loan to value ratio of less than 30 per cent, interest coverage ratio of at least 3.0 times and to obtain a property portfolio of SEK 55bn by 2021 with retained BBB+ rating.

#### Property management

The Company owns residential, community service properties and properties with clear development potential. The aim is that the property stock shall consist of 60 per cent community service properties with long lasting contracts and residential properties in order to maintain drive, flexibility, safety and cash flow.

Since the Company's establishment and until March 2018 the Group outsourced the property management to Hestia Sambygg AB, founded by Ilija Batljan Invest AB and Hestia Fastighetsförvaltning AB in April 2016. Therefore, the Group was able to have a wide geographical spread, efficiently managed from a small central administration. As Hestia Sambygg AB, besides technical and commercial property management, handles property caretaking and economic administration, the need for central

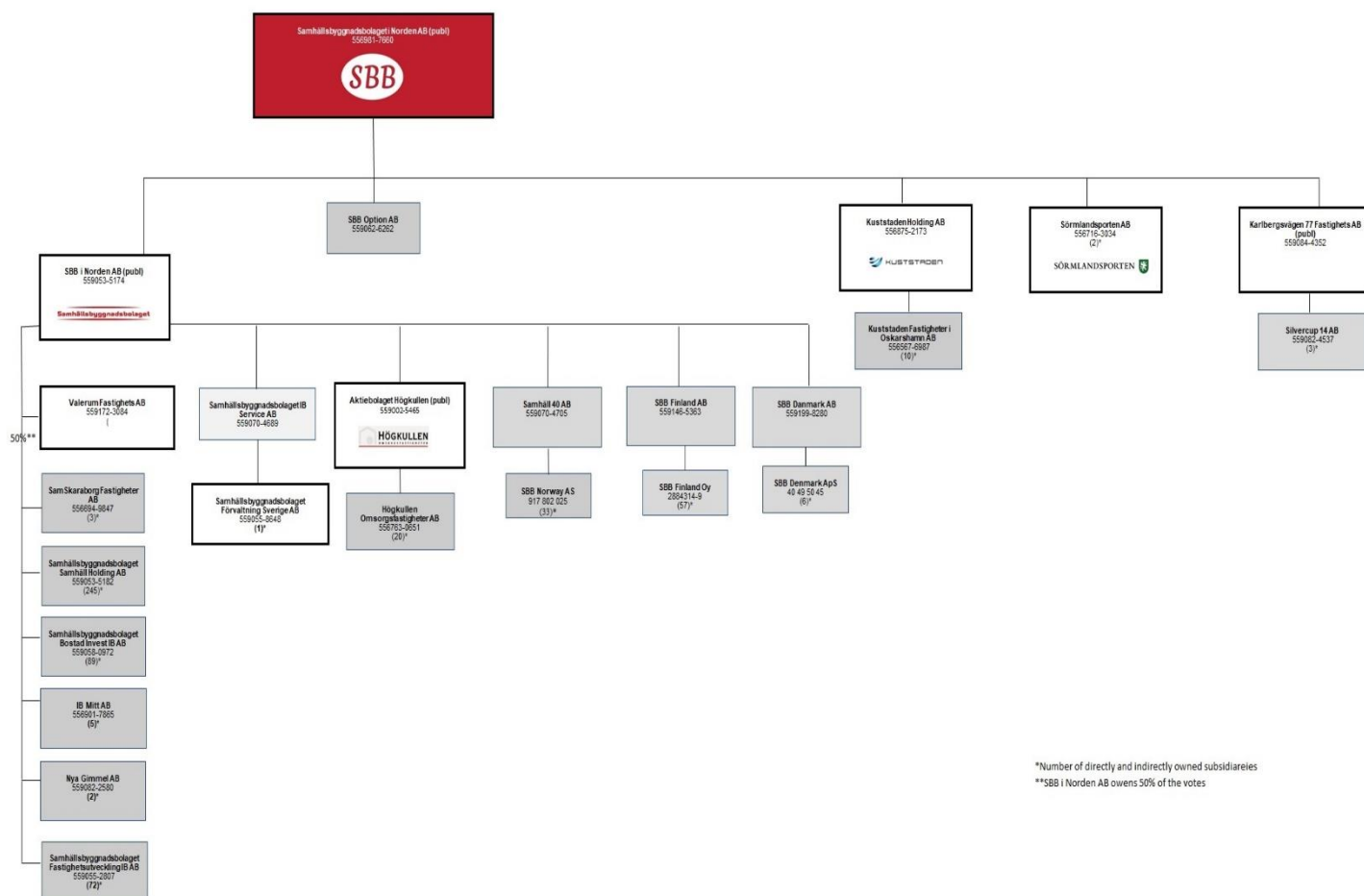
administration in the Company was minimalized. Hence the Company could focus on business development. As of 31 December 2018, the Group had a property portfolio with a book value of approximately SEK 25 bn, consisting of 570 properties. In March 2018, the Company purchased all shares in Hestia Sambygg AB, creating an in-house property management organisation and building this competence and functions within the Company. This further supports the Company's goal of becoming the largest player in the Nordic region focusing on community service properties.

### 4.3. Organisational and ownership structure

#### 4.3.1. Organisational structure

The Company is the parent company of 627 directly or indirectly owned subsidiaries as of 30 September 2019. The Company has issued class A shares, class B shares, class D shares and preference shares. The Company's class B and class D shares are listed on Nasdaq Stockholm main market. The company's preference shares are listed on Nasdaq First North Premier Growth Market.

The material companies within the Group as of the date of this Prospectus is outlined in the table below.



#### 4.3.2. Ownership structure

The table below lists the major shareholders in the Company as of 30 September 2019. As far as the Company is aware of, there is no direct or indirect significant ownership or control over the Company other than as stated below.

Shareholder	A-shares	B-shares	D-shares	Preference shares	Capital, %	Votes, %
Ilija Batljan (privat och genom bolag)	109 053 868	1 137 606			13,2	40,1
Dragfast & Marjan Dragicevic	23 989 867	70 675 628			11,4	11,4
AB Arvid Svensson	26 000 000	34 296 667			7,2	10,8
Sven-Olof Johansson (genom bolag)	22 315 456	25 405 525			5,7	9,1
Erik Paulsson (genom bolag)	13 919 159	14 605 317			3,4	5,6
Michael Cocozza		45 326 742			5,5	1,7
Stiftelsen för Strategisk Forskning		42 651 810			5,1	1,6
Lennart Schuss (privat och genom bolag)	2 634 957	15 624 060			2,2	1,5
HighHill Intressenter AB		40 701 897			4,9	1,5
Oscar Lekander	3 174 785	1 536 200	275 500		0,6	1,2
Krister Karlsson	3 174 785	53 172			0,4	1,2
Postens pensionsstiftelse		19 004 310			2,3	0,7
Joakim Bill	1 904 871				0,2	0,7
Istappen Invest	1 587 393	906 794			0,3	0,6
Mille Dragicevic		11 572 058	669 627		1,5	0,4
Others	2 222 350	222 537 754	75 562 103	30 713	36,1	11,9
<b>Total</b>	<b>209 977 491</b>	<b>546 071 540</b>	<b>76 498 230</b>	<b>30 713</b>	<b>100</b>	<b>100</b>

#### 4.3.3. Shareholders' agreements

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

#### 4.4. The board of directors, management and auditors

The board of directors of the Company consists of seven (7) members. The board of directors and management can be reached at the Company's address Strandvägen 3, SE-114 51 Stockholm, telephone +46 70 674 44 42.

##### 4.4.1. Board of directors

###### **Lennart Schuss**

*Chairman of the Board (since 2017)*

**Experience:** Founding partner of Catella Corporate Finance Sweden

**Other significant assignments:** Chairman of Gimmel Fastigheter AB and SBM Holding AB and member of the Genesta Advisory Board

**Education:** Master of Business Administration (MBA) degree from the Stockholm School of Economics (SSE)

Shareholding in the Company: 2,634,957 A-shares and 15,624,060 B-shares

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**Ilija Batljan**

*Member of the Board, CEO (since 2017)*

**Experience:** CEO and founder of SBB i Norden, Deputy CEO and Head of Business Development at Rikshem AB 2011 -2016

**Other significant assignments:** Chairman of Cryptzone Group AB and Södertörns college, board member of Samhällsbyggnadsbolaget i Norden AB, Phoniro AB, Aktiebolaget Högkullen AB (publ) and Teligent Telecom AB

**Education:** Ph.D. in Social Work (demographics, health care and long term care for the elderly), Stockholm University. BA Economics, Stockholm University

Shareholding in the Company: 109,053,868 A-shares and 1,137,606 B-shares, directly and through companies

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**Sven-Olof Johansson**

*Member of the Board (since 2017)*

**Experience:** CEO and founder of FastPartner AB (publ)

**Other significant assignments:** Chairman of Compactor Fastigheter AB, board member of FastPartner AB (publ), Autoropa Aktiebolag and STC Interfinans AB

**Education:** Pol.mag. from Stockholm University and Stockholm School of Economics (SSE)

Shareholding in the Company: 22 315 456 A-shares and 25,405,525 B-shares

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**Fredrik Svensson**

*Member of the Board (since 2018)*

**Experience:** CEO at Aktiebolaget Arvid Svensson, chairman of the Board at Arvid Svensson Invest AB

**Other significant assignments:** Board member of Balder AB

**Education:** Master of Science in Business and Economics from Linköping University

Shareholding in the Company: 26,000,000 A-shares and 34 296 667 B-shares

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**Anne-Grete Strøm-Erichsen**

*Member of the Board (since 2017)*

**Experience:** Partner in Rud Pedersen Public Affairs Norge AS

**Other significant assignments:** Norwegian Minister of Defence 2005-2009, 2012-2013, Norwegian Minister of Health 2009-2012

**Education:** South Dakota School of Mines & Technology 1980-1981, further education in Statistics. Bachelor in Engineering from Bergen Technical School (University of Bergen) 1974

Shareholding in the Company: 0

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**Hans Runesten**

*Member of the Board (since 2014)*

**Experience:** Former CEO and current Chairman of Effnetplattformen AB (publ)

**Other significant assignments:** Chairman of Effnetplattformen AB (publ) and board member of Stendörren Fastigheter AB (publ)

**Education:** Bachelor of Business Administration and Economics from Stockholm University

Shareholding in the Company: 4,376,946 B-shares

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**Eva Swartz Grimaldi**

*Member of the Board (since 2017)*

**Experience:** Chairman of Norstedts Förlagsgrupp AB, Doberman AB, Apotea AB, Eva Swartz Grimaldi Consulting AB and Doberman Group AB. Board member of Richard Swartz AB

**Other significant assignments:** Chairman of Michael Berglund AB and Efevevmimanisa AB CEO of Bianchi Café & Cycles Sverige AB. Board member of Natur & Kultur Media i Stockholm AB, Sveriges Television Aktiebolag, Bianchi Café & Cycles Stockholm AB, Bianchi Café & Cycles Västerås AB, Axiell Media AB, NOBEL MEDIA AB, Headweb AB, Bokcentralen, förening u.p.a., Norstedts Förlagsgrupp AB and Apotea AB. Deputy board member of Förlagssystem JAL, Aktiebolag and Bokhandelsgruppen i Sverige AB

**Education:** Fil. kand. in Language - Spanish, French and Italian - and in Humanities

Shareholding in the Company: 586 972 B-shares

#### **4.4.2. Management**

**Ilija Batljan** – CEO (since 2017)

**Lars Thagesson** – Deputy CEO and COO (since 2018)

**Krister Karlsson** – Deputy CEO and Real Estate Manager (since 2016)

**Eva-Lotta Stridh** – CFO (since 2016)

**Rosel Ragnarsson** – Head of Finance (since 2017)

**Oscar Lekander** – Business Development Manager (since 2016)

**Adrian Westman**- Head of Investor Relations (since 2018)

Several of the board members own, either directly or indirectly, shares in the Company. Ilija Batljan is, directly and indirectly, the largest shareholder in the Company, which could entail a potential conflict of interest. There are no other conflicts of interest between the private interests of the board of members or the management and the Company's interests.



#### **4.4.3. Auditors**

Ernst & Young AB was elected as the Company's auditor at the extraordinary general meeting on 27 April 2017 and was re-elected for an additional year on the latest annual general meeting. Ingemar Rindstig, born 1949, is the auditor in charge. Ingemar Rindstig is an authorised public accountant and member of FAR SRS.

