

**PROSPECTUS REGARDING ADMISSION TO TRADING
ON THE CORPORATE BOND LIST OF
NASDAQ STOCKHOLM OF UP TO
SEK 1,000,000,000**

**SUBORDINATED PERPETUAL FLOATING RATE CALLABLE
CAPITAL NOTES**

SAMHÄLLSBYGGNADSBOLAGET I NORDEN AB (PUBL)



23 October 2017

Issuing Agent:

Nordea Bank AB (publ)

TÖRNGREN MAGNELL

IMPORTANT INFORMATION

On 29 September 2017 Samhällsbyggnadsbolaget i Norden AB (publ) (the “**Company**”) issued subordinated perpetual floating rate callable capital notes under a loan amounting up to a maximum of SEK 1,000,000,000 (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. References to the Company in this Prospectus refer Samhällsbyggnadsbolaget i Norden AB (publ) and its subsidiaries (together with the Company the “**Group**”), depending on the context. Advokatfirman Törngren Magnell KB and Nordea Bank AB (publ) have been acting as advisors to the Company in connection with the issue of the Capital Notes and Advokatfirman Törngren Magnell KB has been acting as advisor in connection with the admission to trading of the Capital Notes.

This Prospectus has been prepared in accordance with the Swedish Financial Instruments Trading Act (Sw. *Lag (1991:980) om handel med finansiella instrument*) (the “**Trading Act**”) and Commission Regulation (EU) No. 809/2004 of 29 April 2004 implementing the European Parliament and Council Directive 2003/71/EC, as this regulation was amended by Commission Regulation (EC) no. 486/2012. The Prospectus has been approved and registered by the Swedish Financial Supervisory Authority (Sw. *Finansinspektionen*) (the “**SFSA**”) in accordance with the provisions Chapter 2, Sections 25 and 26 of the Trading Act. The SFSA’s approval and registration do 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) and the Company (www.sbbnorden.se). Paper copies may be obtained from the Company.

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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Agent	means Nordic Trustee & Agency AB (publ), Reg. No. 556882-1879.
Capital Notes	means the subordinated perpetual floating rate callable capital notes with ISIN SE0010414599.
Company	means Samhällsbyggnadsbolaget i Norden AB (publ), Reg. No. 556987-7660.
Euroclear	means Euroclear Sweden AB, Reg. No. 556112-8074.
Group	means the the Company together with its subsidiaries, including the Company.
Group Company	means a company within the Group.
Issuing Agent	means Nordea Bank AB (publ), Reg. No.516406-0120.
Nasdaq Stockholm	means the Corporate Bond List on Nasdaq Stockholm AB.
Noteholder	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.
Prospectus	means this prospectus, including any documents incorporated by reference.
SBB i Norden	means SBB i Norden AB, Reg. No. 559053-5174.
SEK	means the lawful currency in Sweden.
Swedish Companies Act	means the Swedish Companies Act (Sw. <i>aktiebolagslagen (2005:551)</i>).
Terms and Conditions	means the terms and conditions for the Capital Notes.

1. RISK FACTORS

Investments in capital notes always entail a certain degree of risk and this is also the case for an investment in the Capital Notes. A number of factors, both within the Company's control but also factors not controllable by the Company, affect, or could affect, the Company's profit, financial position and the Capital Notes. Described below, in no particular order of importance and without claim to be exhaustive, are the risk factors and significant circumstances considered to be material to the Company's business and future development. The risk factors currently applicable, both general risks attributable to the Company's operations and risks linked directly to the Capital Notes in their capacity of financial instruments, are described below. The intention is to describe risks that are linked to the Company's business and thus also the Company's ability to fulfil its obligations in accordance with the Terms and Conditions and the market risks associated with the Capital Notes.

Before making a decision about acquisition of the Capital Notes, any potential investor should carefully consider the risk factors described below, as well as any other provided information about the Company and the Capital Notes. In addition, an investor must, alone or together with its financial and other advisers, engage in a general evaluation of external facts, other provided information and general information about the real estate market and real estate companies from its own perspective. An investor should have adequate knowledge to evaluate the risk factors as well as sufficient financial strength to bear these risks.

Additional risk factors that are not currently known or not currently considered to be material may also affect the Company's future operations, performance, result and financial position, and thus the Company's ability to fulfil its obligations in accordance with the Terms and Conditions.

All risk factors described below may potentially adversely affect the Company's operations, financial position and result. In turn this would affect the Company's ability to fulfil its obligations in accordance with the Terms and Conditions.

1.1. Risks relating to the Company and the Group

Macroeconomic factors

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

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

There is a risk that a higher vacancy ratio and interest rates, increased costs and lower rents will have an adverse effect on the Group's operations, earnings and financial position.

Geographical risks

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

Technical risks

Real estate investments involve technical risks. A technical risk can be described as the risk related to the technical operations of the properties, such as the risk of defects relating to the construction of the

properties, other latent shortcomings or deficiencies, damages (for instance due to fire or other forces of nature) and environmental hazards. If any technical problems should occur, such occurrence may result in significantly increased costs for the properties. There is a risk that such occurrence will have an adverse effect on the Company's and the Group's financial position and results.

Rental income and rental development

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

Decreased occupancy rates and rental rates will, regardless of reason, affect the Group's earnings negatively. The risk for great fluctuations in vacancies and loss of rental income increases, the more single large tenants a real estate company has. There is a risk that the Group's larger tenants do not renew or extend their lease agreements upon expiry, which in the long term leads to a decrease in rental income and an increase in vacancies.

The Group is also dependent on that the tenants pay their rents on time. The Company's and the Group's earnings and cash flow could be impacted negatively if tenants stop their payments, or otherwise do not fulfil their obligations.

Operating and maintenance costs

Tenants leasing community service premises usually have a relatively extensive liability for operations and maintenance. Operating costs are mainly costs that are tariff-based, such as costs for electricity, cleaning, water and heating. Several of these goods and services can only be bought from one provider, which may also affect the price. When a cost increase is not compensated through regulation of the lease, or an increase in rent by renegotiation of the lease agreement, it will have an adverse effect on the Company's and the Group's financial position and results. In the event of vacancies, the Company's and the Group's result will be affected mainly by loss of revenue.

Maintenance costs include costs that are necessary in order to maintain the standard of the properties in the long term. There is a risk that the occurrence of unforeseen and extensive renovation needs on the properties will have an adverse effect on the Company's and the Group's earnings and cash flows.

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

The Company 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 Company'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 Company 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. There is a risk that such limitations will negatively affect the Group's operations, financial position and earnings and in turn the performance of the Company under the Capital Notes.

