



## **SAMHÄLLSBYGGNADSBOLAGET I NORDEN AB (PUBL)**

*(incorporated with limited liability in Sweden)*

**€2,500,000,000**

### **Euro Medium Term Note Programme**

This supplement (the "**Supplement**") is supplemental to, forms part of and must be read and construed in conjunction with, the base prospectus dated 26 April 2019 and the base prospectus supplements dated 3 May 2019, 10 July 2019 and 17 December 2019 (together the "**Base Prospectus**") prepared by Samhällsbyggnadsbolaget i Norden AB (publ) (the "**Issuer**") in connection with its Euro Medium Term Note Programme (the "**Programme**") for the issuance of up to €2,500,000,000 in aggregate principal amount of notes ("**Notes**"). Terms given a defined meaning in the Base Prospectus shall, unless the context otherwise requires, have the same meaning when used in this Supplement.

The purpose of the Supplement is to:

1. update the sections entitled "Risk Factors", "Description of the Issuer and Its Operations", "Pro Forma Statement", "Auditor's Report on the Pro Forma Statement", "Selected Consolidated Financial, operating and Other Data", "Ownership Structure", "Legal Considerations and Supplementary Information" and "Description of Hemfosa" in the Base Prospectus with the results of the Offer (as defined and described in the base prospectus supplement dated 17 December 2019, the "**December Supplement**"); and
2. update the section entitled "General Information" in the Base Prospectus.

This Supplement has been approved by the Central Bank of Ireland (the "**CBI**"), as competent authority under Directive 2003/71/EC, as amended (the "**Prospectus Directive**"), as a base prospectus supplement for the purposes of Article 16 of the Prospectus Directive. The CBI only approves this Supplement as meeting the requirements imposed under Irish and EU law pursuant to the Prospectus Directive.

The Issuer accepts responsibility for the information contained in this Supplement. To the best of the knowledge of the Issuer, having taken all reasonable care to ensure that such is the case, the information contained in this Supplement is in accordance with the facts and contains no omission likely to affect its import.

To the extent that there is any inconsistency between (a) any statement in this Supplement or any statement incorporated by reference into the Base Prospectus by this Supplement and (b) any other statement in, or incorporated by reference into, the Base Prospectus, the statements in (a) above will prevail.

Save as disclosed in this Supplement, there has been no other significant new factor, material mistake or inaccuracy relating to information included in the Base Prospectus which is capable of affecting the assessment of the Notes issued under the Programme since the publication of the Base Prospectus.

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## AMENDMENTS TO "RISK FACTORS" SECTION

With effect from the date of this Supplement:

1. The risk factor titled "*The Offer is subject to significant uncertainties*", which was added to the section titled "*Factors that may affect the Issuer's ability to fulfil its obligations under Notes issued under the Programme* " on page 5 of the Base Prospectus through page 3 of the December Supplement, shall be deleted.
2. The following sentences shall be added at the beginning of the risk factor titled "*After the completion of the Offer, Hemfosa will be a part of the operations of the Group*" which was added to the section titled "*Factors that may affect the Issuer's ability to fulfil its obligations under Notes issued under the Programme* " on page 5 of the Base Prospectus through page 3 of the December Supplement:

"On 15 November 2019, the Issuer made a recommended public takeover offer (the "**Offer**") to shareholders in Hemfosa Fastigheter AB (publ), reg. no. 556917-4377 ("**Hemfosa**"), to acquire all ordinary and preference shares in Hemfosa. The Offer was accepted and the acquisition of Hemfosa by the Issuer is now unconditional."

## AMENDMENTS TO "DESCRIPTION OF THE ISSUER AND ITS OPERATIONS" SECTION

With effect from the date of this Supplement:

1. The following paragraph shall be added after the table in the paragraph titled "*Income from Real Estate Transactions*" which was added at the end of the section titled "*Development Projects*" on page 91 of the Base Prospectus through page 16 of the December Supplement:

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

2. The following paragraphs shall be added to the end of the section titled "Recent Developments" on page 91 of the Base Prospectus:

"On 30 January 2020, the Group successfully issued subordinated fixed to reset rate undated capital securities totalling EUR 500,000,000. The proceeds from these issuances for general corporate purposes (including redemption of existing secured indebtedness, investments, acquisitions and development projects)."