#### **4.5. Material agreements**

##### **4.5.1. Bridge loan agreement**

In November 2019, the Company entered into a bridge loan agreement of SEK 5,300,000,000 with a floating interest rate based on STIBOR and an initial margin of 1.20 per cent (the margin is linked to the Company's credit rating) and with a maturity of six months, with the right for the Company to extend the loan with an additional six months up to two times to a total maturity of a maximum of 18 months (the "**Bridge Loan**"). The Bridge Loan will be used to (i) pay the cash consideration for the shares in Hemfosa in connection with the Public Offer (as defined in Clause 4.8.2 below), (ii) any acquisitions of Hemfosa's shares in the market, (iii) capitalize Hemfosa in connection with a possible mandatory redemption procedure and (iv) pay transaction costs. *See section 4.8.2. "Public offer to the shareholders of Hemfosa Fastigheter AB (publ)"*. The Bridge Loan contains customary conditions for utilisation that are attributed to information about the Company's position (financial reports, resolutions and registrations), all of which have been fulfilled, or to the Public Offer (proof that the Public Offer is declared unconditional, copies of published documents and confirmations of its contents). None of the conditions for utilisation are beyond the Company's control or attributed to Hemfosa. The Bridge Loan agreement also contains customary provisions on fees, commitments, guarantees and financial covenants. Further, the agreement contains provisions on mandatory prepayment in the case of (i) certain asset sales and (ii) certain new issues in the securities market. The Company can, at any time, giving three (3) days' notice terminate and repay the loan.

##### **4.5.2. Acquisition and transfer agreements**

Since the Company's establishment, a significant number of acquisitions and transfers, mainly of property owning companies and real estate, have been made by the Group. *Inter alia*, the Company has acquired SBB i Norden (through a reverse take-over), Kuststaden Holding AB and Sörmlandsporten AB. SBB i Norden has acquired Aktiebolaget Högkullen (publ) and Gimmel Fastigheter AB.

In acquisition agreements, the seller regularly leaves certain fixed-term guarantees regarding the property and the acquired company. In cases where a company within the Group sells properties and companies, warranty claims may be brought by the buyer regarding any damage that has arisen. Historically, no warranty claims of greater importance have been brought against the Group and no claims of guarantee are currently outstanding. Registered ownership (Sw. *lagfart*) has been received for all properties acquired by the Group. The organisational structure is referred to in section 4.3.1.

Regarding the acquisition of the new building in Skellefteå the consideration of SEK 1,050,000,000 will be paid when the construction is finished, which is estimated to occur during spring 2021.

##### **4.5.3. Commercial leases**

As of 30 September 2019, the Group and its subsidiaries had approximately 19,300 contracted leases, mainly regarding community properties and remaining commercial premises in lower floors and development properties in the form of office/industrial/warehouse. The Group's lease agreements are normally based on the Swedish Property Federation's (Sw. *Fastighetsägarna*) standard agreement and are subject to annual rent adjustments in the form of adjustments to the consumer price index. The agreements contain an appendix with specific provisions for the relevant lease and usually a term of three to five years with a notice period of nine months.

#### **4.5.4. Financial agreements**

The Company aims to have a diversified capital markets debt financing, in addition to bank financing. The loan agreements entered into by the Group and the Company are based on customary terms. Each loan usually finances an identified stock of real estate, and mortgages in the current properties as well as the stocks or shares in the property-owned companies are provided as collateral. Guarantees are normally provided as well and security, e.g. cash accounts, has also been provided. Security agreements and guarantees are in accordance with the customary terms for the industry.

Furthermore, on 23 December 2016, the Company has issued secured bonds of SEK 683,000,000 with an interest rate of STIBOR 3M + 1.85 % (with ISIN NO963342664) with final maturity date 23 December 2021. The bonds are not listed.

On 6 April 2017 SBB i Norden issued unsecured but guaranteed notes of up to SEK 1,500,000,000 with an interest rate of STIBOR 3m + 6.00 % due April 2020 (with ISIN SE0009805468), and which were listed on the corporate bond list of Nasdaq Stockholm under symbol SBBIN 002. The notes were subject to a condition related to a change of issuer, whereby the Company may become the new issuer in case the noteholders convene a noteholders' meeting and vote in favour for an issuer change. On 23 January 2018, a resolution was made under a written procedure, whereby the noteholders approved the change of issuer. The Company, SBB i Norden and the Agent entered into an amendment and restatement agreement on 3 July 2018 in relation to the terms and conditions governing the notes with ISIN SE0009805468 in order to reflect that the Company has replaced SBB i Norden as issuer under the notes. Subsequently, the Company, in its capacity as new issuer, and the Agent entered into amended and restated terms and conditions on 3 July 2018. The change of issuer was registered with the CSD on 12 July 2018. As of the date of this Prospectus, notes of an amount of SEK 1,500,000,000 of the total amount has been issued and the notes have continued being listed on the corporate bond list of Nasdaq Stockholm, however now under symbol SAMN 005. The Company has repurchased SEK 1,434,000,000 of the notes.

On 29 September 2017, the Company issued perpetual callable capital notes of up to SEK 1,000,000,000 with an interest rate of STIBOR 3m + 7.0 % (with ISIN SE0010414599). As of the date of this Prospectus, capital notes of an amount of SEK 1,000,000,000 of the total amount have been issued but an amount of SEK 995,000,000 has been repurchased by the Company. The Company will exercise its right to redemption upon a substantial repurchase event and redeem the outstanding amount of SEK 5,000,000 on 16 December 2019. The notes are listed on the corporate bond list of Nasdaq Stockholm under symbol SAMN 001. The capital notes are subordinated to the Company's outstanding senior unsecured notes and constitutes equity from a rating perspective.

On 29 January 2018, the Company issued senior unsecured floating rate notes under a loan amounting up to a maximum of SEK 1,000,000,000 with an interest rate of STIBOR 3m + 3.90 % (with ISIN SE0010414581). As of the date of this Prospectus, notes of an amount of SEK 750,000,000 of the total amount have been issued. The Company has repurchased SEK 709,000,000 of the notes. The notes are listed on the corporate bond list of Nasdaq Stockholm under symbol SAMN 002.

On 12 February 2018, the Company has issued senior unsecured fixed rate notes under a loan amounting to SEK 300,000,000 with a fixed interest rate of 2.90 % (with ISIN SE0010869123). The notes are listed on the corporate bond list of Nasdaq Stockholm under symbol SAMN 003. The Company has repurchased SEK 277,000,000 of the notes.

On 16 March 2018, the Company issued senior unsecured floating rate notes under a loan amounting up to a maximum of SEK 1,000,000,000 with an interest rate of STIBOR 3m + 3.65 % (with ISIN SE0010985713). As of the date of this Prospectus, notes of an amount of SEK 474,000,000 of the total amount have been issued. The Company has repurchased SEK 422,000,000 of the notes. The notes are listed on the corporate bond list of Nasdaq Stockholm under symbol SAMN 004.

On 13 September 2018, the Company issued subordinated perpetual floating rate callable capital notes of up to SEK 1,500,000,000 with an interest rate of STIBOR 3m + 6.35 % (with ISIN SE0011642776). As of the date of this Prospectus, notes of an amount of SEK 1,200,000,000 of the total amount have been issued but an amount of SEK 1,164,000,000 has been repurchased and cancelled by the Company. The

Company will exercise its right to redemption upon a substantial repurchase event and redeem the outstanding amount of SEK 36,000,000 on 16 December 2019. The notes are listed on the corporate bond list of Nasdaq Stockholm under symbol SAMN 006. The capital notes are subordinated to the Company's outstanding senior unsecured notes and constitutes equity from a rating perspective.

On 3 October 2018, the Company issued senior unsecured floating rate notes of up to SEK 1,500,000,000 with an interest rate of STIBOR 3m + 3.50 % (with ISIN SE0011725514). As of the date of this Prospectus, notes of an amount of SEK 1,000,000,000 of the total amount have been issued. The Company has repurchased SEK 968,000,000 of the notes. The notes are listed on the corporate bond list of Nasdaq Stockholm under symbol SAMN 007.

On 14 February 2019, the Company issued senior unsecured floating rate green bonds of up to SEK 2,000,000,000 with an interest rate of STIBOR 3M + 3.30 % (with ISIN SE0012256741). As of the date of this Prospectus, notes of an amount of SEK 500,000,000 of the total amount have been issued. The notes are listed on the sustainable bond list of Nasdaq Stockholm under symbol SAMN 008 GREEN.

On 19 February 2019, the Company issued senior unsecured floating rate notes of up to SEK 1,000,000,000 with an interest rate of STIBOR 3M + 3.25 % (with ISIN SE0012313245). As of the date of this Prospectus, notes of an amount of SEK 200,000,000 of the total amount have been issued. The notes are listed on the corporate bond list of Nasdaq Stockholm under symbol SAMN 009.

On 26 April 2019, the Company issued subordinated perpetual fixed to reset rate undated capital securities of EUR 300,000,000 with an issue price of 98.886 % (with ISIN XS1974894138). The capital securities are listed on the regulated market of Euronext Dublin.

On 26 April 2019, the Company established a Euro Medium Term Note Programme with a program limit of EUR 2,500,000,000 (the "**EMTN-Programme**"). The notes are, if listed, admitted to trading on the regulated market of Euronext Dublin, in each case as specified in the final terms of each issue. The Company has made certain issues under the EMTN-Programme and as of the date of this Prospectus, notes equal to an amount of SEK 7,000,000,000, EUR 1,050,000,000 and NOK 1,000,000,000 has been issued under the EMTN-Programme.

#### **4.5.5. Other material agreements**

Since the Company's establishment and until March 2018 the Group had a management agreement with Hestia Sambygg AB, where Hestia Sambygg AB was responsible for the management of the Group's property portfolio. Hestia Sambygg AB provided technical, commercial and administrative management, including finance, rental budgeting, planning and maintenance management and operations and operation management. The Group paid a compensation based on the cost incurred and a margin of seven per cent. Hestia Sambygg AB was a part of the Hestia Group until March 2018 when the Company purchased all shares in Hestia Sambygg AB in order to create an in-house property management organisation.

Except for the agreements mentioned above, the Company is not a party to any material agreements outside of the ordinary course of business which could result in an entity within the Group having a right or an obligation that could materially affect the Company's ability to meet its obligations under the Notes.

#### **4.6. Conflicts of interest**

The Arrangers and the Issuing Agent have engaged in, and may in the future engage in, investment banking and/or commercial banking or other services for the Company and/or the Group in the ordinary course of business. In particular, it should be noted that the Arrangers and the Issuing Agent might be a lender under certain credit facilities with the Company or with a company within the Group as borrower. Therefore, conflicts of interest may exist or may arise as a result of the Arrangers and the Issuing Agent having previously engaged, or will in the future engage, in transactions with other parties, having multiple roles or carrying out other transactions for third parties with conflicting interests. The existence of conflicts of interests for the Arrangers and the Issuing Agent which investors consider harmful for the Capital Notes could have a negative effect on the market value of the Capital Notes.

Advokatfirman Törngren Magnell KB has acted as legal advisor to the Company in connection with the issue and listing of the Capital Notes, and has no conflicting interests with the Company or the Group.

#### **4.7. Disputes and litigation**

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

#### **4.8. Recent Events**

##### **4.8.1. Revised rating outlook**

On 18 November 2019 Standard & Poor's revised its rating outlook for the Company from stable to positive outlook for the Company and its senior unsecured debt. The positive outlook reflects the possibility of an upgrade within the next 12-24 months.

##### **4.8.2. Public offer to the shareholders of Hemfosa Fastigheter AB (publ)**

On 15 November 2019, the Company announced a public offer to the shareholders of Hemfosa (the "**Public Offer**"). The ordinary shares and preference shares of Hemfosa are admitted to trading on Nasdaq Stockholm, Large Cap. The Public Offer valued each ordinary share in Hemfosa at SEK 126.15 and each preference share in Hemfosa to SEK 194.63 and the Public Offer's total value for all shares in Hemfosa corresponds to approximately SEK 23,521 million. The consideration of the Public Offer consists of a combination of ordinary shares of Series B in the Company and cash for common shares in Hemfosa, and a combination of Class D common shares in the Company and cash for preference shares in Hemfosa.

The Company offered the shareholders of Hemfosa a so-called Mix & Match option, through which every ordinary and preference shareholder in Hemfosa, subject to certain restrictions, could choose either to receive as much share consideration as possible or as much cash consideration as possible for their Hemfosa shares.

In the event that the Company, in connection with the Public Offer or otherwise, becomes the owner of shares corresponding to more than 90 per cent of the shares in Hemfosa, the Company intends to call for compulsory redemption in accordance with the Swedish Companies Act (Sw. *aktiebolagslagen* (2005:551)) in order to acquire all outstanding shares in Hemfosa. In connection with this, the Company intends to work on delisting the shares of Hemfosa from Nasdaq Stockholm.