Dependency on members of management and other key personnel

The knowledge, experience and commitment of the Group's employees are important for the Group's future development. If the Group is unable to retain members of management and other key personnel, or recruit new members of management or other key personnel to replace people who leave the Group, there is a risk that it will have an adverse effect on the Company's and the Group's financial position and results.

Transactions

The Group's property portfolios may vary over time and acquisition and sale of additional properties and property owning companies are a part of the Group's ordinary business and involve a degree of risk and uncertainty. There is a risk that attractive properties or property owning companies are disposed of

whereas less attractive properties or property owning companies may be acquired. If attractive properties or property owning companies were to be disposed of or less attractive properties or property owning companies were to be acquired, there is a risk that the market value of the Group's property portfolios will decrease, which will have an adverse effect on the Company's and the Group's financial position and results.

Selling properties involves uncertainties regarding, *inter alia*, price and the ability to get provision for the properties. Further, the Group may be subject to claims due to the sale or the condition of the sold properties. If the Group is unable to get provision at favourable terms or if claims are directed at the Group, this may lead to delays in projects as well as increased and unexpected costs for the properties and transactions.

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

There is risk that the disposal of existing properties could will have a significant negative effect on the Group's cash flow if such properties are sold at a low price. If the properties are sold to a lower price than expected, this will have an adverse effect on the Company's and the Group's financial position and results.

Risks relating to acquisitions and company integration

The Group has and is continuously acquiring companies, whereby the Group is exposed to the risk of unexpectedly increased transaction costs or cancelled acquisitions, which will have a negative effect on the Group's financial position and results. Due to the high frequency of acquisitions the Group is exposed to integration risks, related to increased merging costs, organisational costs, risks related to the inability to retain key personnel and unexpected costs related to management of new tenants, unexpected environmental clean-up costs or costs related to unexpected real estate property condition. Such increased costs will have an adverse effect on the Company's and the Group's financial position and results.

Risks relating to developing and renovating projects

Developing new property as well as renovating existing properties or acquiring properties which are not fully vacant involves risks such as miscalculations of customer demand leading to unsold premises, unleased premises, lower profitability for the project and undesired tied-up capital on the balance sheet. There is a risk that, if developing new property, renovating existing properties, the Group is unable to lease vacant properties it has acquired or it turns out less profitable than expected, premises remain unsold and the Group has undesired tied-up capital on the balance sheet, which will have an adverse effect on the Company's and the Group's financial position and results.

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

Property development projects (including new construction, re-construction of buildings or change of use) is subject to permits and decisions from authorities unless such are already in place. Such permits and decisions may not always be granted which can cause delays, increased costs and even jeopardise project realisation. Further, modified municipal planning may lead to local plans not being approved causing delays and increased costs pertaining to necessary restructuring of the project. There is a risk that necessary permits or approvals are not obtained, cause delays, increase costs or even jeopardise the project's realisation, which will have an adverse effect on the Group's financial position and results.

Risks relating to insurances

The Group has insured its operations against usual losses and/or potential liability in relation to third party claims. Certain types of losses and/or damages are generally not covered by insurance policies due to such losses being considered as impossible to insure, for example losses resulting from the act of war,

terrorism, professional liability or personal liability (the latter two their damages are caused by negligence, wilful misconduct or criminal acts). Further, most of the Group's insurances (i.e. the insured amounts) are limited by specified maximum amounts per claim, series of injuries and the specified insurance periods. In the event that a loss is not covered by the Group's insurance policies or that an incurred loss exceeds the maximum amount covered by the relevant insurance policy, or upon the occurrence of consequential loss, the Company's and the Group's business, financial position and results will be adversely affected.

Changes in value of properties

The Group's properties are reported at market value in the Group's consolidated balance sheet and with changes in value in the profit and loss account. There is a risk that different factors may cause the Group to write down the fair value of its properties, which will have an adverse effect on the Group's result and financial position.

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

If the value of the properties decreases, causing the relevant Group Company to write down the value of them, it could result in a number of consequences, such as a breach of the covenants of the loans owed by the relevant Group Company from time to time could occur, which in turn could result in such loans being accelerated prior to maturity and consequently affecting the liquidity of the Group. There is a risk that a material decrease of the market value of the properties would also have a negative impact on the Group's possibilities to dispose of its properties without incurring losses, which in turn will have an adverse effect on the Company's and the Group's financial position and results.

Operational risk

Operational risk is the risk of incurring losses due to inadequate procedures and/or irregularities. Adequate internal control, administrative system adapted for the purposes, skills development and access to reliable valuation and risk models are a good basis for guaranteeing the operational safety. Deficiencies, inadequate procedures and/or irregularities in the operational security will have an adverse effect on the Company's and the Group's operations.

Environmental risks

Property management includes environmental risks. According to Swedish legislation, the party that has conducted operations which have caused contamination is responsible for remediation of the contaminated property. If such party is not able to carry out or pay for the remediation of a contaminated property, the party who acquired the property and was aware of the contamination at the time of acquisition or ought to have detected it then shall be liable for remediation. If claims for remediation regarding any of the properties should be put forward to the Group, this will have an adverse effect on the Company's and the Group's financial position and results.

Property management and property development have an environmental impact. The Swedish Environmental Code (Sw. *Miljöbalken (1998:808)*) states that everyone who has conducted a business operation that has contributed to pollution, also has a responsibility for remediation of the property. If the responsible person cannot carry out or pay for the remediation of a polluted property, the person who has acquired the property is liable for remediation provided that the buyer at the time of the acquisition knew of or should have discovered the pollution. This means that claims, under certain conditions, may be raised against the Group for soil remediation or for remediation concerning presence or suspicion of pollution in soil, water areas or ground water, in order to put the property in a condition pursuant to the Swedish Environmental Code. Such claims will have an adverse effect on the Group's business, financial position and earnings. There is a risk that future environmental risks will affect the Company's and the Group's business or financial position adversely.

Furthermore, changed laws, regulations and requirements from authorities on the environmental area could result in increased costs for the Group with respect to sanitation or remediation regarding currently held or in the future acquired properties. Such changes could also result in increased costs or delays for the Group in order to be able to carry out the real estate development as desired.

Counterparty risk

The Group's current and potential customers may find themselves in situations, for example due to financial circumstances, where they cannot pay the agreed rent as it falls due or otherwise abstain from fulfilling their obligations. Further, new developments and renovation projects may be delayed due to suppliers not being able to deliver on time or contractors being unable to finish projects as planned. If the Group's counterparties are unable or unwilling to fulfil their obligations towards the Company or any other Group Company, it will have an adverse effect on the Company's and the Group's financial position and results.