## AMENDMENTS TO "PRO FORMA STATEMENT" SECTION

With effect from the date of this Supplement:

1. The section titled "*Pro Forma Statement*", which was inserted in the Base Prospectus as a new section after the section titled "*Ownership structure of the Issuer*" ending on page 97 of the Base Prospectus through pages 21 to 27 of the December Supplement, shall be deleted and replaced with the following:

### "PRO FORMA STATEMENT

#### PURPOSE OF THE PRO FORMA FINANCIAL STATEMENTS

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

#### BACKGROUND OF THE PRO FORMA FINANCIAL STATEMENTS

On 15 November 2019, the Issuer announced a public takeover bid regarding all ordinary and preference shares in Hemfosa. The purchase price comprises newly issued shares in the Issuer, as well as a cash portion. The Offer was originally open until 20 December 2019. As at 20 December 2019, 87.8 per cent. of the shares and 88.1 per cent. of the votes in Hemfosa were controlled by Samhällsbyggnadsbolaget. The Offer was subsequently extended to 29 January 2020 and on 31 January 2020 Samhällsbyggnadsbolaget announced that it controlled 93.5 per cent. of the shares and 93.8 per cent. of the votes in Hemfosa. The Issuer has initiated a compulsory acquisition procedure under the Swedish Companies Act to acquire all shares not tendered in the Transaction and the pro forma financial statements thereby assume full ownership of Hemfosa. The remaining shares in Hemfosa to be acquired by Samhällsbyggnadsbolaget are assumed to be paid fully in cash at equivalent terms as under the Transaction.

For the purchased shares as of 20 December 2019, the consideration comprised a cash consideration of SEK 10,260 million, including shares purchased on the market, and a share consideration of SEK 10,613 million. For the purchased shares from 20 December 2019 and up until 31 January 2020 the consideration comprised a cash consideration of SEK 431 million and a share consideration of SEK 552 million. The remaining shares in Hemfosa to be acquired by the Issuer are assumed to be paid in a cash amount of SEK 1,492. A total purchase price of SEK 23 348 million has been assumed for these pro forma financial statements, divided into SEK 12 183 million paid in cash and SEK 11,165 million paid in shares.

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

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

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

##### Subscription to the Offer

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

## **Presentation format**

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

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

## **Accounting principles**

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

## **Business versus asset acquisitions**

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

## **Supporting documentation**

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

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

## **PRO FORMA ADJUSTMENTS**

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

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

### **Preliminary acquisition analysis**

In the pro forma financial statements, the purchase price is calculated at SEK 23,348 million. In the preliminary acquisition analysis, the value of the Issuer's shares has been calculated based on the Issuer's share prices on the respective issuance dates.

Based on the above, the cash portion of the purchase price amounts to SEK 12,183 million and the share portion amounts to SEK 11,165 million.

When preparing the preliminary acquisition analysis, the Issuer has not yet fully assessed the complete data allowing it to value Hemfosa's assets and liabilities. This also means that the deferred tax related to the difference between the book values of investment properties and their tax values has not been determined

and has not been taken into account. The preliminary acquisition analysis regarding Hemfosa has been prepared based on Hemfosa's consolidated balance sheet as of 30 September 2019.

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

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

### Transaction expenses and financing

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

In connection with the Transaction, but after 30 September 2019, the Issuer has raised further financing for the Transaction. In the pro forma income statements, this financing is treated as if it had been raised in connection with the hypothetical acquisition date of 1 January 2018. In the pro forma balance sheet, this financing is treated as if it had been raised in connection with the hypothetical acquisition date of 30 September 2019. Arrangement fees for the debt financing amounts to approximately SEK 2 million.