##### **4.8.3. Rights issue in connection with the Public Offer**

On 15 November 2019, in connection with the Public Offer, the Company announced that the board of directors had resolved on a fully guaranteed rights issue of approximately SEK 1,500,000,000 (the "**Rights Issue**"). The Rights Issue is expected to be completed before the acceptance period of the Public Offer is terminated, thus only existing shareholders in the Company will be entitled to participate in the Rights Issue, i.e. the Company's shares received as part of the consideration for Hemfosa shares submitted in the Public Offer will not entail a right to participate in the Rights Issue. The board of directors and management have great confidence in the merger of the companies following the Public Offer, and the benefits that the merger is expected to result in. Several members of the Company's board of directors and management have therefore entered into subscription obligations and guarantee the Rights Issue at a subscription price of SEK 23.00 per ordinary share of Series B, which would mean a discount of 3.6 per cent compared to closing price on Nasdaq Stockholm on November 14, 2019. The Rights Issue entails issue of 65,443,061 new Series B common shares.

#### **4.8.4. EMTN issuance**

In November 2019 the Company successfully issued senior unsecured bonds of SEK 500,000,000 with a floating interest rate of 3 months STIBOR plus 0.66 per cent. under its EMTN-Programme. The issuance was a tap issue of the outstanding bond with ISIN XS2078371486. The proceeds from the issuance will be used for general corporate purposes.

Further, the Company successfully issued fixed rate notes of NOK 1,000,000,000, due 2024 with an interest rate of 3.12 per cent (with ISIN XS2085870728) under its EMTN-Programme. The proceeds from the issuance will be used for general corporate purposes.

#### **4.8.5. Acquisition of properties**

In November 2019 the Group acquired 23 school- and preschool properties from the public real estate company SISAB. The total lettable area of the properties comprises approximately 17 700 square meters with rental incomes of SEK 25,000,000, at full occupancy rate.

In October 2019 the Group acquired 1 560 apartments, mainly located in Växjö and Ronneby. The total rental income from the properties amounts to SEK 116,300,000 with a net operating income of approximately SEK 66,500,000.

#### **4.8.6. Directed share issue of Class B common shares raising proceeds of approximately SEK 400,000,000**

On 23 October 2019 the board of directors, based on authorization given by the annual general meeting held 29 April 2019, decided on a directed new issue of 18,181,819 shares of class B at a price of SEK 22.00 per share. The proceeds of the share issue were approximately SEK 400,000,00. The Company intends to use the proceeds from the directed share issue to further support the strengthening of the balance sheet within the on-going work to reach a property portfolio of SEK 55,000,000,000 by 2021 with a BBB+ rating.

The subscription price was established in advance based on the market value of the share with a premium. The subscription price of 22.00 SEK per share represented a premium of approximately 10.5 per cent compared to the closing price of SEK 19.90 for the B-share on Nasdaq Stockholm on 22 October 2019, the last trading day before the directed share issue.

The directed share issue resulted in an increase of the number of shares in the Company of 18,181,819 and an increase in the share capital by SEK 1,818,181.90. This entails an increase in the number of shares from 832,577,974 to 850,759,793 and an increase in the share capital from SEK 83,257,797.40 to SEK 85,075,979.30, corresponding to a dilution of approximately 2.14 per cent of the outstanding number of shares and approximately 0.66 per cent of the outstanding number of votes in the Company.

#### **4.8.7. Forming a new joint venture with Amasten fastighets AB (publ)**

In October 2019 the Group formed a joint venture with Amasten Fastighets AB (publ) ("**Amasten**") with the purpose of building rent regulated residentials in Nyköping. Further, the Company sold approximately 50 000 square meters of building rights at a price of SEK 3 000 per square meter to the joint venture.

The Group has also entered into an agreement with several parties on the acquisition of ordinary shares of series A in Amasten to a purchase price of SEK 711 188 034, corresponding to a shareholding of 20,2 per cent and 20,5 per cent of the votes in Amasten. Further, the Group has, through a subsidiary, entered into an option agreement, by which the Group has the right to acquire additional shares in Amasten. If the Company would exercise the call option to purchase shares the Company would directly and indirectly hold 130 088 850 ordinary shares of series A, which corresponds to 30,2 per cent of the shares and 30,3 per cent of the votes in Amasten.

#### 4.9. Significant adverse changes and recent events

There have been no material adverse changes in the Company's financial position or market position since the date of publication of the Company's last audited financial report.

The Company is not aware of any tendencies that since 31 December 2018, directly or indirectly, have a material affect or materially would affect the Company's operations.

#### 4.10. Costs relating to the listing of the capital notes

The Company expects total costs in connection with the admission to trading of the capital notes to amount to no more than SEK 200,000.

#### 4.11. Credit ratings

The independent rating agencies Standard & Poor's and Fitch have rated the Company as follows:

	<b>Standard &amp; Poor's</b>	<b>Fitch</b>
<b>Samhällsbyggnadsbolaget i Norden AB (publ)</b>	BBB- (positive outlook)	BBB-

The above credit rating agencies are established within the European Union and are registered in accordance with regulation (EC) No 1060/2009 of the European Parliament and of the Council of 16 September 2009 on credit rating agencies (the "**Regulation**").

In general, European regulated investors are restricted under 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 Regulation. However, this does not apply if the credit rating is issued by a credit rating agency that has been active in the EU before 7 June 2010 and who has applied for registration in accordance with the Regulation unless the application has been rejected.

The rating does not always reflect the risk associated with the notes. A credit rating is not a recommendation to buy, sell or hold securities and may be revised, suspended or withdrawn by the rating agency at any time.

Credit rating is a way of evaluating credit risk. For more information about credit ratings, visit [www.standardandpoors.com](http://www.standardandpoors.com), [www.moodys.com](http://www.moodys.com) or [www.fitchratings.com](http://www.fitchratings.com).

Below are reference scales of Standard & Poor's and Fitch's.

<b>Risk classification*</b>	<b>Standard &amp; Poor's</b>	<b>Fitch</b>
Highest credit quality	AAA	AAA
Very high credit quality	AA	AA
High credit quality	A	A
Good credit quality	BBB	BBB
Speculative (non-investment grade)	BB	BB
Highly speculative	B	B
Substantial credit risk	CCC	CCC
Very high levels of credit risk	CC	CC

\* The concept of risk classification differs between credit rating agencies. Within the risk classification categories, the rating agencies may add a (+) or (-) which indicates the relative strength of each category

#### **4.12. Reference values**

Notes issued under this Prospectus have STIBOR as interest base. STIBOR constitutes a benchmark according to the regulation (EU) 2016/1011 (the "**Benchmark Regulation**"). None of the administrators of STIBOR are, as of the date of this Prospectus, part of the register held by the European Securities and Markets Authority ("**ESMA**") in accordance with Article 36 of the Benchmark Regulation.

## 5. DOCUMENTS AVAILABLE FOR INSPECTION

The following documents are available for review during the period of validity of this Prospectus at the Company's head office at Strandvägen 3, SE-114 51 Stockholm.

- the Company's articles of association;
- the agreement governing the Agent's representation of noteholders;
- the annual reports for the Company's subsidiaries, for the financial years 2017 and 2018;
- the certificate of registration of the Company; and
- all documents that have been incorporated by reference in this Prospectus.

Documents incorporated by reference are available at the Company's website, [www.sbbnorden.se](http://www.sbbnorden.se). Information on the Company's website that has not been referenced in this Prospectus does not constitute a part of this Prospectus.

## 6. DOCUMENTS INCORPORATED BY REFERENCE

The Prospectus consists of, in addition to this document, the following documents which are incorporated by reference. The annual reports for the financial year 2018 and 2017 below are audited. No other information in this Prospectus is either audited or reviewed.

- [Extract from the Company's consolidated annual report for the financial year 2018, including:](#)
  - the consolidated income statement, page 89;
  - the consolidated balance sheet, pages 90-91;
  - the consolidated statement of changes in equity, page 92;
  - the consolidated cash flow analysis, page 93;
  - the consolidated notes, pages 94-122;
  - the Company's income statement, page 123;
  - the Company's balance sheet, pages 124;
  - the Company's statement of changes in equity, page 125;
  - the Company's cash flow analysis, page 126;
  - the Company's notes, pages 127-138;
  - the auditor's report, pages 140-142.
- [Extract from the Company's consolidated annual report for the financial year 2017, including:](#)
  - the consolidated income statement, page 87;
  - the consolidated balance sheet, pages 88-89;
  - the consolidated statement of changes in equity, page 90;
  - the consolidated cash flow analysis, pages 91-92;
  - the consolidated notes, pages 93-117;
  - the Company's income statement, page 118;
  - the Company's balance sheet, pages 119-120;
  - the Company's statement of changes in equity, page 121;
  - the Company's cash flow analysis, page 122;
  - the Company's notes, pages 123-136;



- the auditor's report, pages 138-140.
- [Extract from the Company's interim report for the period of 1 January – 30 September 2019, including:](#)
  - the consolidated income statement, pages 8-11;
  - the consolidated balance sheet, pages 12-13;
  - the consolidated statement of changes in equity, page 14;
  - the consolidated cash flow analysis, page 15;
  - the Company's income statement, page 28;
  - the Company's balance sheet, page 29;
  - the Company's statement of changes in equity, page 30;
  - the Company's cash flow analysis, page 31;
  - the Company's notes and accounting principles, pages 32-33.

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

The interim report for the period of 1 January – 30 September 2019 has been prepared in accordance with International Accounting Standards (IAS) 34 Interim Financial Reporting.

The key ratios below are not defined in accordance with IFRS, but are, in some cases, presented in order to facilitate an investor's assessment of the Group's financial situation.

Key ratios	Definition	Motivation
Net financial items (Sw. <i>finansnetto</i> )	Interest income and similar (Sw. <i>ränteintäkter och liknande resultatposter</i> ) in relation to interest expenses and similar (Sw. <i>räntekostnader och liknande resultatposter</i> ).	Specified to illustrate the Group's financial records.
Net operating income % (Sw. <i>Driftnetto</i> %)	Net operating income (Sw. <i>Driftnetto</i> ) in relation to rental income (Sw. <i>hyresintäkter</i> ).	Specified to illustrate the percentage of rental income remaining after direct property costs.

## 7. TERMS AND CONDITIONS

*Execution Version*

**TERMS AND CONDITIONS FOR  
SAMHÄLLSBYGGNADSBOLAGET I NORDEN  
AB (PUBL)**



**UP TO SEK 2,500,000,000 SUBORDINATED  
PERPETUAL  
FLOATING RATE CALLABLE CAPITAL NOTES**

**ISIN: SE0013359148**

*21 October 2019*

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*No action is being taken that would or is intended to permit a public offering of the Capital Notes or the possession, circulation or distribution of this document or any other material relating to the Issuer or the Capital Notes in any jurisdiction other than Sweden, where action for that purpose is required. Persons into whose possession this document comes are required by the Issuer to inform themselves about, and to observe, any applicable restrictions.*

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## **1 Definitions and construction**

### **1.1 Definitions**

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

“**2030 Step-up Date**” means 28 January 2030.

“**2045 Step-up Date**” means 28 January 2045.

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

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

“**Agency Agreement**” means the agency agreement entered into on or before the First Issue Date, between the Issuer and the Agent, or any replacement agency agreement entered into after the First Issue Date between the Issuer and an agent, regarding, inter alia, the remuneration payable to the Agent.

“**Agent**” means Nordic Trustee & Agency AB (publ), Swedish Reg. No. 556882-1879, or another party replacing it as agent, in accordance with these Terms and Conditions.

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

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

“**Capital Note**” means a debt instrument (Sw. *skuldförbindelse*) for the Nominal Amount and of the type set forth in Chapter 1 Section 3 of the Financial Instruments Accounts Act and which are governed by and issued under these Terms and Conditions, including the Initial Capital Notes and any Subsequent Capital Notes.

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

“**Change of Control Event**” has the meaning ascribed to it in Clause 11.5.1.

“**Change of Control Notice**” has the meaning ascribed to it in Clause 11.5.2.

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

“**Change of Control Step-up Date**” means the date which is 30 days after the date following the expiry of the Exercise Period.

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

“**Default Event**” means an event or circumstance specified in Clauses 16.1 and 16.2.

“**Deferral Notice**” has the meaning given in Clause 10.1.1.

“**Deferred Interest**” has the meaning given in Clause 10.1.2.

“**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 Notes or any Parity Notes;
- (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 Notes;
- (c) redemption, repurchase, repayment, cancellation, reduction or other acquisition by the Issuer or any Subsidiary of the Issuer of any shares of the Issuer or any other obligation of the Issuer which ranks or is expressed by its terms to rank junior to the Capital Notes or any Parity Notes; and/or
- (d) redemption, repurchase, repayment, cancellation, reduction or other acquisition by the Issuer or any Subsidiary of the Issuer of any Parity Notes,

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 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, 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 Parity Note below its par value.

**"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 such senior indebtedness for redemption, due to the occurrence of a Change of Control Event, have received the put redemption proceeds.