In addition, counterparty risks within the Group's financial operations arise, *inter alia*, in the event of investment of excess liquidity, if derivatives are entered into and upon obtaining long-term and short-term credit agreements. If any counterparty risk arises, it will have an adverse effect on the Company's and the Group's financial position and results.

Competition

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

Liquidity risk

Liquidity risk is the risk that the liquid assets of the Company are not sufficient to meet its payment obligations at the maturity date or that the Company cannot dispose of securities at a fair price. The Company's payment obligations mainly consist of operating costs as well as interest on debts and amortisation.

The Company will be dependent on available liquidity in order to fulfil its obligations, making investments and paying interest and amortisation costs related to its financing. There is a risk that the Company does not have sufficient liquidity to fulfil its obligations, which will have an adverse effect on the Company's business, results of operations and financial position.

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

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

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

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

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

During the financial crisis, the volatility and the disruptions on the financial and credit markets were great, with reduction in liquidity and higher credit risk premiums for many credit institutions. However, the turmoil in the market has ceased due to Central banks quantitative easing programs and amended

regulations from agencies but there is still a great uncertainty and volatility. If the Company or any other Group Company cannot refinance itself or only may refinance itself at much higher costs, this will have an adverse effect on the Company's and the Group's financial position.

Covenants in credit agreements

If a Group Company is in breach of any of its covenants (e.g. financial covenants) in its loan agreements or note terms, it could lead to loans being accelerated, leading to immediate repayment or the creditor taking possession of security. Further, certain loan agreements and note terms contain cross-default provisions which could trigger the acceleration of other payment obligations within the Group. There is a risk that a breach of any covenant will have an adverse effect on the Company's and the Group's business, results of operations and financial position.

Change of control and ownership

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

Should change of control provisions in the Group's credit agreements and/or note terms be triggered, which gives the creditor a right to accelerate the loan, it will have an adverse effect on the Company's and the Group's business, financial position and result.

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. There is a risk that the Group's properties may not be renovated as scheduled, which will have an adverse effect on the Company's and the Group's business, financial position and result.

Interest-rate risk

Other than equity, the Group's operations are mainly financed by notes issued by various Group Companies and by loans from credit institutions. Interest expenses are therefore one of the Group's main cost items. Interest rate risk is described as the risk that changes in interest rates affect the Group's interest expense. Interest expenses are mainly affected by, besides the extent of interest-bearing debt, the level of current market interest rates, credit institutions' margins and the Company's strategy regarding interest rate fixation periods. The Swedish market for interest rates is mainly affected by the expected inflation rate and The Swedish National Bank's (Sw. *Riksbanken*) repurchase rate (Sw. *repöräntan*). The interest rate risk may lead to changes in the market value and cash flows as well as fluctuations in the Company's result.

For the majority of the Company's outstanding loans, the Company has no outstanding interest rate derivatives or other hedge arrangements other than fixed interest rates. There is a risk that changed interest rates will have an adverse effect on the Company's business, financial position and results.

Reputational risk

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

Legal risks

The Group's business is regulated by and must be conducted in accordance with several laws and regulations, (inter alia, the Swedish Companies Act (Sw. *Aktiebolagslagen (2005:551)*), the Swedish Land

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

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

There is a risk that new laws or regulations, or changes concerning the application of existing laws or regulations that are applicable to the Group's business activities or the tenants' business activities will have an adverse effect on the Company's and the Group's business, financial position and earnings.

Tax risk factors

Tax due diligence has not been conducted in respect of all acquisitions made and in the tax due diligences conducted some tax issues have been excluded from the scope of the review. In the event that the historical tax position would be challenged this could lead to additional tax costs for the Group Companies should the tax risk not be covered by the guarantees provided in the share purchase agreements entered into. The value of the guarantees provided in the share purchase agreements is also dependent on the financial position of the sellers.

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

Since the laws, treaties and other regulations on taxation, as well as other fiscal charges, have historically been subject to frequent changes, further changes are expected in the future in the jurisdictions where the Group operates, possibly with a retroactive effect. There is a risk that any such changes will have an adverse effect on the Group's tax burden, as well as a negative impact on the Company's and the Group's business, financial position and earnings.

Changes in Swedish tax law could increase the Group's tax burden or otherwise have a material adverse effect on the Company

On 30 March 2017, the Swedish government presented a proposed legislation, (Sw. *Paketeringsutredningen, (SOU 2017:27)*) that, if enacted, is likely to affect the future taxation of real estate investments. The proposal is the result of an investigation conducted by an appointed committee with the purpose to investigate the impact of the possibility to carry out tax exempt sales of "packaged" real estate, and, if deemed necessary, to propose new legislation counteract such transaction. The proposal includes that a change of control of a company where the assets predominately consist of real estate, will entail that the deferred tax liability related to the difference between tax residual value and market value on the property will be triggered and that the property is deemed to be re-acquired at market value. Further, it is proposed that indirect sales of properties are subject to stamp duty. The current stamp duty rate of 4.25% is proposed to be lowered to 2% for legal entities and it is further proposed that stamp duty shall also be triggered in respect of certain property formation procedures. The new legislation is proposed to enter into force on 1 July 2018. If the proposed legislation would be implemented in its current form, this could lead to tax payable upon the Company's future disposal of

property owning companies. Considering the difference between the fair market value and tax residual value of the properties held by the Group, this will have an adverse effect on the Company's and the Group's business, financial position and earnings.

On 20 June 2017, a memorandum, proposing new interest deduction limitation rules regarding both internal and external interests, was published by the Swedish Ministry of Finance (Sw. *Finansdepartementet*). The proposal contains two alternative general rules for limiting interest deductions in the corporate sector. A general limitation of interest deductions in the corporate sector is firstly proposed as an EBIT rule, where the cap for deduction of net interest expenses is calculated as 35% of tax EBIT and, secondarily, as an EBITDA rule, where the cap for deduction of net interest expenses is calculated as 25% of tax EBITDA. The proposal also includes a temporary limitation, of two or three years, concerning the possibility for legal entities to utilise previous year's tax losses, see further below. The rules are proposed to enter into force on 1 July 2018 and are to be applied for the first time in the fiscal year beginning after 30 June 2018. If the Company's net interest expenses, following any implementation of legislation based on the Swedish Ministry of Finance's proposal, represent a substantial portion in relation to its tax EBIT or tax EBITDA or any other additional restriction on the deductibility of interest expenses is introduced in Sweden, the Company's and Group's tax burden could increase. This will have an adverse effect on the Company's and Group's business, financial condition and results of operations.