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

### Tax effect on adjustments

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

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

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

	The Issuer (1 January 2018 – 31 December 2018) Audited IFRS	Hemfosa (1 January 2018 – 31 December 2018) Audited IFRS	Pro forma adjustments Unaudited	Note	The Issuer Pro forma income statement Unaudited Total
<i>(SEK million)</i>					
Rental income	1,680	2,525			4,205
Operating expenses	(386)	(403)			(789)
Maintenance	(100)	(175)			(275)
Property administration	(92)	(82)			(174)
Property tax	(32)	(74)			(106)
<b>Net operating income</b>	<b>1,071</b>	<b>1,792</b>	-		<b>2,863</b>
Central administration	(102)	(141)			(243)
Other operating income and expenses	-	43			43
Result from associated companies/joint ventures	13	24			37

<b>Profit before financial items</b>	<b>982</b>	<b>1,718</b>	-		<b>2,700</b>
Financial income and expenses	(661)	(514)	(36)	A	(1,211)
<b>Profit from property management</b>	<b>321</b>	<b>1,204</b>	<b>(36)</b>		<b>1,489</b>
Changes in value, properties	1,575	1,305			2,880
Changes in value, derivatives	8	(14)			(6)
<b>Profit before tax</b>	<b>1,904</b>	<b>2,495</b>	<b>(36)</b>		<b>4,363</b>
Tax	(214)	(466)	8	B	(672)
<b>Net profit for the year, continuing operations</b>	<b>1,690</b>	<b>2,030</b>	<b>(28)</b>		<b>3,692</b>
<b>Discontinued operations</b>					
Profit after tax from Nyfosa to be distributed to shareholders	-	1,407			
Result on distribution of Nyfosa	-	(1,077)			(1,077)
<b>Net profit for the year</b>	<b>1,690</b>	<b>2,360</b>	<b>(28)</b>		<b>4,022</b>

#### Notes to the pro forma accounts

##### A

The cash consideration totalling SEK 12,183 million, as well as transaction and issue expenses totalling SEK 198 million will be financed through proprietary funds of SEK 9,339 million, bond loans and commercial papers of SEK 1,400 million and a rights issue of SEK 1,500 million. Since no interest is charged on cash and cash equivalents or the rights issue, no pro forma adjustment is made in the income statement. The new financings have an average annual interest rate of 0.65 per cent. This entails a pro forma adjustment in the income statement for increased interest expenses totalling SEK 9 million.

Arrangement fees at an average rate of 0.09 per cent related to the debt financing are assumed to be SEK 1 million. The issuing costs for the rights issue are not adjusted for in the income statement but accounted for as a deduction of gross proceeds in the balance sheet.

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

This entails a pro forma adjustment in the income statement for increased interest expenses totalling SEK 36 million.

##### B

The pro forma adjustments presented regarding financing expenses have an impact on the tax expense for the period. The adjustment relates to a positive effect of SEK 8 million regarding tax related to the increased interest expenses (22 per cent. of SEK 36 million).

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

	<b>The Issuer (1 January 2019 – 30 September 2019) Unaudited IFRS</b>	<b>Hemfosa (1 January 2019 – 30 September 2019) Unaudited IFRS</b>	<b>Pro forma adjustments Unaudited</b>	<b>Note</b>	<b>The Issuer Pro forma income statement Unaudited Total</b>
<i>(MSEK)</i>					
Rental income	1,400	2,128			3,528
Operating expenses	(326)	(349)			(675)
Maintenance	(78)	(120)			(198)
Property administration	(68)	(73)			(141)
Property tax	(25)	(59)			(84)
<b>Net operating income</b>	<b>903</b>	<b>1,526</b>			<b>2,429</b>
Central administration	(85)	(98)			(183)
Other operating income and expenses	-	4			4