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

**"First Call Date"** means 28 January 2025.

**"First Issue Date"** means 28 October 2019.

**"Fitch"** means Fitch Ratings Ltd.

**"Force Majeure Event"** has the meaning set forth in Clause 27.1.

**"Group"** means the Issuer and each of its Subsidiaries from time to time (each a **"Group Company"**).

**"Initial Capital Notes"** means the Capital Notes issued on the First Issue Date.

**"Initial Interest Rate"** has the meaning given in Clause 9.3.1.

**"Insolvent"** means, in respect of a relevant person, that it is deemed to be insolvent, or admits inability to pay its debts as they fall due, in each case within the meaning of Chapter 2, Sections 7-9 of the Swedish Bankruptcy Act (*konkurslagen (1987:672)*) (or its equivalent in any other relevant jurisdiction).

**"Interest Amount"** has the meaning given in Clause 9.5.

“**Interest Payment**” means, in respect the payment of interest on an Interest Payment Date, the amount of interest payable for the relevant Interest Period in accordance with Clause 9 (*Interest Payments*).

“**Interest Payment Date**” has the meaning given in Clause 9.1.2.

“**Interest Period**” means the period from (but excluding) the First Issue Date to (and including) the first Interest Payment Date and each successive period from (but excluding) an Interest Payment Date to (and including) the next succeeding Interest Payment Date.

“**Interest Rate**” means the Initial Interest Rate or the relevant Interest Rate, as the case may be.

“**Investment Grade Rating Change**” means if any rating assigned to the Issuer 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).

“**Issuer**” means Samhällsbyggnadsbolaget i Norden AB (publ), a public limited liability company incorporated under the laws of Sweden with Reg. No. 556981-7660.

“**Issuer Re-construction**” has the meaning given in Clause 4.1.

“**Issuer Winding-up**” has the meaning given in Clause 4.1.

“**Issuing Agent**” means Nordea Bank Abp, filial i Sverige, a Swedish branch with Reg. No. 516411-1683 of Nordea Bank Abp, a public limited liability company incorporated under the laws of Finland with Reg. No. 2858394-9, or another party replacing it, as Issuing Agent, in accordance with these Terms and Conditions.

“**Margin**” means:

- (a) in respect of the period from (but excluding) the First Issue Date to (and including) the First Call Date 3.50 *per cent. per annum*;
- (b) in respect of the period from (but excluding) the First Call Date to (and including) the 2030 Step-up Date 3.50 *per cent. per annum*;
- (c) in respect of the period from (but excluding) the 2030 Step-up Date to (and including) the 2045 Step-up Date 3.75 *per cent. per annum*; and
- (d) in respect of the period from (but excluding) the 2045 Step-up Date and thereafter 4.50 *per cent. per annum*.

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

“**Nasdaq Stockholm**” means the Regulated Market of Nasdaq Stockholm AB (Reg. No. 556420-8394, SE-105 78 Stockholm, Sweden).

“**Nominal Amount**” has the meaning set forth in Clause 2.3.

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

“**Noteholders’ Meeting**” means a meeting among the Notcholders held in accordance with Clause 18 (*Noteholders’ Meeting*).

“**Ordinary Shares**” means ordinary shares in the capital of the Issuer.

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

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

“**Qualifying Capital Notes**” means notes that contain terms not materially less favourable to Noteholders than the terms of the Capital Notes (as reasonably determined by the Issuer in consultation with the Agent and an independent investment bank, independent financial adviser or legal counsel of international standing) and provided that a certification to such effect (and confirming that the conditions set out in (a) to (h) below have been satisfied) of two authorised signatories of the Issuer shall have been delivered to the Agent and the Issuing Agent prior to the substitution or variation of the Capital Notes), provided that:

- (a) they shall (i) be issued by the Issuer or by any wholly-owned direct or indirect finance Subsidiary of the Issuer with a guarantee of the Issuer or (ii) constitute a variation of the Capital Notes in accordance with Clause 12 (*Substitution or Variation*); 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 Notes; and
- (c) they shall contain terms which provide for the same Interest Rate from time to time applying to the Capital Notes 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 Notes, including (without limitation) as to timing of, and amounts payable upon, such redemption; and



- (c) they shall preserve any existing rights under the Capital Notes to any accrued interest, any Deferred Interest and any other amounts payable under the Capital Notes which, in each case, has accrued to Noteholders and not been paid; and
- (f) they shall not contain terms providing for the mandatory deferral of interest and shall not contain terms providing for loss absorption through principal write-down or conversion to Ordinary Shares or preference shares; and
- (g) they shall, immediately after such exchange or variation, be assigned at least the same credit rating(s) by the same Rating Agency(ies) as may have been assigned to the Capital Notes 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 Notes, save where any modifications to such terms are required to be made to avoid the occurrence or effect of a Tax Deductibility Event, a Rating Event or, as the case may be, a Withholding Tax Event; and
- (i) they shall be (i) listed on the corporate bond list of Nasdaq Stockholm and admitted to trading on Nasdaq Stockholm's Regulated Market or (ii) admitted to trading on any other Regulated Market for the purposes of Directive 2004/39/EC as selected by the Issuer on, or as soon as reasonably practicable after issue; and
- (j) they shall be compatible with the requirements of the CSD.

**"Rating Agency"** means Fitch, Moody's and S&P and any other 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 within the Change of Control Period (i) the rating previously assigned to the Issuer (if any) by any Rating Agency is withdrawn and not subsequently reinstated within the Change of Control Period or (ii) the non-investment grade rating previously assigned to the Issuer by any Rating Agency (if any) is lowered one rating category (for example, from Ba1/BB+ to Ba2/BB or such similar lower or equivalent rating) and not subsequently upgraded within the Change of Control Period or (iii) an Investment Grade Rating Change occurs and is not subsequently reinstated within the Change of Control Period, provided that a Rating Downgrade otherwise arising by virtue of a particular change in rating shall be deemed not to have occurred in respect of a particular Change of Control if the Rating Agency making the change in rating to which this definition would otherwise apply does not publicly announce or publicly confirm that the withdrawal or reduction was the result of the applicable Change of Control.

**"Rating Event"** shall be deemed to occur if the Issuer has received confirmation from any Rating Agency either directly or via a publication by such Rating Agency, that an amendment, clarification or change has occurred in the equity credit criteria of such Rating Agency effective after the First 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 Notes than the equity credit assigned on the First Issue Date (or if equity credit is not assigned on the First Issue Date, at the date when the equity credit is assigned for the first time).

“**Record Date**” means the fifth (5) Business Day prior to (i) an Interest Payment Date, (ii) a Redemption Date or (iii) another relevant date, or in each case such other Business Day falling prior to a relevant date if generally applicable on the Swedish bond market.

“**Redemption Date**” means the date on which the relevant Capital Notes are to be redeemed or repurchased in accordance with Clause 11 (*Redemption and Repurchase of the Capital Notes*).

“**Regulated Market**” means any regulated market (as defined in Directive 2014/65/EU on markets in financial instruments and amending Directive 2002/92/EC and Directive 2011/61/EU).

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

“**Securities Account**” means the account for dematerialised securities maintained by the CSD pursuant to the Financial Instruments Accounts Act in which (i) an owner of such security is directly registered or (ii) an owner's holding of securities is registered in the name of a nominee.

“**Security**” means a mortgage, charge, pledge, lien, security assignment or other security interest securing any obligation of any person, or any other agreement or arrangement having a similar effect.

“**SEK**” means the lawful currency of Sweden.

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

“**STIBOR**” means the rate for 3 month deposits in SEK which appears on Reuters Screen SIDE page under the heading “FIXINGS” (or such other page as may replace that page on that service, or such other service as may be nominated as the information vendor, for the purpose of displaying comparable rates) as of 11.00 a.m. (Stockholm time) on the second Business Day before the first day of the relevant Interest Period (the “**Interest Determination Date**”) as determined by the Issuing Agent or its duly appointed successor (in such capacity, the Issuing Agent) and:

- (a) if such rate does not appear on that page, the Issuing Agent will:
  - (i) request the principal Stockholm office of each of four major banks in the Stockholm interbank market, selected by the Issuing Agent in consultation with the Issuer, to provide a quotation of the rate at which deposits in SEK are offered by it in the Stockholm interbank market at approximately 11.00 a.m. (Stockholm time) on the Interest Determination Date to prime banks in the Stockholm interbank market for 3 months and in an amount that is representative for a single transaction in that market at that time; and
  - (ii) if at least two such quotations are provided, determine the arithmetic mean (rounded, if necessary, to the fifth decimal place, 0.000005 being rounded upwards) of such quotations; and
  - (iii) if fewer than two such quotations are provided as requested, the Issuing Agent will determine the arithmetic mean (rounded, if necessary, as aforesaid) of the rates quoted by major banks in Stockholm, selected by the

Issuing Agent in consultation with the Issuer, at approximately 11.00 a.m. (Stockholm time) on the first day of the relevant Interest Period for loans in SEK to leading European banks for 3 months and in an amount that is representative for a single transaction in that market at that time; or

- (b) if the rate cannot be determined in accordance with the above provisions, the rate shall be the rate applicable to the immediately preceding Interest Period all as determined by the Issuing Agent.

**“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 Notes or to the obligations of the Issuer in respect of any Parity Notes.

**“Subsidiary”** has the meaning provided in the Swedish Companies Act and **“Subsidiaries”** shall be construed accordingly.

**“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 Notes equal to or greater than 80 *per cent.* of the aggregate principal amount of the Capital Notes initially issued (which shall include, for these purposes, any Subsequent Capital Notes).

**“Subsequent Capital Notes”** means any Capital Notes issued after the First Issue Date on one or more occasions.

**“Swedish Companies Act”** means the Swedish Companies Act (Sw. *Aktiebolagslagen* (2005:551)).

**“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, any interest payments under the Capital Notes were, but are no longer, tax-deductible by the Issuer for Swedish tax purposes to the same extent as any unsubordinated obligations of the Issuer.

**“Tax Law Change”** means (a) any amendment to, clarification of, or change in, the laws or treaties (or any regulations thereunder) of Sweden, or any political subdivision or any authority thereof or therein having the power to tax, affecting taxation, (b) any governmental action (c) or any amendment to, clarification of, or change in the official position or the interpretation of such law, treaty (or regulations thereunder) or governmental action or any interpretation, decision or pronouncement that provides for a position with respect to such law, treaty (or regulations thereunder) or governmental action that differs from the theretofore generally accepted position, in each case, by any legislative body, court, governmental authority or regulatory body in Sweden, irrespective of the manner in which such amendment, clarification, change, action, pronouncement, interpretation or decision is made known, which amendment, clarification or change is effective or such governmental action, pronouncement, interpretation or decision is announced on or after the First Issue Date.

**“Taxes”** has the meaning given in Clause 25 (*Taxation*).

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

“**Withholding Tax Event**” shall be deemed to occur if, as a result of any Tax Law Change, in making any payments on the Capital Notes, the Issuer has paid or will or would on the next Interest Payment Date be required to pay additional amounts on the Capital Notes pursuant to Clause 25 (*Taxation*) and the Issuer cannot avoid the foregoing by taking reasonable measures available to it; and

“**Written Procedure**” means the written or electronic procedure for decision making among the Notcholders in accordance with Clause 19 (*Written Procedure*).

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

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

*The foregoing shall not apply if:*

- (a) the issuer rating assigned by S&P to the Issuer is ‘BBB’ (or such similar nomenclature then used by S&P) or higher at the time of such redemption or repurchase and the Issuer is of the view that such Issuer credit rating would not fall as a result of such redemption or repurchase; or*
- (b) the Capital Notes are redeemed following a Change of Control Event or pursuant to a Special Event; or*
- (c) less than (x) 10 per cent. of the aggregate principal amount of the Capital Notes originally issued is repurchased pursuant to Clause 11.1 in any period of 12 consecutive months or (y) 25 per cent. of the aggregate principal amount of the Capital Notes originally issued is repurchased in any period of 10 consecutive years; or*
- (d) the relevant repurchase has followed an issuance of any class of Ordinary Shares or other instruments which are granted on issuance 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 Notes being repurchased at the time of their issuance; or*
- (e) such replacement would cause the Issuer's outstanding hybrid capital which is assigned equity credit by S&P 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*
- (f) if such redemption or repurchase occurs on or after the 2045 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 First Issue Date, the Issuer shall not be required to replace the Capital Notes if paragraph (b), (d) or (e) 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 Notes that was assigned equity credit by S&P at the time of their issuance, or when the Capital Notes were first assigned more than minimal equity credit; and*
- (ii) the part of the net proceeds received from issuance of replacement hybrid notes or any class of 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 notes).*

## **1.2 Construction**

- 1.2.1 Unless a contrary indication appears, any reference in these Terms and Conditions to:
  - a) “**assets**” includes present and future properties, revenues and rights of every description;
  - b) any agreement or instrument is a reference to that agreement or instrument as supplemented, amended, novated, extended, restated or replaced from time to time;
  - c) a “**regulation**” includes any regulation, rule or official directive, request or guideline (whether or not having the force of law) of any governmental, intergovernmental or supranational body, agency, department or regulatory, self-regulatory or other authority or organisation;
  - d) a provision of law is a reference to that provision as amended or re-enacted; and
  - e) a time of day is a reference to Stockholm time.
- 1.2.2 When ascertaining whether a limit or threshold specified in SEK has been attained or broken, an amount in another currency shall be counted on the basis of the rate of exchange for such currency against SEK for the previous Business Day, as published by the Swedish Central Bank (Sw. *Riksbanken*) on its website ([www.riksbank.se](http://www.riksbank.se)). If no such rate is available, the most recently published rate shall be used instead.
- 1.2.3 A notice shall be deemed to be sent by way of press release if it is made available to the public within Sweden promptly and in a non-discriminatory manner.
- 1.2.4 No delay or omission of the Agent or of any Notcholder to exercise any right or remedy under the Terms and Conditions shall impair or operate as a waiver of any such right or remedy.