Further, the memorandum also suggested a lowered corporate income tax rate from 22% to 20%. It also suggests amended rules regulating depreciation deductions relating to tenement houses resulting in an additional deduction for depreciations of 10% of the expenses within a five-year period (i.e. 2% of the acquisition value per year) from completion of the house.

On 4 May 2017, the Norwegian Ministry of Finance published a consultation paper with similar content, proposing an extension of the existing interest deduction limitation rules to include external interest paid to an independent lender (external lender) for a borrowing company that is part of a group. Exceptions are proposed to prevent ordinary and real loans from being affected by interest deduction limitation. These exemptions are based upon two alternative balance-based exemption rules for companies in a group.

Since laws, treaties and other regulations on taxation, as well as other fiscal charges, tax surcharges and interest on unpaid taxes, historically have been subject to frequent changes, further changes are expected in the future in the jurisdictions where the Group operates, possibly with a retroactive effect. Any such changes could have a significant impact on the Company's tax burden, which will have an adverse effect on the Company's business, financial condition and results of operations.

Tax losses could be restricted or cancelled, either as a result of future changes in Swedish tax law or, under the current rules, as a result of a change of control, and the value of tax losses could decrease

As a part of the memorandum published on 20 June 2017, the Swedish Ministry of Finance proposed that tax losses carried forward in a company may at a maximum, be utilised with 50% of the company's taxable profit. Tax losses, that are non-deductible, may be carried forward to subsequent years. These limitations are proposed to be in effect only during a certain period of two or three years in accordance with the following. As regards the EBIT rule, the limitations are proposed to apply to fiscal years beginning after 30 June 2018 and prior to 1 July 2020. As regards the EBITDA rule, the limitations are proposed to apply to fiscal years beginning after 30 June 2018 and prior to 1 July 2021. The proposed limitation applies regardless if a company has net interest expenses or not.

Tax losses may be restricted or forfeited either as a result of future changes in Swedish tax law or, under the current rules, as a result of a change of control where one, or several shareholders that own at least 5% of the votes together acquire shares, during a specific time frame, representing more than 50% of the votes. Such a change of control would forfeit historical tax loss carried forward, to the extent the losses exceed 200% of the acquisition cost for the decisive influence (under a special calculation where contributions and other transfers of value may reduce the purchase price in a certain manner). A forfeiture or restriction on the use of potential tax losses carried forward in the Group may have a significant impact on the Group's tax burden, including a potential imposition of tax surcharges and interest, which will have an adverse effect on the Group's business, financial condition and results of operations.

No formal tax due diligence or detailed review has been carried out of Norwegian tax legislation with respect to the Company's business in Norway. Some of the abovementioned tax risks may however apply to the business in Norway.

Accounting risks

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

Disputes and litigation

The Company faces the risk of litigation and other proceedings in relation to its business. The outcome of any litigation may expose the Company to unexpected costs and losses, reputational and other non-financial consequences and diverting management attention. For example, the outcome of litigation and other proceedings may not correspond to the way the outcome is perceived by the market, and the Company's reputation may be materially impacted, which will have an adverse effect on its results of operations and financial position.

1.2. Risks relating to the Capital Notes

The value of the Capital Notes depends on a number of economic, financial and political factors

The value of the Capital Notes depends on a number of interrelated factors, including economic, financial and political events in Sweden or elsewhere, including factors affecting capital markets generally and the exchange on which the Capital Notes are traded.

Credit risks

Investors in the Capital Notes are exposed to credit risk in relation to the Company. An investor's possibility to obtain payment in accordance with the Terms and Conditions is therefore dependent on the Company's ability to meet its payment obligations. The Company's financial position is affected by a number of factors, such as tenants being unable to fulfil their obligations to pay rent. There is a risk that an increase in credit risk causes the market to price the Capital Notes with a higher risk premium, which will adversely affect the value of the Capital Notes.

Currency risks

The Company will pay interest and the principal amount of the Capital Notes in SEK (the lawful currency in Sweden). This will incur currency exchange risks if the investor's operations are mainly conducted in a different currency. A currency exchange risk involves a risk for significant currency exchange rate movements, including devaluation and revaluation, as well as the risk for implementation or amendments to existing currency regulations. A strengthening of the investor's base currency compared to the currency in which the placement is denominated decreases the value of the placement for the investor. Governments and authorities can implement currency controls or currency regulations that will have an material adverse impact on the currency exchange rate, whereby a Noteholder will receive a lower rate of return, final payment or nominal amount than otherwise expected.

Refinancing risk

The ability to successfully refinance the Company's debt is dependent on the conditions of the capital markets and its financial condition. The Company's access to financing sources may not be available on favourable terms, or at all. There is a risk that the Company's inability to refinance its debt obligations on favourable terms, or at all, will have a negative impact on the Company's ability to exercise its different

options to prematurely redeem the Capital Notes in accordance with the Terms and Conditions (as further described under section (*Voluntary early redemption and reinvestment risk*)).

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 (calculated on the First Issue Date and re-calculated on the 2028 Step-up Date and 2043 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 Notes will be adversely affected by changes in market interest rates.

Bankruptcy and similar events and risk of priority

The Company has, as part of its financing, incurred debts to credit institutions. Certain real estate and share certificates in the Company's real estate owning subsidiaries have in connection therewith been pledged as security. Such secured loans normally constitute a preferential claim on the Company. The Company intends to continue seeking appropriate and profitable financing in which case further pledges, as part of such new loans, may be provided.

The Terms and Conditions do not include a so called "negative pledge" undertaking and hence the Company may grant security to other lenders, including for the benefit of future holders of the Capital Notes or for the benefit of other lenders to the Company or the Group. Such security would not necessarily secure the Capital Notes. The Company may thus retain, provide or renew security over certain of its current or future assets to secure, *inter alia*, bank loans, either via the Company itself or any other Group Company, with security interests normally constituting a preferential claim on the borrower. In addition, certain of the Group's operating companies may enter into financing arrangements which are guaranteed by the Company.

There is no restriction in the Terms and Conditions on the amount of debt which the Company may issue or guarantee. The Company and its subsidiaries and affiliates may incur additional indebtedness or grant guarantees in respect of indebtedness or guarantees of third parties, including indebtedness that ranks *pari passu* with or senior to the Capital Notes. The issue of any such securities or the incurrence of any such other liabilities may reduce the amount (if any) recoverable by Noteholders on an Issuer Winding-up or Issuer Re-construction and/or may increase the likelihood of a deferral of interest payments under the Capital Notes. Further, if the subsidiaries incur additional indebtedness or grants guarantees in respect of indebtedness, the right to payment under the Notes will be structurally subordinated to the right of payment relating to debt incurred by subsidiaries of the Company.