Result from associated companies/joint ventures	57	9			66
<b>Profit before financial items</b>	<b>875</b>	<b>1,441</b>			<b>2,316</b>
Financial income and expenses	(367)	(403)	(7)	A	(777)
<b>Profit from property management</b>	<b>508</b>	<b>1,039</b>	<b>(7)</b>		<b>1,540</b>
Changes in value, properties	1,136	814			1,950
Changes in value, derivatives	(118)	(77)			(195)
<b>Profit before tax</b>	<b>1,526</b>	<b>1,777</b>	<b>(7)</b>		<b>3,296</b>
Tax	(189)	(280)	1	B	(468)
<b>Net profit for the year</b>	<b>1,337</b>	<b>1,497</b>	<b>(6)</b>		<b>2,828</b>

## Notes to the pro forma accounts

### A

The cash consideration totalling SEK 12,183 million, as well as transaction and issue expenses totalling SEK 198 million will be financed through proprietary funds of SEK 9,339 million, bond loans and commercial papers of SEK 1,400 million and a rights issue of SEK 1,500 million. Since no interest is charged on cash and cash equivalents or the rights issue, no pro forma adjustment is made in the income statement. The new financings have an average annual interest rate of 0.65 per cent. This entails a pro forma adjustment in the income statement for increased interest expenses totalling SEK 6 million.

Arrangement fees at an average rate of 0.09 per cent related to the debt financing are assumed to be SEK 1 million. The issuing costs for the rights issue are not adjusted for in the income statement but accounted for as a deduction of gross proceeds in the balance sheet.

This entails a pro forma adjustment in the income statement for increased interest expenses totalling SEK 7 million.

### B

The pro forma adjustments presented regarding financing expenses have an impact on the tax expense for the period. The adjustment relates to a positive effect of SEK 1 million for tax regarding the increased interest expenses (21.4 per cent. of SEK 7 million).

## *Pro Forma Balance Sheet As Of 30 September 2019*

	<b>The Issuer (30 September 2019) Unaudited IFRS</b>	<b>Hemfosa (30 September 2019) Unaudited IFRS</b>	<b>Pro forma adjustments Unaudited</b>	<b>Note</b>	<b>The Issuer Pro forma balance sheet Unaudited Total</b>
<i>(SEK million)</i>					
<b>ASSETS</b>					
<b>Fixed assets</b>					
Goodwill	24	-	8,893	A	8,917
Investment properties	30,776	39,773			70,549
Land lease agreements	137	133			270
Equipment, machinery and installations	4	-			4
Shares in associated companies/joint ventures	535	294			829
Receivables from associated companies/joint ventures	1,754	-			1,754
Financial fixed assets at fair value	239	-			
Other long-term receivables	39	-			39
Other fixed assets	-	35			35

<b>Total fixed assets</b>	<b>33,508</b>	<b>40,235</b>	<b>8,893</b>	<b>82,636</b>
<b>Current assets</b>				
Accounts receivables	626	297		923
Short-term investments	1,094	-	(1,094) B	-
Cash and cash equivalents	8,532	616	(8,443) B	705
<b>Total current assets</b>	<b>10,252</b>	<b>913</b>	<b>(9,537)</b>	<b>1,628</b>
<b>TOTAL ASSETS</b>	<b>43,760</b>	<b>41,149</b>	<b>(644)</b>	<b>84,265</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>	<b>15,940</b>	<b>14,456</b>	<b>(2,009) B, C</b>	<b>28,387</b>
Interest-bearing liabilities	25,331	23,687	1,398 D	50,416
Deferred tax liabilities	1,238	1,428	(33) E	2,633
Liabilities leasing	137	133		270
Other liabilities	1,114	1,446		2,560
<b>Total liabilities</b>	<b>27,820</b>	<b>26,694</b>	<b>1,365</b>	<b>55,879</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>43,760</b>	<b>41,149</b>	<b>(644)</b>	<b>84,265</b>

#### Notes to the pro forma accounts

##### A

In the pro forma financial statements, the purchase price was calculated at SEK 23,348 million.

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

The difference between Hemfosa's net assets and the purchase price has been recognized as goodwill in the amount of SEK 8,893 million.