## **2 Status of the Capital Notes**

- 2.1 The Capital Notes are denominated in SEK and each Capital Note is constituted by these Terms and Conditions. The Issuer undertakes to make payments in relation to the Capital Notes and to comply with these Terms and Conditions.
- 2.2 By subscribing for Capital Notes, each initial Notcholder agrees that the Capital Notes shall benefit from and be subject to the Terms and Conditions and by acquiring Capital Notes, each subsequent Notcholder confirms such agreement.
- 2.3 The nominal amount of each Capital Note is SEK 2,000,000 (the “**Nominal Amount**”). All Capital Notes are issued on a fully paid basis at an issue price of 100 *per cent.* of the Nominal Amount.
- 2.4 Provided that no Default Event is continuing or would result from such issue, the Issuer may issue Subsequent Capital Notes however not later than on the date falling three (3) months after the First Issue Date. Subsequent Capital Notes shall benefit from and be subject to the Terms and Conditions, and, for the avoidance of doubt, the ISIN, the Interest Rate, the Nominal Amount and perpetual nature applicable to the Initial Capital Notes shall apply to Subsequent Capital Notes. The price of the Subsequent Capital Notes may be set at a discount or at a premium compared to the Nominal Amount. The maximum Total Nominal Amount of the Capital Notes (the Initial Capital Notes and all Subsequent Capital Notes) may not exceed SEK 2,500,000,000 unless consent from the Notcholders is obtained in accordance with Clause 17 (*Decisions by Notcholders*). Each Subsequent Capital Note shall entitle its holder to Interest in accordance with Clause 9 (*Interest Payments*), and otherwise have the same rights as the Initial Capital Notes.
- 2.5 The Capital Notes constitute direct, unsecured and subordinated obligations of the Issuer. The rights and claims of the Notcholders in respect of the Capital Notes against the Issuer are subordinated as described in Clause 4 (*Subordination and rights on a winding-up and re-construction*).
- 2.6 The Capital Notes are freely transferable but the Notcholders may be subject to purchase or transfer restrictions with regard to the Capital Notes, as applicable, under local laws to which a Notcholder may be subject. Each Notcholder must ensure compliance with such restrictions at its own cost and expense.
- 2.7 No action is being taken in any jurisdiction that would or is intended to permit a public offering of the Capital Notes or the possession, circulation or distribution of any document or other material relating to the Issuer or the Capital Notes in any jurisdiction other than Sweden, where action for that purpose is required. Each Notcholder must inform itself about, and observe, any applicable restrictions to the transfer of material relating to the Issuer or the Capital Notes.

## **3 Use of proceeds**

The Issuer shall use the proceeds from the issue of the Capital Notes, less the costs and expenses incurred by the Issuer in connection with the issue of the Capital Notes, towards general corporate purposes.



## **4 Subordination and rights on a winding-up and re-construction**

### **4.1 Rights on a winding-up or company re-construction**

4.1.1 In the event of a voluntary or involuntary liquidation (Sw. *likvidation*) or bankruptcy (Sw. *konkurs*) of the Issuer (each an “**Issuer Winding-up**”), the Noteholders (or the Agent on their behalf) shall, in respect of their Capital Notes, have a claim (in lieu of any other amount) for the principal amount of their Capital Notes and any accrued and unpaid interest (including any Deferred Interest) thereon and such claims will rank:

- (a) *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 Notes;
- (b) in priority to all present or future claims in respect of (A) the Ordinary Shares 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 Notes or any Parity Note; and
- (c) 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 Business Reorganization Act (an “**Issuer Re-construction**”), the Noteholders (or the Agent on their behalf) shall, in respect of their Capital Notes, have a claim (in lieu of any other amount) for the principal amount of their Capital Notes and any accrued and unpaid interest (including any Deferred Interest) thereon and such claims will rank:

- (a) *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 Notes; and
- (b) 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 preference shares (if any), are not subject to loss absorbing measures under an Issuer Re-construction.*

### **4.2 Set-off**

Subject to applicable law, no Noteholder 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 Notes and each Noteholder shall, by virtue of its holding of any Capital Note, be deemed to have waived all such rights of set-off, compensation or retention.

## **5 Conditions for settlement of the Capital Notes**

5.1 The Issuer shall provide to the Agent three (3) Business Days prior to the First Issue Date the documents and other evidence set out in Schedule 1 (*Conditions Precedent for Settlement*).

5.2 The Agent may assume that the documentation delivered to it pursuant to Clause 5.1 is accurate, legally valid, correct and complete unless it has actual knowledge that this is

not the case, and the Agent does not have to verify the contents of any such documentation. The documentation and evidence delivered to the Agent pursuant to Clause 5.1 are not reviewed by the Agent from a legal or commercial perspective of the Noteholders.

- 5.3 When the conditions in Clause 5.1 have been fulfilled to the satisfaction of the Agent (acting reasonably), the Agent shall without undue delay confirm in writing to the Issuing Agent, that the Issuing Agent may procure the settlement of the Capital Notes by way of transfer of the proceeds to an account as instructed by the Issuer.
- 5.4 The proceeds from any Subsequent Capital Notes shall be transferred to the Issuer once the Issuer has provided to the Agent a copy of a resolution of the board of directors or other persons authorised to exercise the relevant powers of the Issuer, approving the issue of Subsequent Capital Notes. The Agent shall confirm in writing to the Issuing Agent when the conditions in this Clause 5.4 have been fulfilled to the satisfaction of the Agent (acting reasonably), after which the Issuing Agent shall procure the settlement of the Subsequent Capital Notes and transfer the proceeds to an account as instructed by the Issuer.

## **6 Capital Notes in book-entry form**

- 6.1 The Capital Notes will be registered for the Noteholders on their respective Securities Accounts and no physical notes will be issued. Accordingly, the Capital Notes will be registered in accordance with the Financial Instruments Accounts Act. Registration requests relating to the Capital Notes shall be directed to an Account Operator.
- 6.2 Those who according to assignment, Security, the provisions of the Swedish Children and Parents Code (Sw. *föräldrabalken (1949:381)*), conditions of will or deed of gift or otherwise have acquired a right to receive payments in respect of a Capital Note shall register their entitlements to receive payment in accordance with the Financial Instruments Accounts Act.
- 6.3 The Issuer (and the Agent when permitted under the CSD's applicable regulations) shall be entitled to obtain information from the debt register (Sw. *skuldbok*) kept by the CSD in respect of the Capital Notes. At the request of the Agent or the Issuing Agent, the Issuer shall promptly obtain such information, including but not limited to information from the debt register kept by the CSD in respect of the Capital Notes, and provide it to the Agent or the Issuing Agent, as applicable.

## **7 Right to act on behalf of a Noteholder**

- 7.1 If any person other than a Noteholder wishes to exercise any rights under the Terms and Conditions, it must obtain a power of attorney or other proof of authorisation from the Noteholder or a successive, coherent chain of powers of attorney or proofs of authorisation starting with the Noteholder and authorising such person.
- 7.2 A Noteholder may issue one or several powers of attorney to third parties to represent it in relation to some or all of the Capital Notes held by it. Any such representative may act independently under the Terms and Conditions in relation to the Capital Notes for



which such representative is entitled to represent the Noteholder and it may further delegate its right to represent the Noteholder by way of a further power of attorney.

- 7.3 The Agent shall only have to examine the face of a power of attorney or other proof of authorisation that has been provided to it pursuant to Clause 7.2 and may assume that it has been duly authorised, is valid, has not been revoked or superseded and that it is in full force and effect, unless otherwise is apparent from its face.

## **8 Payments in respect of the Capital Notes**

- 8.1 Any payment or repayment under the Terms and Conditions, or any amount due in respect of a repurchase of any Capital Notes, shall be made to such person who is registered as a Noteholder on the Record Date prior to an Interest Payment Date or other relevant due date, or to such other person who is registered with the CSD on such date as being entitled to receive the relevant payment, repayment or repurchase amount.
- 8.2 If a Noteholder has registered, through an Account Operator, that principal and interest shall be deposited in a certain bank account, such deposits will be effected by the CSD on the relevant payment date. In other cases, payments will be transferred by the CSD to the Noteholder at the address registered with the CSD on the Record Date. Should the CSD, due to a delay on behalf of the Issuer or some other obstacle, not be able to effect payments as aforesaid, the Issuer shall procure that such amounts are paid to the persons who are registered as Noteholders on the relevant Record Date as soon as possible after such obstacle has been removed.
- 8.3 If, due to any obstacle for the CSD, the Issuer cannot make a payment or repayment, such payment or repayment may be postponed until the obstacle has been removed.
- 8.4 If payment or repayment is made in accordance with this Clause 8, the Issuer and the CSD shall be deemed to have fulfilled their obligation to pay, irrespective of whether such payment was made to a person not entitled to receive such amount.

## **9 Interest Payments**

### **9.1 Interest Payment Dates**

- 9.1.1 Each Initial Capital Note carries Interest at the Initial Interest Rate from (but excluding) the First Issue Date up to (and including) the relevant Redemption Date. Any Subsequent Capital Note will carry Interest at the Interest Rate from (but excluding) the Interest Payment Date falling immediately prior to its issuance up to (and including) the relevant Redemption Date.
- 9.1.2 Subject to Clause 10 (*Optional Interest Deferral*) and the Business Day Convention, interest shall be payable on the Capital Notes quarterly in arrears on 28 January, 28 April, 28 July and 28 October each calendar year (each an “**Interest Payment Date**”) with the first Interest Payment Date being 28 January 2020.

## **9.2 Interest Accrual**

9.2.1 The Capital Notes (and any unpaid amounts thereon) will cease to bear interest from (but including) the date of redemption thereof pursuant to the relevant paragraph of Clause 11 (*Redemption and Repurchase of the Capital Notes*) or the date of substitution or variation thereof pursuant to Clause 12 (*Substitution or Variation*), as the case may be.

9.2.2 Interest shall be calculated based upon actual/360-days basis.

## **9.3 Initial Interest Rate**

9.3.1 The Interest Rate in respect of each Interest Period commencing prior to the 2030 Step-up Date shall be the aggregate of the relevant Margin and the relevant STIBOR for such Interest Period, all as determined by the Issuing Agent (the “**Initial Interest Rate**”).

9.3.2 The Interest Payment in respect of each Interest Period may be deferred in accordance with Clause 10 (*Optional Interest Deferral*).

## **9.4 Step-up Interest Rates**

The Interest Rate in respect of each Interest Period falling after the 2030 Step-up Date and the 2045 Step-up Date respectively shall be the aggregate of the relevant Margin and the relevant STIBOR for such Interest Period, all as determined by the Issuing Agent (each a “**Step-up Interest Rate**”).

## **9.5 Determination of Step-up Interest Rates and Calculation of Interest Amounts**

The Issuing Agent shall, at or as soon as practicable after 11.00 a.m. (Stockholm time) on each Interest Determination Date, determine the Step-up Interest Rate in respect of the Interest Period commencing immediately following such Interest Determination Date and shall calculate the amount of interest which will (subject to deferral in accordance Clause 10 (*Optional Interest Deferral*)) be payable in respect of each such Interest Period (the “**Interest Amount**”).

## **9.6 Publication of Step-up Interest Rates and Interest Amounts**

Unless the Capital Notes are to be redeemed, the Issuer shall cause notice of each Step-up Interest Rate and the related Interest Amount to be given to the Agent, the Issuing Agent, any stock exchange on which the Capital Notes are for the time being listed or admitted to trading and, in accordance with Clause 14 (*Notices*), the Noteholders, in each case as soon as practicable after its determination but in any event not later than the first Business Day of the relevant Interest Period.