The Capital Notes will constitute structurally subordinated liabilities of the Company's subsidiaries, meaning that creditors of claims against a subsidiary will be entitled to payment out of the assets of such subsidiary before the Company. The subsidiaries are legally separate entities and distinct from the Company, and have no obligation to settle or fulfill the Company's obligations, other than to the extent that follows from security agreements to which the subsidiaries are parties. In event of insolvency of a subsidiary, there is a risk that the Company and its assets are affected by actions of the creditors of a subsidiary. The insolvency of the subsidiaries affects the financial position of the Company negatively, and have effects for the Company's ability to make payments under the Capital Notes.

The Capital Notes are direct, unsecured and subordinated obligations of the Company, which in the event of an Issuer Winding-up (as defined in the Terms and Conditions) rank junior to any present or future claims in respect of all unsubordinated obligations of the Company and all Subordinated Indebtedness (as defined in the Terms and Conditions), *pari passu* without any preference among themselves and with any present and future claims in respect of obligations of the Company in respect of Parity Notes (as defined in the Terms and Conditions) and in priority to all present or future claims in respect of the share capital of the Company and any other obligation of the Company which ranks or is expressed by its term to rank junior to the Capital Notes or any Parity Notes (as defined in the Terms and Conditions).

In the event of an Issuer Re-construction (as defined in the Terms and Conditions), the Capital Notes rank junior to any present or future claims in respect of all unsubordinated obligations of the Company 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 Company 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 the event of a voluntary or involuntary liquidation (Sw. *likvidation*) or bankruptcy (Sw. *konkurs*) of the Company (each an “**Issuer Winding-up**”), or a company re-construction (Sw. *företagsrekonstruktion*) (“**Issuer Re-construction**”), 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 Company (whether secured or unsecured) have first been paid in full. If, on an Issuer Winding-up or Issuer Re-construction, the assets the Company 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 Company 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 Company.

Furthermore, 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 Company in respect of, or arising under or in connection with, the Capital Notes and each Noteholder shall, by virtue of their holding, be deemed to have waived all such rights of set-off, compensation or retention.

In addition, if the financial condition of the Company deteriorates such that an Issuer Winding-up or Issuer Re-construction may be anticipated, the market price of the Capital Notes can be expected to fall, and such fall may be significant. There is a risk that a Noteholder that sells its Capital Notes in such an event will lose some or substantially all of its initial investment in the Capital Notes (whether or not an Issuer Winding-up or Issuer Re-construction subsequently occurs).

Dependency on subsidiaries

The Company is a holding company and will rely upon receiving dividends from its subsidiaries, and is thus to a certain extent dependent upon receipt of sufficient income deriving from the operations of and the ownership in such subsidiaries to enable it to make payments under the Capital Notes. The subsidiaries are legally distinct from the Company and have no obligation to make payments to the Company of any profits generated from their business. The ability of the Company’s subsidiaries to make payments to the Company is subject to, among other things, the availability of funds (which in turn will depend on the future performance of the subsidiary concerned and therefore to a certain extent on general economic, financial, competitive, legislative, regulatory and other factors that may be beyond its control), corporate law (e.g. limitations on value transfers), local law and the terms of each subsidiary’s financing arrangements. If such subsidiaries are incapable of distributing sufficient dividends to the Company, this will adversely affect the Company’s ability to fulfil its obligations under the Terms and Conditions.

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, an Equity Classification Event or a Rating Event, the Company 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 Company 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 Company shall not have any obligation to make such payment and any failure to pay shall not constitute a default by the Company 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 Company 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 Company's financial condition.

Voluntary early redemption and reinvestment risk

The Company 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 Company 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, an Equity Classification 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, a Rating Event or an Equity Classification 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 Company 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 Company 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 Company, 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 Company 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.

Secondary market and liquidity risk

The Company will apply for listing of the Capital Notes at Nasdaq Stockholm, or, if such admission to trading is not possible to obtain or maintain, admitted to trading on another Regulated Market after the Swedish Financial Supervisory Authority (Sw. *Finansinspektionen*) approves a prospectus for this purpose. However, there is a risk that the Capital Notes will not be approved for trading. On 25 April 2017, the Swedish Securities Council (Sw. *Aktiemarknadsnämnden* ("**AMN**")) issued a statement (AMN 2017:16) which concluded that the Company's wholly-owned subsidiary, SBB i Norden AB (publ), had breached applicable take-over rules and good practices on the stock market. The reasons for the statement were that SBB i Norden AB (publ) acquired all outstanding ordinary shares in Aktiebolaget Högkullen ("**Högkullen**"), and thereby obtained control of Högkullen, without providing a bid of Högkullen's preference shares (at the time listed on Nasdaq First North). The Company subsequently provided a bid of the preference shares in Högkullen, substantially in accordance with applicable take-over rules. However, according to AMN's statement, such bid on the preference shares were to be made by SBB i Norden AB (publ), and not by the Company. The Company and SBB i Norden AB (publ) amended and clarified the take-over bid in compliance with AMN's statement without any further actions from AMN. As part of Nasdaq Stockholm's regular surveillance operations, the Company has received queries from Nasdaq Stockholm due to AMN's statement and the following administration of the take-over bid. However, no sanctions or further statements have been announced from either AMN or Nasdaq Stockholm since the publication of AMN 2017:16. Nevertheless, it cannot be ruled out that the Company receives further queries due to the administration of the take-over bid or any other actions initiated by Nasdaq Stockholm's regular surveillance operations.

Further, if the Company 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.

Euroclear Sweden

The Capital Notes are connected to Euroclear Sweden's account-based system, which means that no physical Capital Notes have been or will be issued. Clearing and settlement relating to the Capital Notes, as well as payment of interest and redemption of the principal amount of the Capital Notes, will be performed within Euroclear Sweden's account-based system. The investors are therefore dependent on the functionality of Euroclear Sweden's account-based system. If, due to any obstacle for Euroclear Sweden, the Company cannot make a payment or repayment, such payment or repayment may be postponed until the obstacle has been removed. Consequently, there is a risk that Noteholders receive payment under the Capital Notes later than expected.

Meeting of Noteholders

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 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. 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.

Noteholders representation

In accordance with the Terms and Conditions, the Agent represents all Noteholders in all matters relating to the Capital Notes. Consequently, a Noteholder is not entitled to bring any actions against the Company relating to the Notes, unless such actions are supported by the required majority pursuant to the Terms and Conditions. However, this does not rule out the possibility that a Noteholder, in certain situations, could bring their own action against the Company, which may affect an acceleration of the Capital Notes or other actions against the Company 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. Under the Terms and Conditions, the Agent has the right in some cases to make decisions and take measures that bind all Noteholders.