Preliminary acquisition analysis as of 30 September 2019:

Purchase price	SEK 23,348 million
Acquired net assets, Hemfosa	SEK (14,455) million

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**Goodwill** **SEK 8,893 million**

##### B

The cash consideration totalling SEK 12,183 million will be financed with existing proprietary funds of SEK 9,339 million (SEK 8,245 million from cash and cash equivalents and SEK 1,094 million from short-term investments), in addition, proceeds of SEK 1,500 million from the rights issue before deduction of issue expenses of SEK 56 million and additional bond loans and commercial papers of SEK 1,400 million. Arrangement fees related to the debt financing are assumed to be SEK 2 million. In addition to the cash consideration, transaction expenses of SEK 198 million are financed from cash and cash equivalents. This entails a pro forma adjustment of cash and cash equivalents by SEK 8,245 million, and of short-term investments by SEK 1,094 million (SEK 9,339 million from total current assets).

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

##### C

Equity has been adjusted for the non-cash issue, increasing equity by SEK 11,165 million following the deduction of issue expenses of SEK 77 million after tax. Proceeds from the rights issue has increased equity by SEK 1,500 million following the deduction of issue expenses of SEK 44 million after tax. Transaction expenses have reduced equity by SEK 100 million (assumed not to be deductible) and acquired equity in Hemfosa (SEK 14,455 million) has been eliminated.

Pro forma equity adjustments:

Non-cash issue	SEK 11,165 million
Rights issue	SEK 1,500 million

Issue expenses, after tax	SEK (119) million
Transaction expenses	SEK (100) million
Elimination of acquired equity in Hemfosa	SEK (14,455) million
<b>Pro forma equity adjustment</b>	<b>SEK (2,009) million</b>

**D**

Interest-bearing liabilities have been adjusted for the bond loans and commercial papers of SEK 1,400 million used for the partial financing of the Transaction. Arrangement fees related to the debt financing are assumed to be SEK 2 million.

**E**

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

## AMENDMENTS TO "AUDITOR'S REPORT ON THE PRO FORMA STATEMENT " SECTION

With  
effect  
from the  
date of this

### **Independent auditors' assurance report on the compilation of pro forma financial information included in a Base Prospectus**

#### **Samhällsbyggnadsbolaget i Norden AB (publ)**

Supplement:

1. The section titled "*Auditor's Report on the Pro Forma Statement*", which was inserted in the Base Prospectus as a new section after the section titled "*Ownership structure of the Issuer*" ending on page 97 of the Base Prospectus through pages 28 to 30 of the December Supplement, shall be deleted and replaced with the following:

To the Board of Directors of  
**Samhällsbyggnadsbolaget i Norden AB (publ)**

Stockholm, February 7, 2020

### Report on the Compilation of Pro Forma Financial Information Included in a Base Prospectus

We have completed our assurance engagement to report on the compilation of pro forma financial information of Samhällsbyggnadsbolaget i Norden AB (publ) (the "**Company**") by the Board of Directors. The pro forma financial information consists of the pro forma balance sheet as at September 30, 2019, the pro forma income statement for the year ended December 31, 2018, the pro forma income statement for the nine-month period ended September 30, 2019, and related notes as set out on pages 4 to 10 of the base prospectus supplement issued by the Company dated February 7, 2020 (the "**Supplement**", together with the base prospectus dated April 26, 2019, as supplemented by the first supplement to the base prospectus dated May 3, 2019, the second supplement to the base prospectus dated July 10, 2019, and the third supplement to the base prospectus dated December 17, 2019, together referred to as the "**Base Prospectus**"). The applicable criteria on the basis of which the Board of Directors has compiled the pro forma financial information are specified in Directive 2003/71/EC, as amended (the "Prospectus Directive") and described in the notes (applicable criteria).

The pro forma financial information has been compiled by the Board of Directors to illustrate the impact of the acquisition of all shares in Hemfosa Fastigheter AB (publ), set out on pages 4 to 10 of the Supplement on the Company's consolidated balance sheet as at September 30, 2019 and its consolidated income statement for the year ended December 31, 2018 and the nine-month period ended September 30, 2019 as if the acquisition of all shares in Hemfosa Fastigheter AB (publ) had taken place at January 1, 2018 and September 30, 2019, respectively.