## **9.7 Issuing Agent**

The Issuer may from time to time replace the Issuing Agent with another independent financial institution. If the Issuing Agent is unable or unwilling to continue to act as the Issuing Agent or fails to determine a Step-up Interest Rate or calculate the related Interest Amount or effect the required publication thereof (in each case as required pursuant to these Terms and Conditions), the Issuer shall forthwith appoint another

independent financial institution to act as such in its place. The Issuing 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 Issuing Agent in a timely manner, then the Issuing Agent shall be entitled to appoint as its successor a reputable financial institution of good standing which the Issuer and the Agent shall approve.

#### **9.8 Determinations of Issuing Agent Binding**

All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this Clause 9 by the Issuing Agent shall (in the absence of wilful default, bad faith or manifest error) be binding on the Issuer, the Issuing Agent and all Noteholders and (in the absence of wilful default and bad faith) no liability to the Noteholders or the Issuer shall attach to the Issuing Agent in connection with the exercise or non-exercise by it of any of its powers, duties and discretions.

#### **9.9 Step-up after first Change of Control Event**

Notwithstanding any other provision of this Clause 9, if the Issuer does not elect to redeem the Capital Notes in accordance with Clause 11.5 following the occurrence of the first Change of Control Event, the then prevailing Interest Rate, and each subsequent Interest Rate otherwise determined in accordance with the provisions of this Clause 9, on the Capital Notes shall be increased by 5.00 *per cent. per annum* with effect from (and including) the day immediately following the Change of Control Step-up Date.

### **10 Optional Interest Deferral**

#### **10.1 Deferral of Interest Payments**

10.1.1 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 Notes are to be redeemed) by giving notice (a “**Deferral Notice**”) of such election to the Noteholders in accordance with Clause 14 (*Notices*), the Issuing Agent and the Agent not less than seven (7) Business Days prior to the relevant Interest Payment Date.

10.1.2 Any Interest Payment so deferred pursuant to this Clause 10 shall, from (but excluding) the Interest Payment Date on which such Interest Payment would (but for its deferral) have been payable to (and including) the date on which it is paid in full, itself bear interest at the Interest Rate prevailing from time to time (which interest shall compound on each Interest Payment Date) and, for so long as the same remains unpaid, such deferred interest (together with the interest accrued thereon) shall constitute “**Deferred Interest**”.

10.1.3 The deferral of an Interest Payment in accordance with this Clause 10 shall not constitute a Default Event by the Issuer under the Capital Notes or for any other purpose.

## **10.2 Settlement of Deferred Interest**

### *Optional Settlement*

- 10.2.1 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 Noteholders in accordance with Clause 14 (*Notices*), the Issuing Agent and the Agent not less than seven (7) Business Days prior to the date (to be specified in such notice) on which the Issuer will pay such Deferred Interest.

### *Mandatory settlement*

- 10.2.2 The Issuer shall pay any Deferred Interest, in whole but not in part, on the first to occur of the following dates:
- (a) the tenth (10<sup>th</sup>) Business Day following the date on which a Deferred Interest Payment Event occurs;
  - (b) any Interest Payment Date in respect of which the Issuer does not elect to defer all of the interest accrued in respect of the relevant Interest Period; and
  - (c) the date on which the Capital Notes are redeemed or repaid in accordance with Clause 11 (*Redemption and Repurchase of the Capital Notes*) or Clause 16 (*Default and Enforcement*).

Notice of any Deferred Interest Payment Event shall be given by the Issuer to the Noteholders in accordance with Clause 14 (*Notices*), the Issuing Agent and the Agent within three (3) Business Days of such event.

## **11 Redemption and Repurchase of the Capital Notes**

### **11.1 Issuer's purchase of Notes**

The Issuer or any Group Company may, subject to applicable law, at any time and at any price purchase Capital Notes on the market or in any other way at prices aligned with current market prices of the Capital Notes (traded or quoted). The Capital Notes held by the Issuer or any Group Company may at such Group Company's discretion be retained, sold or, if held by the Issuer, cancelled.

### **11.2 Issuer's Call Option**

- 11.2.1 The Issuer may, by giving not less than 30 nor more than 60 days' notice to the Issuing Agent, the Agent and, in accordance with Clause 14 (*Notices*), the Noteholders (which notice shall be irrevocable and shall specify the date fixed for redemption), redeem all, but not some only, of the Capital Notes on the First Call Date or on any Interest Payment Date thereafter at their principal amount together with any Deferred Interest and any other accrued and unpaid interest up to (and including) the Redemption Date.
- 11.2.2 Upon the expiry of such notice, the Issuer shall redeem the Capital Notes.

### **11.3 Redemption upon a Tax Deductibility Event or a Rating Event**

11.3.1 If a Tax Deductibility Event or a Rating Event has occurred and is continuing, the Issuer may, by giving not less than 30 nor more than 60 days' notice to the Issuing Agent, the Agent and, in accordance with Clause 14 (*Notices*), the Noteholders (which notice shall be irrevocable and shall specify the date fixed for redemption) and subject to Clause 13 (*Preconditions to Special Event Redemption, Change of Control Redemption, Substitution and Variation*), redeem all, but not some only, of the Capital Notes at any time at an amount equal to:

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

together, in each case, with any Deferred Interest and any other accrued and unpaid interest up to (and including) the Redemption Date.

11.3.2 Upon the expiry of such notice, the Issuer shall redeem the Capital Notes

### **11.4 Redemption upon a Withholding Tax Event or a Substantial Repurchase Event**

11.4.1 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 Issuing Agent, the Agent and, in accordance with Clause 14 (*Notices*), the Noteholders (which notice shall be irrevocable and shall specify the date fixed for redemption) and subject to Clause 13 (*Preconditions to Special Event Redemption, Change of Control Redemption, Substitution and Variation*), redeem all, but not some only, of the Capital Notes at any time at their principal amount together with any Deferred Interest and any other accrued and unpaid interest up to (and including) the Redemption Date.

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

### **11.5 Redemption for Change of Control Event**

11.5.1 If after the First 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 Noteholders (which notice shall be irrevocable and shall specify the date fixed for redemption), redeem all, but not some only, of the Capital Notes 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 (and including) the Redemption Date.

11.5.2 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 Agent and the Noteholders in accordance with Clause 14 (*Notices*) specifying the nature of the Change of Control Event.

## **11.6 Cancellation of Capital Notes**

All Capital Notes which are redeemed pursuant to this Clause 11 or substituted pursuant to Clause 12 (*Substitution and Variation*) and all Capital Notes purchased and elected to be cancelled pursuant to Clause 11.1 will be cancelled and may not be reissued or resold. The Issuer shall promptly inform the Noteholders in accordance with Clause 14 (*Notices*) and the Agent of any such cancellation and for so long as the Capital Notes are admitted to trading on Nasdaq Stockholm and the rules of such exchange so require, the Issuer shall promptly inform Nasdaq Stockholm of the cancellation of any Capital Notes under this Clause 11.6.

## **12 Substitution or Variation**

12.1.1 If at any time a Tax Deductibility Event, a Rating Event or a Withholding Tax Event has occurred on or after the First Issue Date and is continuing, then the Issuer may, subject to Clause 13 (*Preconditions to Special Event Redemption, Change of Control Event Redemption, Substitution and Variation*) (without any requirement for the consent or approval of the Noteholders) and subject to it having delivered to the Agent immediately prior to the giving of any notice referred to herein a certificate signed by two authorised signatories of the Issuer stating that certain provisions of Clause 13 (*Preconditions to Special Event Redemption, Change of Control Event Redemption, Substitution and Variation*) have been complied with having given not less than 30 nor more than 60 days' notice to the Issuing Agent, the Agent, and, in accordance with Clause 14 (*Notices*), the Noteholders (which notice shall be irrevocable), at any time either:

- (a) substitute all, but not some only, of the Capital Notes for Qualifying Capital Notes; or
- (b) vary the terms of the Capital Notes with the effect that they remain or become, as the case may be, Qualifying Capital Notes.

12.1.2 Upon expiry of such notice, the Issuer shall either vary the terms of or, as the case may be, substitute the Capital Notes in accordance with this Clause 12.

12.1.3 In connection with any substitution or variation in accordance with this Clause 12, the Issuer shall comply with the rules of any stock exchange on which the Capital Notes are for the time being listed or admitted to trading.

## **13 Preconditions to Special Event Redemption, Change of Control Event Redemption, Substitution and Variation**

13.1.1 Prior to the publication of any notice of redemption pursuant to Clause 11 (*Redemption and Repurchase of the Capital Notes*) (other than redemption pursuant to Clause 11.2) or any notice of substitution or variation pursuant to Clause 12 (*Substitution or Variation*), the Issuer shall deliver to the Agent a certificate signed by two authorised signatories of the Issuer stating:

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

- (b) in the case of a Withholding Tax Event, that the Issuer is unable to avoid paying additional amounts by taking measures reasonably available to it; and
  - (c) in the case of a substitution or variation pursuant to Clause 12 (*Substitution or Variation*), that:
    - (i) the Issuer has determined that the terms of the Qualifying Capital Notes are not materially less favourable to Notcholders than the terms of the Capital Notes 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;
    - (ii) the criteria specified in paragraphs (a) to (h) of the definition of Qualifying Capital Notes will be satisfied by the Qualifying Capital Notes upon issue; and
    - (iii) the relevant substitution or variation (as the case may be) will not result in the occurrence of a Special Event.
- 13.1.2 In addition, in the case of a Tax Deductibility Event or a Withholding Tax Event, the Issuer shall deliver to the Agent and the Issuing 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). Such certificate and, if applicable, opinion, shall be conclusive and binding on the Notcholders.
- 13.1.3 Any redemption of the Capital Notes in accordance with Clause 11 shall be conditional on all Deferred Interest being paid in full in accordance with the provisions of Clause 10.2 on or prior to the date of such redemption.

## **14 Notices**

### **14.1 Notices**

- 14.1.1 Any notice or other communication to be made under or in connection with the Terms and Conditions:
- (a) if to the Agent, shall be given at the address registered with the Swedish Companies Registration Office (Sw. *Bolagsverket*) on the Business Day prior to dispatch or, if sent by email by the Issuer, to such email address notified by the Agent to the Issuer from time to time;
  - (b) if to the Issuer, shall be given at the address registered with the Swedish Companies Registration Office on the Business Day prior to dispatch or, if sent by email by the Agent, to such email address notified by the Issuer to the Agent from time to time; and
  - (c) if to the Notcholders, shall be given at their addresses as registered with the CSD, on the date such person shall be a Notcholder in order to receive the communication (or if not applicable, the Business Day prior to dispatch), and by either courier delivery or letter for all Notcholders. A notice to the Notcholders shall also be published on the websites of the Issuer and the Agent.



- 14.1.2 Any notice or other communication made by one person to another under or in connection with the Terms and Conditions shall be sent by way of courier, personal delivery or letter (and, if between the Agent and the Issuer, by email) and will only be effective, in case of courier or personal delivery, when it has been left at the address specified in Clause 14.1.1 or, in case of letter, three (3) Business Days after being deposited postage prepaid in an envelope addressed to the address specified in Clause 14.1.1 or, in case of email to the Agent or the Issuer, when received in legible form by the email address specified in Clause 14.1.1.
- 14.1.3 Failure to send a notice or other communication to a Noteholder or any defect in it shall not affect its sufficiency with respect to other Noteholders.

## **15 Admission to trading etc.**

### **15.1 Admission to trading**

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

### **15.2 The Agency Agreement**

- 15.2.1 The Issuer and the Agent shall not agree to amend any provisions of the Agency Agreement without the prior consent of the Noteholders if the amendment would be detrimental to the interests of the Noteholders.

## **16 Default and enforcement**

### **16.1 Proceedings**

- 16.1.1 Without prejudice to the Issuer's right to defer the payment of interest under Clause 10 (*Optional Interest Deferral*), 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 Notes which is due and payable, then the Issuer shall be deemed to be in default under the Capital Notes and the Agent (acting on instructions of the Noteholders in accordance with these Terms and Conditions) or any Noteholder (subject to Clause 23.2) may institute proceedings for an Issuer Winding-up provided that the Default Event is still continuing.
- 16.1.2 In the event of an Issuer Winding-up, a Noteholder may, provided such Noteholder does not contravene a previously adopted resolution in accordance with Clause 17.7 (if any),



either independently or through the Agent prove and/or claim in such Issuer Winding-up in respect of the Capital Notes, such claim being for such amount, and being subordinated in such manner, as is provided under Clause 4 (*Subordination and rights on a winding-up and re-construction*).

**16.2 Enforcement**

The Agent (acting on the instructions of the Noteholders in accordance with these Terms and Conditions) may institute such proceedings against the Issuer as it may think fit to enforce any term or condition binding on the Issuer under the Capital Notes 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.