Noteholders have very limited rights in relation to the enforcement of payments

If a default is made by the Company for a period of 30 days or more in relation to the payment of any interest, principal or premium in respect of the Capital 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 Company 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 Company to enforce the terms of the Capital Notes, the Company shall not, by virtue of such proceedings, be obliged to pay any sum or sums sooner than the same would otherwise have been payable by it.

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

Restrictions on the transferability of the Capital Notes

The Capital Notes have not been and will not be registered under the U.S. Securities Act of 1933, as amended, or any U.S. state securities laws. Subject to certain exemptions, a Noteholder may not offer or sell the Capital Notes in the United States. The Company has not undertaken to register the Capital Notes under the U.S. Securities Act or any U.S. state securities laws or to affect any exchange offer for the Capital Notes in the future. Furthermore, the Company has not registered the Capital Notes under any other country's securities laws. Each potential investor should observe and obey the transfer restrictions that apply to the Capital Notes. It is the Noteholder's obligation to ensure that the offers and sales of the Capital Notes comply with all applicable securities laws. Due to these restrictions, there is a risk that a Noteholder cannot sell its Capital Notes as desired.

Ability to comply with the Terms and Conditions

The Company is required to comply with the Terms and Conditions, *inter alia*, to pay interest under the Capital Notes. Events beyond the Company's control, including changes in the economic and business conditions in which the Company operates, may affect the Company's ability to comply with, among other things, the undertakings set out in the Terms and Conditions.

If a default under the Terms and Conditions 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 any Noteholder may institute proceedings for an Issuer Winding-up, resulting in that the Noteholders 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.

There is a risk that the Company will not have sufficient funds to make the required redemption of Capital Notes at the time of the repayment.

Changes in legislation

The Terms and Conditions are based on Swedish law applicable at the date hereof. There is a risk that future amendments of legislation or new legislation or administrative practice, for example as described above in the risk factor “*Legal risks*”, will adversely affect the Company’s operations, result and financial position. This will in turn affect the Company’s ability to make payments under the Capital Notes.

Legal investment considerations may restrict certain investments

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

Credit Rating Agency Regulation

In general, European regulated investors are restricted under Regulation (EC) No. 1060/2009 (as amended) (the “**CRA Regulation**”) from using credit ratings for regulatory purposes, unless such ratings are issued by a credit rating agency established in the EU and registered under the CRA Regulation (and such registration has not been withdrawn or suspended subject to transitional provisions that apply in certain circumstances whilst the registration application is pending). Such general restriction will also apply in the case of credit ratings issued by non-EU credit rating agencies, unless the relevant credit ratings are endorsed by an EU-registered credit rating agency or the relevant non-EU rating agency is certified in accordance with the CRA Regulation (and such endorsement action or certification, as the case may be, has not been withdrawn or suspended). The list of registered and certified rating agencies published by the European Securities and Markets Authority (“**ESMA**”) on its website in accordance with the CRA Regulation is not conclusive evidence of the status of the relevant rating agency included in such list, as there may be delays between certain supervisory measures being taken against a relevant rating agency and the publication of the updated ESMA list.

Credit ratings, changes in rating methodologies and risk reflection

The Capital Notes have not been assigned any credit rating. Although the Company intends to solicit a credit rating for the Capital Notes, there is a risk that the Company is unable to receive a credit rating for the Capital Notes or that the rating assigned to the Capital Notes is less than expected.

Any ratings granted by S&P and Moody’s or any other rating assigned to the Capital Notes may not reflect the potential impact of all risks related to structure, market and other factors that may affect the value of the Capital 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.

In addition, each of S&P and Moody’s or any other rating agency may change their methodologies or their application for rating securities with features similar to the Capital Notes in the future. This may include the relationship between ratings assigned to an issuer’s senior securities and ratings assigned to securities with features similar to the Capital Notes, sometimes called “*notching*”. There is a risk that the rating agencies were to change their practices or their application for rating such securities in the future and the that ratings of the Capital Notes were to be subsequently lowered, which will have a negative impact on the trading price of the Capital Notes.

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

Reform and Regulation of “benchmarks”

So-called benchmarks such as referenced swap rates, for example the mid swap rate for SEK swap transactions with a maturity of five years, and other indices which are deemed “*benchmarks*” (each a “**Benchmark**” and together, the “**Benchmarks**”), to which the interest on securities may be linked to, 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 while others are still to be implemented. These reforms may cause the relevant benchmarks to perform differently than in the past, or have other consequences which will have an adverse effect on the value of and the amount payable under the Capital Notes.

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. In addition to the aforementioned regulation, there are numerous other proposals, initiatives and investigations which may impacts Benchmarks.

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

2. PERSONS RESPONSIBLE FOR THE PROSPECTUS

The Company issued Capital Notes of an initial amount of SEK 400,000,000 and a subsequent amount of SEK 300,000,000 on 29 September 2017, based on a resolution taken by the board of directors of the Company on 19 September 2017 and 28 September 2017. 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 the Commission Regulation (EC) no 809/2004 of 29 April 2004 implementing Directive 2003/71/EC of the European Parliament and of the Council and the rules and regulations in Chapter 2 of the Swedish Financial Instruments Trading Act.

The board of directors is responsible for the information set out in this Prospectus. 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 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 in this Prospectus is, to the best of the board of directors' knowledge, in accordance with the facts and contains no omissions likely to affect its import.

Stockholm on 23 October 2017

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.

The Issuer:	Samhällsbyggnadsbolaget i Norden AB (publ), a public limited liability company incorporated under the laws of Sweden with company registration number 556981-7660.
The Notes:	The total aggregate amount of the bond loan is of an amount of up to a maximum of SEK 1,000,000,000. 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 at two subsequent dates, however not later than on the date falling six (6) months after the First Issue Date, which will be listed under this Prospectus (during the validity of this Prospectus, i.e. one (1) year from the date of its approval). As of the date of this Prospectus, an initial amount of Capital Notes of SEK 400,000,000 and a subsequent amount of SEK 300,000,000 was issued on 29 September 2017. As of the date of this Prospectus, another SEK 300,000,000 Notes may be issued under the Terms and Conditions and listed under this Prospectus.
Number of Notes:	The total number of Capital Notes is 1,000 of which 700 have been issued as of the date of this Prospectus.
Type of securities:	Subordinated perpetual floating rate callable capital notes.
ISIN:	SE0010414599.
First Issue Date:	29 September 2017.
Issue Price:	100 per cent.
Interest Rate:	<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">(a) in respect of the period from (but excluding) the First Issue Date to (and including) the First Call Date 7.00 per cent;(b) in respect of the period from (but excluding) the First Call Date to (and including) the 2028 Step-up Date, (i) 7.00 per cent or (ii) if a No Rating Event has occurred in respect of that Interest Period, 8.50 per cent;(c) in respect of the period from (but excluding) the 2028 Step-up Date to (and including) the 2043 Step-up Date, (i) 7.25 per cent or (ii) if a No Rating Event has occurred in respect of that Interest Period, 8.75 per cent; and(d) in respect of the period from (but excluding) the 2043 Step-up Date and thereafter, 8.00 per cent or (ii) if a No Rating Event has occurred in respect of each such following Interest Period, 9.50 per cent.