As part of this process, information about the Company's consolidated balance sheet and financial performance has been extracted by the Board of Directors from the Company's consolidated financial statements for the year ended December 31, 2018 and the unaudited consolidated financial information for the nine-month period ended September 30, 2019. The auditor's report on the Company's financial statements for the year ended December 31, 2018 and an auditors' review report for the nine-month period ended September 30, 2019 has been incorporated by reference in the Base Prospectus. Information about Hemfosa Fastigheter AB's (publ) consolidated balance sheet and financial performance has been extracted by the Board of Directors from the Hemfosa Fastigheter AB's (publ) consolidated financial statements for the year ended December 31, 2018 and the unaudited consolidated financial information for the nine-month period ended September 30, 2019. The financial statements of Hemfosa Fastigheter AB (publ) for the year ended December 31, 2018 were audited by KPMG AB and their audit report thereon was issued on March 27, 2019.

*The Board of Directors' Responsibility for the Pro Forma Financial Information*  
The Board of Directors is responsible for compiling the pro forma financial information on the basis of the applicable criteria.

#### *Our Independence and Quality Control*

We have complied with the independence and other ethical requirements for Professional Accountants in Sweden, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

The firm applies International Standard on Quality Control 1, *Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements* and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

#### *Practitioner's Responsibilities*

Our responsibility is to express an opinion, as required by Annex II item 7 of the Prospectus Directive about whether the pro forma financial information has been properly compiled by the Board of Directors on the basis of the applicable criteria.

We conducted our engagement in accordance with International Standard on Assurance Engagements (ISAE) 3420, *Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus*, issued by the International Auditing and Assurance Standards Board. This standard requires that the independent auditor comply with ethical requirements and plan and perform procedures to obtain reasonable assurance about whether the Board of Directors has properly compiled the pro forma financial information on the basis of the applicable criteria.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the pro forma financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the pro forma financial information.

The purpose of pro forma financial information included in a prospectus is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the entity as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction at December 23, 2019 would have been as presented.

A reasonable assurance engagement to report on whether the pro forma financial information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Board of Directors in the compilation of the pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- The related pro forma adjustments give appropriate effect to those criteria; and
- The pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the independent auditor's judgment, having regard to the independent auditor's understanding of the nature of the company, the event or transaction in respect of which the pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the pro forma financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### *Opinion*

In our opinion, the pro forma financial information has been properly compiled on the basis stated and such basis is consistent with the accounting policies of Samhällsbyggnadsbolaget i Norden AB (publ).

Ernst & Young AB

Ingemar Rindstig  
Authorised public accountant

**AMENDMENTS TO "SELECTED CONSOLIDATED FINANCIAL, OPERATING AND OTHER  
DATA" SECTION**

With effect from the date of this Supplement:

1. Under the heading "*Key performance indicators and other historical financial and operating data*", which was added as part of a new section titled "*Selected Consolidated Financial, Operating and Other Data*" after the section "*Ownership structure of the Issuer*" ending on page 97 of the Base Prospectus through page 42 of the December Supplement, the percentage figure for Return on Shareholders' Equity for the year ended 31 December 2017 shall be amended from "52.0" to "51.7".

## AMENDMENTS TO "OWNERSHIP STRUCTURE" SECTION

With effect from the date of this Supplement:

- The section titled "*Ownership Structure*", which was inserted in the Base Prospectus as a new section after the section titled "*Ownership structure of the Issuer*" ending on page 97 of the Base Prospectus through page 45 of the December Supplement, shall be deleted and replaced with the following:

### OWNERSHIP STRUCTURE

Insofar as it is known to the Issuer, the following persons, have direct or indirect holdings amounting to five per cent. or more of the shares or voting rights in respect of the Issuer as at 31 December 2019.

Further, insofar as it is known to the Issuer, the following Board members and members of executive management, have direct or indirect holdings (including holdings by any related parties) of the shares or voting rights in respect of the Issuer as at 31 December 2019.