**16.3 Extent of Noteholders' Remedy**

No remedy against the Issuer, other than as referred to in this Clause 16, shall be available to the Agent and the Noteholders, whether for the recovery of amounts owing in respect of the Capital Notes or in respect of any breach by the Issuer of any of its other obligations under or in respect of the Capital Notes.

**17 Decisions by Noteholders**

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

17.2 Any request from the Issuer or a Noteholder (or Noteholders) representing at least ten (10) *per cent.* of the Adjusted Nominal Amount (such request may only be validly made by a person who is a Noteholder on the Business Day immediately following the day on which the request is received by the Agent and shall, if made by several Noteholders, be made by them jointly) for a decision by the Noteholders on a matter relating to the Terms and Conditions shall be directed to the Agent and dealt with at a Noteholders' Meeting or by way of a Written Procedure, as determined by the Agent. The person requesting the decision may suggest the form for decision making, but if it is in the Agent's opinion more appropriate that a matter is dealt with at a Noteholders' Meeting than by way of a Written Procedure, it shall be dealt with at a Noteholders' Meeting.

17.3 The Agent may refrain from convening a Noteholders' Meeting or instigating a Written Procedure if (i) the suggested decision must be approved by any person in addition to the Noteholders and such person has informed the Agent that an approval will not be given, or (ii) the suggested decision is not in accordance with applicable laws.

17.4 Should the Agent not convene a Noteholders' Meeting or instigate a Written Procedure in accordance with these Terms and Conditions, without Clause 17.3 being applicable, the Issuer or the Noteholder(s) requesting a decision by the Noteholders may convene such Noteholders' Meeting or instigate such Written Procedure, as the case may be, instead.

17.5 Should the Issuer want to replace the Agent, it may (i) convene a Noteholders' Meeting in accordance with Clause 18.1 or (ii) instigate a Written Procedure by sending communication in accordance with Clause 19.1, in both cases with a copy to the Agent.

After a request from the Notcholders pursuant to Clause 21.4.3, the Issuer shall no later than ten (10) Business Days after receipt of such request (or such later date as may be necessary for technical or administrative reasons) convene a Notcholders' Meeting in accordance with Clause 18.1. The Issuer shall inform the Agent before a notice for a Notcholders' Meeting or communication relating to a Written Procedure where the Agent is proposed to be replaced is sent and shall, on the request of the Agent, append information from the Agent together with the notice or the communication.

- 17.6 Only a person who is registered as a Notcholder, or who has been provided with a power of attorney pursuant to Clause 7 (*Right to act on behalf of a Notcholder*) from a person who is registered as a Notcholder at the following times:
- (a) on the Business Day specified in the notice pursuant to Clause 18.2, in respect of a Notcholders' Meeting, or
  - (b) on the Business Day specified in the communication pursuant to Clause 19.2, in respect of a Written Procedure,

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

- 17.7 The following matters shall require the consent of Notcholders representing at least two thirds (2/3) of the Adjusted Nominal Amount for which Notcholders are voting at a Notcholders' Meeting or for which Notcholders reply in a Written Procedure in accordance with the instructions given pursuant to Clause 19.2:

- (a) the issue of any Subsequent Capital Notes, if the Total Nominal Amount of the Capital Notes exceeds, or if such issue would cause the Total Nominal Amount of the Capital Notes to at any time exceed, SEK 2,500,000,000 or after the date falling three (3) months after the First Issue Date (for the avoidance of doubt, for which consent shall be required at each occasion such Subsequent Capital Notes are issued);
- (b) a change to the terms of any of Clause 2.1, and Clauses 2.5 – 2.7;
- (c) a change to the Interest Rate or the Nominal Amount;
- (d) a change to the terms dealing with the requirements for Notcholders' consent set out in this Clause 17;
- (e) a change of Issuer or any delay of the due date for payment of any interest on the Capital Notes other than as permitted pursuant to Clause 10;
- (f) a mandatory exchange of the Capital Notes for other securities (other than as expressly permitted under these Terms and Conditions); and
- (g) early redemption of the Capital Notes, other than as otherwise permitted or required by these Terms and Conditions

- 17.8 Any matter not covered by Clause 17.7, including for the avoidance of doubt the initiation of an Issuer Winding-up, shall require the consent of Notcholders representing more than fifty (50) *per cent.* of the Adjusted Nominal Amount for which Notcholders are voting at a Notcholders' Meeting or for which Notcholders reply in a Written

Procedure in accordance with the instructions given pursuant to Clause 19.2. This includes, but is not limited to, any amendment to, or waiver of, the terms of the Terms and Conditions that does not require a higher majority.

- 17.9 Quorum at a Noteholders' Meeting or in respect of a Written Procedure only exists if a Noteholder (or Noteholders) representing at least fifty (50) *per cent.* of the Adjusted Nominal Amount in case of a matter pursuant to Clause 17.7, and otherwise twenty (20) *per cent.* of the Adjusted Nominal Amount:
- (a) if at a Noteholders' Meeting, attend the meeting in person or by telephone conference (or appear through duly authorised representatives); or
  - (b) if in respect of a Written Procedure, reply to the request.
- If a quorum exists for some but not all of the matters to be dealt with at a Noteholders' Meeting or by a Written Procedure, decisions may be taken in the matters for which quorum exists.
- 17.10 If a quorum does not exist at a Noteholders' Meeting or in respect of a Written Procedure, the Agent or the Issuer shall convene a second Noteholders' Meeting (in accordance with Clause 18.1) or initiate a second Written Procedure (in accordance with Clause 19.1), as the case may be, provided that the person(s) who initiated the procedure for Noteholders' consent has confirmed that the relevant proposal has not been withdrawn. For the purposes of a second Noteholders' Meeting or second Written Procedure pursuant to this Clause 17.10, the date of request of the second Noteholders' Meeting pursuant to Clause 18.1 or second Written Procedure pursuant to Clause 19.1, as the case may be, shall be deemed to be the relevant date when the quorum did not exist. The quorum requirement in Clause 17.9 shall not apply to such second Noteholders' Meeting or Written Procedure.
- 17.11 Any decision which extends or increases the obligations of the Issuer or the Agent, or limits, reduces or extinguishes the rights or benefits of the Issuer or the Agent, under the Terms and Conditions shall be subject to the Issuer's or the Agent's consent, as appropriate.
- 17.12 A Noteholder holding more than one Capital Note need not use all its votes or cast all the votes to which it is entitled in the same way and may in its discretion use or cast some of its votes only.
- 17.13 The Issuer may not, directly or indirectly, pay or cause to be paid any consideration to or for the benefit of any Noteholder for or as inducement to any consent under these Terms and Conditions, unless such consideration is offered to all Noteholders that consent at the relevant Noteholders' Meeting or in a Written Procedure within the time period stipulated for the consideration to be payable or the time period for replies in the Written Procedure, as the case may be.
- 17.14 A matter decided at a duly convened and held Noteholders' Meeting or by way of Written Procedure is binding on all Noteholders, irrespective of them being present or represented at the Noteholders' Meeting or responding in the Written Procedure. The Noteholders that have not adopted or voted for a decision shall not be liable for any damages that this may cause other Noteholders.

- 17.15 All costs and expenses incurred by the Issuer or the Agent for the purpose of convening a Noteholders' Meeting or for the purpose of carrying out a Written Procedure, including reasonable fees to the Agent, shall be paid by the Issuer.
- 17.16 If a decision shall be taken by the Noteholders on a matter relating to the Terms and Conditions, the Issuer shall promptly at the request of the Agent provide the Agent with a certificate specifying the number of Capital Notes owned by Group Companies or (to the knowledge of the Issuer) affiliates, irrespective of whether such person is directly registered as owner of such Capital Notes. The Agent shall not be responsible for the accuracy of such certificate or otherwise be responsible to determine whether a Capital Note is owned by a Group Company or an affiliate.
- 17.17 Information about decisions taken at a Noteholders' Meeting or by way of a Written Procedure shall promptly be sent by notice to the Noteholders and published on the websites of the Issuer and the Agent, provided that a failure to do so shall not invalidate any decision made or voting result achieved. The minutes from the relevant Noteholders' Meeting or Written Procedure shall at the request of a Noteholder be sent to it by the Issuer or the Agent, as applicable.

## **18 Noteholders' Meeting**

- 18.1 The Agent shall convene a Noteholders' Meeting as soon as practicable and in any event no later than ten (10) Business Days after receipt of a valid request from the Issuer or the Noteholder(s) (or such later date as may be necessary for technical or administrative reasons) by sending a notice thereof to each person who is registered as a Noteholder on a date selected by the Agent which falls no more than five (5) Business Days prior to the date on which the notice is sent.
- 18.2 The notice pursuant to Clause 18.1 shall include the (i) time for the meeting, (ii) place for the meeting, (iii) agenda for the meeting (including each request for a decision by the Noteholders), (iv) Business Day on which a person must be a Noteholder in order to exercise Noteholders' rights at the Noteholders' Meeting and (v) a form of power of attorney. Only matters that have been included in the notice may be resolved upon at the Noteholders' Meeting. Should prior notification by the Noteholders be required in order to attend the Noteholders' Meeting, such requirement shall be included in the notice.
- 18.3 The Noteholders' Meeting shall be held no earlier than ten (10) Business Days and no later than twenty (20) Business Days from the notice.
- 18.4 Without amending or varying these Terms and Conditions, the Agent may prescribe such further regulations regarding the convening and holding of a Noteholders' Meeting as the Agent may deem appropriate. Such regulations may include a possibility for Noteholders to vote without attending the meeting in person.

## **19 Written Procedure**

- 19.1 The Agent shall instigate a Written Procedure as soon as practicable and in any event no later than ten (10) Business Days after receipt of a valid request from the Issuer or the Noteholder(s) (or such later date as may be necessary for technical or administrative

reasons) by sending a communication to each such person who is registered as a Noteholder on the a date selected by the Agent which falls no more than five (5) Business Days prior to the date on which the communication is sent.

19.2 A communication pursuant to Clause 19.1 shall include (i) each request for a decision by the Noteholders, (ii) a description of the reasons for each request, (iii) a specification of the Business Day on which a person must be registered as a Noteholder in order to be entitled to exercise voting rights, (iv) instructions and directions on where to receive a form for replying to the request (such form to include an option to vote yes or no for each request) as well as a form of power of attorney, and (v) the stipulated time period within which the Noteholder must reply to the request (such time period to last at least ten (10) Business Days from the communication pursuant to Clause 19.1). If the voting shall be made electronically, instructions for such voting shall be included in the communication.

19.3 When the requisite majority consents of the total Adjusted Nominal Amount pursuant to Clauses 17.7 and 17.8 have been received in a Written Procedure, the relevant decision shall be deemed to be adopted pursuant to Clause 17.7 and 17.8, as the case may be, even if the time period for replies in the Written Procedure has not yet expired.

## **20 Amendments and Waivers**

20.1 The Issuer and the Agent (acting on behalf of the Noteholders) may, in addition to Clause 12 (*Substitution or Variation*) agree to amend the Terms and Conditions or waive any provision in the Terms and Conditions, provided that:

- (a) such amendment or waiver is not detrimental to the interest of the Noteholders, or is made solely for the purpose of rectifying obvious errors and mistakes;
- (b) such amendment or waiver is required by applicable law, a court ruling or a decision by a relevant authority; or
- (c) such amendment or waiver has been duly approved by the Noteholders in accordance with Clause 17 (*Decisions by Noteholders*).

20.2 The consent of the Noteholders is not necessary to approve the particular form of any amendment to the Terms and Conditions. It is sufficient if such consent approves the substance of the amendment.

20.3 The Agent shall promptly notify the Noteholders of any amendments or waivers made in accordance with Clause 20.1, setting out the date from which the amendment or waiver will be effective. Any amendments to the Terms and Conditions shall be published on the websites of the Issuer and the Agent. The Issuer shall ensure that any amendments to the Terms and Conditions are duly registered with the CSD and each other relevant organisation or authority.

20.4 An amendment to the Terms and Conditions shall take effect on the date determined by the Noteholders Meeting, in the Written Procedure or by the Agent, as the case may be.