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.

If STIBOR is below zero such rate will be deemed to be zero.

Interest Payment Date: Subject to Optional Interest Deferral, 29 December, 29 March, 29 June and 29 September 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 29 December 2017.

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 1,000,000.

Noteholder:	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 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.
Type and rank of debt:	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.
Maturity:	Perpetual.
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.
Issuer's Call Option	<p>The Issuer may, by giving not less than thirty (30) nor more than sixty (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>
Redemption upon a Tax Deductibility Event, a Rating Event or an Equity Classification Event:	<p>If a Tax Deductibility Event, a Rating Event or an Equity Classification 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> <p>(a) 101 per cent. of their principal amount, where such redemption occurs before the First Call Date; or</p> <p>(b) 100 per cent. of their principal amount, where such redemption occurs on or after the First Call Date,</p> <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> <p>If such redemption is the result of an Equity Classification Event, the Issuer intends (without thereby assuming a legal or contractual</p>

obligation) to refinance such redemption with a new issue of capital notes, which shall qualify for an 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 such new capital notes of at least fifty per cent (50%).

Redemption upon a Withholding Tax Event or a Substantial Repurchase Event

If a Withholding Tax Event has occurred and is continuing, or if a Substantial Repurchase Event has occurred, the Issuer may, by giving not less than 30 nor more than 60 days' notice to the 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 of the Terms and Conditions, 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.

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, if a rating has been assigned by a Rating Agency prior to the Change of Control Event, (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 (*Notices*) 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 (*Preconditions to Special Event Redemption, Change of Control 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*) 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, in accordance with Clause 14 (*Notices*) of the Terms and Conditions, 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.

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*).

4. DESCRIPTION OF THE COMPANY AND ITS OPERATIONS

4.1. Company description

Samhällsbyggnadsbolaget i Norden AB (publ), Reg. No. 556981-7660, 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 was a dormant holding company without any business activities. In connection to 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 on an acquisition of 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 were 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 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 by long-term perspective of 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. The Group is aiming to hold a property portfolio worth SEK 25bn before the year 2020, which will be achieved through a focused acquisition strategy within the two segments residential properties and community properties. 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 growing population and low unemployment. Community properties are acquired in Sweden and other Nordic countries with stable and tax-financed tenants as counterpart.

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 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. Mainly, 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 as reconstruction and renovating of existing properties and development of building rights.

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 80 per cent community service properties with long lasting contracts and residential properties in order to maintain drive, flexibility, safety and cash flow.

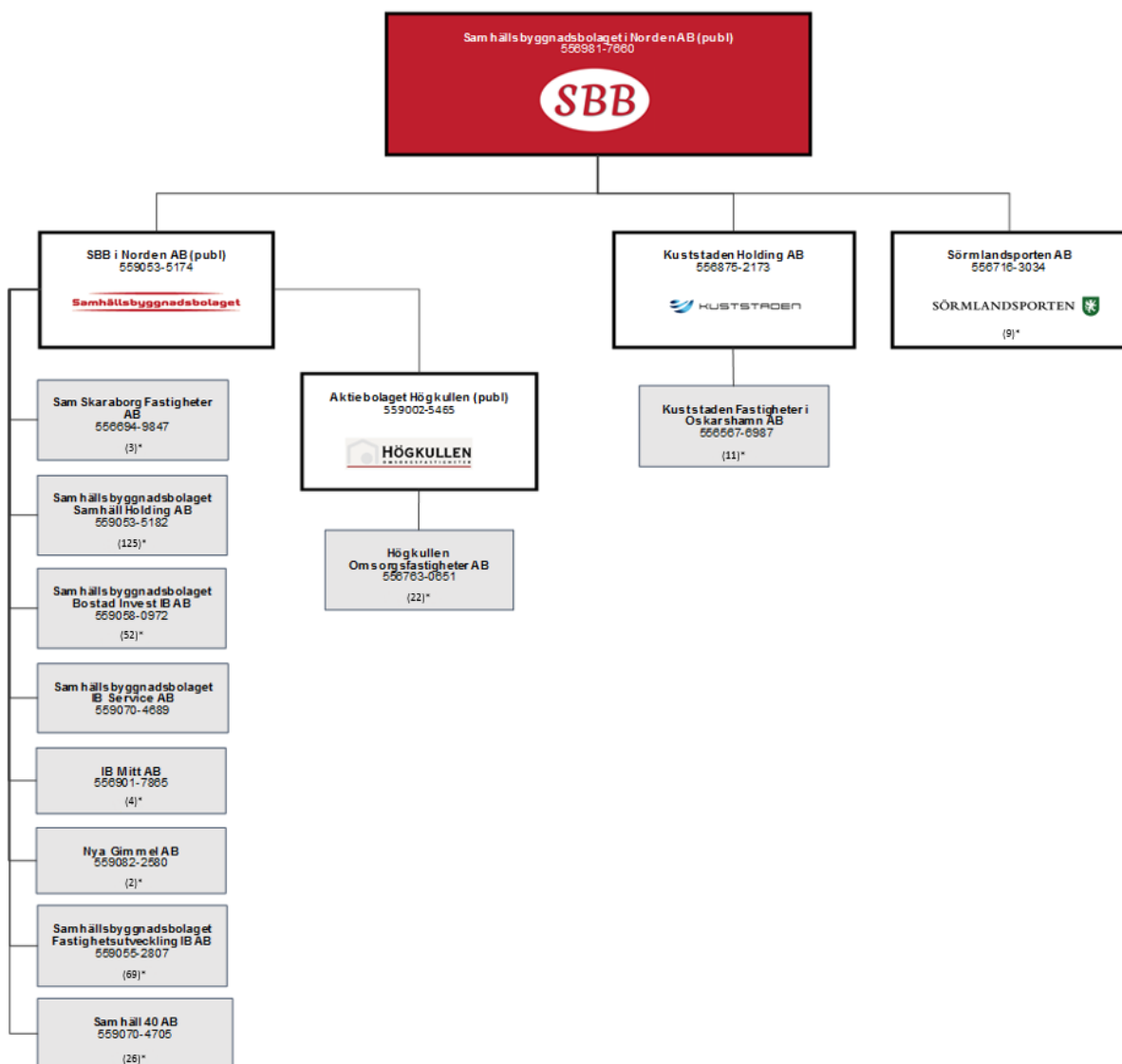
The Group has outsourced the property management to Hestia Sambygg AB, founded by Ilija Batljan Invest AB and Hestia Fastighetsförvaltning AB in April 2016. Therefore, The Group is enable to have a wide geographical spread, efficiently managed from a small central administration. As Hestia Sambygg AB, besides technical and commercial property management, handles property caretaking and economic administration the need for central administration in the Company is minimalized. Hence the Company can focus on business development. As of 30 June 2017, the Group has a property portfolio with a book value of SEK 21.1bn, consisting of 720 properties.