Shareholder	Shares				per cent.	
	A	B	D	Preference	of capital	of votes
<b>Shareholders with holdings that exceed 5 per cent. of the shares or the votes</b>						
Ilija Batljan (directly and indirectly through companies)	109,053,868	10,192,373	–	–	13.0	39.2
Marjan Dragicovic (directly and indirectly through companies).....	27,164,652	77,285,000	–	–	14.4	12.4
AB Arvid Svensson.....	26,000,000	39,513,367	–	–	7.2	10.7
Sven-Olof Johansson (indirectly through companies).....	22,315,456	29,481,315	–	–	5.7	9.0
Erik Paulsson (indirectly through companies) .....	13,919,159	16,799,507	–	–	4.9	5.6
<b>Board members and members of executive management holdings (including holdings by any related parties)</b>						
Ilija Batljan .....	See above					
Sven-Olof Johansson.....	See above					
Fredrik Svensson.....	See above under AB Arvid Svensson					
Lennart Schuss (directly and indirectly through companies)	2,634,957	17,036,419	–	–	2.2	1.6
Hans Runesten .....	–	5,025,507	–	–	0.6	0.2
Eva Swartz Grimaldi .....	–	227,880	–	–	0.0	0.0
Lars Thagesson .....	–	8,412,129	–	–	0.9	0.3
Krister Karlsson .....	3,174,785	304,456	560	–	0.4	1.1
Rosel Ragnarsson .....	–	144,990	–	–	0.0	0.0
Eva-Lotta Stridh.....	317,479	24,422	–	–	0.0	0.1
Oscar Lekander .....	3,174,785	1,931,348	275,500	–	0.6	1.2
Fredrik Holm.....	–	25,003	2500	–	0.0	0.0
Adrian Westman .....	–	10,200	–	–	0.0	0.0
Other shareholders .....	634,958	285,369,108	71,828,831	29,100	34.1	12.8
<b>Total .....</b>	<b>209,977,491</b>	<b>629,696,420</b>	<b>76,498,230</b>	<b>30,713</b>	<b>100</b>	<b>100</b>



**AMENDMENTS TO  
"LEGAL CONSIDERATIONS AND SUPPLEMENTARY INFORMATION" SECTION**

With effect from the date of this Supplement:

1. The paragraph entitled "*Bridge facilities agreement*", which was added as part of a new section titled "*Legal Considerations and Supplementary Information*" after the section titled "*Ownership structure of the Issuer*" ending on page 97 of the Base Prospectus through page 47 of the December Supplement, shall be deleted.

## AMENDMENTS TO "DESCRIPTION OF HEMFOSA" SECTION

With effect from the date of this Supplement:

1. The paragraph titled "*Strategy*", which was added as part of a new section titled "*Description of Hemfosa*" after the section titled "*Ownership structure of the Issuer*" ending on page 97 of the Base Prospectus through page 50 of the December Supplement, shall be deleted.

## AMENDMENTS TO "GENERAL INFORMATION" SECTION

With effect from the date of this Supplement:

1. Paragraph one of the "General Information" section titled "Significant or Material Change" starting on page 105 of the Base Prospectus is updated by deleting the section and replacing it with the following:

"Other than as disclosed in: (1) the final paragraph under the heading "*Income from Real Estate Transactions*" which was added at the end of the section titled "*Development Projects*", that was added to page 91 of the Base Prospectus through page 16 of the December Supplement, by page 3 of this Supplement; (2) the section titled "*Pro Forma Statement*" which was added as a new section after the section titled "*Ownership structure of the Issuer*" ending on page 97 of the Base Prospectus through pages 21 to 27 of the December Supplement and supplemented by pages 4 to 9 of this Supplement; and (3) the section titled "*The Combined Company*" which was added as a new section after the section "*Ownership structure of the Issuer*" ending on page 97 of the Base Prospectus through pages 31 to 38 of the December Supplement, there has been no significant change in the financial or trading position of the Group since 30 September 2019. There has been no material adverse change in the prospects of the Issuer since 31 December 2018."