## **21 Appointment and Replacement of the Agent**

### **21.1 Appointment of Agent**

- 21.1.1 By subscribing for Capital Notes, each initial Noteholder appoints the Agent to act as its agent in all matters relating to the Capital Notes and the Terms and Conditions, and authorises the Agent to act on its behalf (without first having to obtain its consent, unless such consent is specifically required by these Terms and Conditions) in any legal or arbitration proceedings relating to the Capital Notes held by such Noteholder. By acquiring Capital Notes, each subsequent Noteholder confirms such appointment and authorisation for the Agent to act on its behalf.
- 21.1.2 Each Noteholder shall immediately upon request provide the Agent with any such documents, including a written power of attorney (in form and substance satisfactory to the Agent), that the Agent deems necessary for the purpose of exercising its rights and/or carrying out its duties under the Terms and Conditions. The Agent is under no obligation to represent a Noteholder which does not comply with such request.
- 21.1.3 The Issuer shall promptly upon request provide the Agent with any documents and other assistance (in form and substance satisfactory to the Agent), that the Agent deems necessary for the purpose of exercising its rights and/or carrying out its duties under the Terms and Conditions.
- 21.1.4 The Agent is entitled to fees for its work and to be indemnified for costs, losses and liabilities on the terms set out in the Terms and Conditions and the Agency Agreement and the Agent's obligations as Agent under the Terms and Conditions are conditioned upon the due payment of such fees and indemnifications.
- 21.1.5 The Agent may act as agent or trustee for several issues of securities issued by or relating to the Issuer and other Group Companies notwithstanding potential conflicts of interest.

### **21.2 Duties of the Agent**

- 21.2.1 The Agent shall represent the Noteholders in accordance with the Terms and Conditions. The Agent is not responsible for the content, due execution, legal validity, perfection or enforceability of the Terms and Conditions.
- 21.2.2 When acting in accordance with the Terms and Conditions, the Agent is always acting with binding effect on behalf of the Noteholders. The Agent shall carry out its duties under the Terms and Conditions in a reasonable, proficient and professional manner, with reasonable care and skill.
- 21.2.3 The Agent is entitled to delegate its duties to other professional parties, but the Agent shall remain liable for the actions of such parties under the Terms and Conditions.
- 21.2.4 The Agent shall treat all Noteholders equally and, when acting pursuant to the Terms and Conditions, act with regard only to the interests of the Noteholders and shall not be required to have regard to the interests or to act upon or comply with any direction or request of any other person, other than as explicitly stated in the Terms and Conditions.



- 21.2.5 The Agent is entitled to engage external experts when carrying out its duties under the Terms and Conditions. The Issuer shall on demand by the Agent pay all costs for external experts engaged after the occurrence of a Default Event or for the purpose of investigating or considering (i) an event or circumstance which the Agent reasonably believes is or may lead to a Default Event or (ii) a matter relating to the Issuer which the Agent reasonably believes may be detrimental to the interests of the Noteholders hereunder.
- 21.2.6 Notwithstanding any other provision of the Terms and Conditions to the contrary, the Agent is not obliged to do or omit to do anything if it would or might in its reasonable opinion constitute a breach of any law or regulation.
- 21.2.7 If in the Agent's reasonable opinion the cost, loss or liability which it may incur (including reasonable fees to the Agent) in complying with instructions of the Noteholders, or taking any action at its own initiative, will not be covered by the Issuer or the Noteholders (as applicable), the Agent may refrain from acting in accordance with such instructions, or taking such action, until it has received such funding or indemnities (or adequate Security has been provided therefore) as it may reasonably require.
- 21.2.8 The Agent shall give a notice to the Noteholders (i) before it ceases to perform its obligations under the Terms and Conditions by reason of the non-payment by the Issuer of any fee or indemnity due to the Agent under the Terms and Conditions or the Agency Agreement or (ii) if it refrains from acting for any reason described in Clause 21.2.7.
- 21.2.9 The Agent's duties under the Terms and Conditions are solely mechanical and administrative in nature and the Agent only acts in accordance with the Terms and Conditions and upon instructions from the Noteholders, unless otherwise set out in the Terms and Conditions. In particular, the Agent is not acting as an advisor (whether legal, financial or otherwise) to the Noteholders or any other person.
- 21.2.10 The Agent is not obligated to assess or monitor the financial condition of the Issuer or compliance by the Issuer of the terms of the Terms and Conditions unless to the extent expressly set out in the Terms and Conditions, or to take any steps to ascertain whether any Default Event has occurred.
- 21.2.11 Unless it has actual knowledge to the contrary, the Agent may assume that all information provided by or on behalf of the Issuer (including by its advisors) is correct, true and complete in all aspects.

### **21.3 Limited liability for the Agent**

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

is detrimental to the interests of the Noteholders to delay the action in order to first obtain instructions from the Noteholders.

- 21.3.3 The Agent shall not be liable for any delay (or any related consequences) in crediting an account with an amount required pursuant to the Terms and Conditions to be paid by the Agent to the Noteholders, provided that the Agent has taken all necessary steps as soon as reasonably practicable to comply with the regulations or operating procedures of any recognised clearing or settlement system used by the Agent for that purpose.
- 21.3.4 The Agent shall have no liability to the Noteholders for damage caused by the Agent acting in accordance with instructions of the Noteholders given in accordance with Clause 17 (*Decisions by Noteholders*) or a demand by Noteholders given in accordance with the Terms and Conditions.
- 21.3.5 Any liability towards the Issuer which is incurred by the Agent in acting under, or in relation to, the Terms and Conditions shall not be subject to set-off against the obligations of the Issuer to the Noteholders under the Terms and Conditions.
- 21.3.6 The Agent is not liable for information provided to the Noteholders by or on behalf of the Issuer or by any other person.

#### **21.4 Replacement of the Agent**

- 21.4.1 Subject to Clause 21.4.6, the Agent may resign by giving notice to the Issuer and the Noteholders, in which case the Noteholders shall appoint a successor Agent at a Noteholders' Meeting convened by the retiring Agent or by way of Written Procedure initiated by the retiring Agent.
- 21.4.2 Subject to Clause 21.4.6, if the Agent is Insolvent, the Agent shall be deemed to resign as Agent and the Issuer shall within ten (10) Business Days appoint a successor Agent which shall be an independent financial institution or other reputable company which regularly acts as agent under debt issuances.
- 21.4.3 A Notcholder (or Notcholders) representing at least ten (10) *per cent.* of the Adjusted Nominal Amount may, by notice to the Issuer (such notice may only be validly given by a person who is a Notcholder on the Business Day immediately following the day on which the notice is received by the Issuer and shall, if given by several Notcholders, be given by them jointly), require that a Notcholders' Meeting is held for the purpose of dismissing the Agent and appointing a new Agent. The Issuer may, at a Notcholders' Meeting convened by it or by way of Written Procedure initiated by it, propose to the Notcholders that the Agent be dismissed and a new Agent appointed.
- 21.4.4 If the Noteholders have not appointed a successor Agent within ninety (90) days after (i) the earlier of the notice of resignation was given or the resignation otherwise took place or (ii) the Agent was dismissed through a decision by the Noteholders, the Issuer shall appoint a successor Agent which shall be an independent financial institution or other reputable company which regularly acts as agent under debt issuances.
- 21.4.5 The retiring Agent shall, at its own cost, make available to the successor Agent such documents and records and provide such assistance as the successor Agent may



reasonably request for the purposes of performing its functions as Agent under the Terms and Conditions.

- 21.4.6 The Agent's resignation or dismissal shall only take effect upon the appointment of a successor Agent and acceptance by such successor Agent of such appointment and the execution of all necessary documentation to effectively substitute the retiring Agent.
- 21.4.7 Upon the appointment of a successor, the retiring Agent shall be discharged from any further obligation in respect of the Terms and Conditions but shall remain entitled to the benefit of the Terms and Conditions and remain liable under the Terms and Conditions in respect of any action which it took or failed to take whilst acting as Agent. Its successor, the Issuer and each of the Noteholders shall have the same rights and obligations amongst themselves under the Terms and Conditions as they would have had if such successor had been the original Agent.
- 21.4.8 In the event that there is a change of the Agent in accordance with this Clause 21.4, the Issuer shall execute such documents and take such actions as the new Agent may reasonably require for the purpose of vesting in such new Agent the rights, powers and obligation of the Agent and releasing the retiring Agent from its further obligations under the Terms and Conditions and the Agency Agreement. Unless the Issuer and the new Agent agrees otherwise, the new Agent shall be entitled to the same fees and the same indemnities as the retiring Agent.

## **22 Appointment and Replacement of the Issuing Agent**

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

## **23 No Direct Actions by Noteholders**

- 23.1 A Noteholder may not take any steps whatsoever against the Issuer to enforce or recover any amount due or owing to it pursuant to the Terms and Conditions (save for in accordance with Clause 16 (*Default and enforcement*)). A Noteholder may not initiate, support or procure the winding-up, dissolution, liquidation, company reorganisation (Sw. *företagsrekonstruktion*) or bankruptcy (Sw. *konkurs*) (or its equivalent in any other jurisdiction) of the Issuer in relation to any of the liabilities of the Issuer under the Terms and Conditions. Such steps may only be taken by the Agent in accordance with these Terms and Conditions.
- 23.2 Clause 23.1 shall not apply if the Agent has been instructed by the Noteholders in accordance with the Terms and Conditions to take certain actions but fails for any reason to take, or is unable to take (for any reason other than a failure by a Noteholder

to provide documents in accordance with Clause 21.1.2), such actions within a reasonable period of time and such failure or inability is continuing. However, if the failure to take certain actions is caused by the non-payment by the Issuer of any fee or indemnity due to the Agent under the Terms and Conditions or the Agency Agreement or by any reason described in Clause 21.2.7, such failure must continue for at least forty (40) Business Days after notice pursuant to Clause 21.2.8 before a Noteholder may take any action referred to in Clause 23.1.

## **24 Prescription**

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

## **25 Taxation**

All payments of principal, premium and interest (including Deferred Interest) in respect of the Capital Notes will be made without withholding or deduction for, or on account of, any present or future taxes or duties ("**Taxes**") of whatever nature imposed or levied by or on behalf of Sweden or any political subdivision or any authority thereof or therein having power to tax, unless the withholding or deduction of the Taxes is required by law. In such event, the Issuer will pay such additional amounts as shall be necessary in order that the net amounts received by the Noteholders after such withholding or deduction shall equal the respective amounts of principal, premium and interest (including Deferred Interest) which would otherwise have been receivable in respect of the Capital Notes, as the case may be, in the absence of such withholding or deduction.

## **26 Press releases**

- 26.1.1 Any notice that the Issuer or the Agent shall send to the Noteholders shall also be published by way of press release by the Issuer or the Agent, as applicable.
- 26.1.2 In addition to Clause 26.1.1, if any information relating to the Capital Notes or the Issuer contained in a notice the Agent may send to the Noteholders under these Terms and Conditions has not already been made public by way of a press release, the Agent shall before it sends such information to the Noteholders give the Issuer the opportunity to issue a press release containing such information. If the Issuer does not promptly issue a press release and the Agent considers it necessary to issue a press release

containing such information before it can lawfully send a notice containing such information to the Noteholders, the Agent shall be entitled to issue such press release.

## **27 Force Majeure and Limitation of Liability**

- 27.1 Neither the Agent nor the Issuing Agent shall be held responsible for any damage arising out of any legal enactment, or any measure taken by a public authority, or war, strike, lockout, boycott, blockade or any other similar circumstance (a “**Force Majeure Event**”). The reservation in respect of strikes, lockouts, boycotts and blockades applies even if the Agent or the Issuing Agent itself takes such measures, or is subject to such measures.
- 27.2 The Issuing Agent shall not have any liability to the Noteholders if it has observed reasonable care. The Issuing Agent shall not be responsible for indirect damage with exception of gross negligence and wilful misconduct.
- 27.3 Should a Force Majeure Event arise which prevents the Agent or the Issuing Agent from taking any action required to comply with these Terms and Conditions, such action may be postponed until the obstacle has been removed.
- 27.4 The provisions in this Clause 27 apply unless they are inconsistent with the provisions of the Financial Instruments Accounts Act which provisions shall take precedence.

## **28 Governing Law and Jurisdiction**

- 28.1 These Terms and Conditions, and any non-contractual obligations arising out of or in connection therewith, shall be governed by and construed in accordance with the laws of Sweden.
- 28.2 The Issuer submits to the non-exclusive jurisdiction of the City Court of Stockholm (Sw. *Stockholms tingsrätt*).
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We hereby certify that the above Terms and Conditions are binding upon ourselves.

Place: Stockholm

Date:

**SAMHÄLLSBYGGNADSBOLAGET I  
NORDEN AB (PUBL)  
as Issuer**

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We hereby undertake to act in accordance with the above Terms and Conditions to the extent they refer to us.

Place: Stockholm

Date:

**NORDIC TRUSTEE & AGENCY AB (PUBL)  
as Agent**

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**Schedule 1**  
**Conditions Precedent for Settlement**

**1 Documents**

- a) A copy of the constitutional documents of Issuer;
- b) A copy of a resolution of the board of directors or other persons authorised to exercise the relevant powers of the Issuer, approving the transactions contemplated by, the Terms and Conditions and resolving that it execute, deliver and perform its obligations under the Terms and Conditions and all related documents to which it is or will become a party;
- c) a copy of the executed Agency Agreement; and
- d) a copy of the executed Terms and Conditions.

## 8. ADDRESSES

### Company

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www.nordictrustee.com

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