4.3. Organisational and ownership structure

4.3.1. Organisational structure

The Company is the parent company of 336 directly or indirectly owned subsidiaries. The Company has issued shares of class A, shares of class B and preference shares. The Company's shares of class B are listed on Nasdaq First North.

The table below lists the companies within the Group as of the date of this Prospectus.



*Number of directly and indirectly owned subsidiaries.

4.3.2. Ownership structure

The table below lists the major shareholders in the Company as of 30 June 2017. As far as the Company is aware of, there are no direct or indirect significant ownership or control over the Company in addition to the table below.

Shareholder	A-shares	B-shares	Preference shares	Votes, %	Capital, %
Ilija Batljan Invest	63,495,701			23.6%	8.6%
Kvalitena AB	44,322,229	18,406,436		17.1%	8.5%
Ilija Batljan (directly and indirectly)	45,558,167	1,137,606		17.0%	6.3%
Compactor Fastigheter AB	15,997,977	13,653,664		6.4%	4.0%
Backahill AB	10,919,159	14,605,317		4.6%	3.5%
Michael Cocozza	7,619,484	10,841,288		3.2%	2.5%
Meteva AS		84,929,772		3.2%	11.5%
Investmentaktiebolaget Cyclops	6,349,570	2,666,666		2.5%	1.2%
Assindia AB	4,762,186	3,924,318		1.9%	1.2%
Aktfast Förvaltnings AB	4,762,186	3,924,309		1.9%	1.2%
Postens Pensionsstiftelse		42,651,810		1.6%	5.8%
Stiftelsen för Strategisk Forskning		42,651,810		1.6%	5.8%
Highhill Intressenter AB		36,499,329		1.4%	5.0%
Krister Karlsson	3,174,785			1.2%	0.4%
Oscar Lekander	3,174,785			1.2%	0.4%
<i>Others</i>	<i>7,460,746</i>	<i>241,791,919</i>	<i>103,500</i>	<i>11.7%</i>	<i>33.9%</i>
Total	217,596,975	517,684,244	103,500	100.0%	100.0%

4.4. The board of directors, management and auditors

The board of directors of the Company consists of six (6) 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 member of the Genesta advisory board

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

Shareholding in the Company: 14 924 059 B-shares

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 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

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 NCC AB (publ), Autoropa Aktiebolag and STC Interfinans AB

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

Shareholding in the Company: 15,997,977 A-shares and 41,403,502 B-shares

Seth Lieberman

Member of the board (since 2017)

Experience: +30 years of experience from real estate and finance

Other significant assignments: Chairman of Stendörren Fastigheter AB, board member of Kvalitena AB (publ)

Education: Bachelor of Arts in Economics from Tufts University, USA

Shareholding in the Company: 950,570 B-shares

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 Axxonen Properties AB, board member of Stendörren Fastigheter AB

Education: Master of Business Administration (MBA) degree from Stockholm University

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

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: 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: 51,724 B-shares

4.4.2. Management

Ilija Batljan – CEO and (since 2017)

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)

Stefan Björkqvist – Property Manager (since 2016)

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 interests. 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

KPMG AB was the Company's auditor during the financial year 2016 and 2015. Gunnar Karlsson, born 1961, was the auditor in charge during the financial year 2016. Ingela Björklud, born 1970, was the auditor in charge during the financial year 2015. Gunnar Karlsson and Ingela Björklund was during the time as auditor's in charge, authorised public accountants and members of FAR SRS, the professional institute for accountants in Sweden. Ernst & Young AB was elected as the Company's auditor at the extraordinary general meeting on 27 April 2017. 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. Acquisition and transfer agreements

Since the Company's establishment, a significant number of acquisitions and transfers, mainly of property owned companies and real estates, has been made by the Group. *Inter alia*, the Company has acquired SBB i Norden (through the reversed 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.

4.5.2. Commercial leases

As of 30 June 2017, the Group and its subsidiaries had approximately 13,000 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 usually contain an appendix with specific provisions for the relevant lease and usually a term of three to five years with a notice period of normally nine months.

The lease with the Group's largest rental guest in terms of rental income, DNB Bank ASA ("**DNB**"), corresponds to approximately 12 per cent of the Group's rental income. Under the lease agreement with DNB, a fixed base rent is issued and the rent is subject to annual indexation in accordance with the Norwegian consumer price index. No part of the rental object may be terminated during the term of the agreement. The remaining term of the lease agreement with DNB is approximately 10 years. In addition, DNB is entitled to an extension of the lease agreement over a total of ten years (divided into two prolongations every five year) under market terms.

4.5.3. Financial agreements

The Company aims to have a diversified debt financing in capital markets, 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 has been given as collateral. Guarantees from the companies in the respectively financing and securities, e.g. cash accounts, has also been provided. Security agreements and guarantees are in accordance with the customary terms for the industry.

SBB i Norden has on 23 December 2016 issued unsecured but guaranteed notes of SEK 600,000,000 with an interest rate of STIBOR + 6.25 % due June 2018 (with ISIN SE0009470115). The notes were listed on the corporate bond list of Nasdaq Stockholm on 20 June 2017. Furthermore, SBB i Norden has on 6 April 2017 issued unsecured but guaranteed notes of up to SEK 1,500,000,000 with an interest rate of STIBOR + 6.00 % due April 2020 (with ISIN SE0009805468). As of the date of this Prospectus, notes of an amount of SEK 1,500,000,000 of the total amount has been issued. The notes are 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.

The Company has on 24 July 2017 issued hybrid notes of up to SEK 1,000,000,000 with a fixed interest rate of 7,5 % (with ISIN SE0010169508). As of the date of this Prospectus, hybrid notes of an amount of SEK 300,000,000 of the total amount have been issued. The noteholders of the hybrid notes received warrants free of charge, entitling to subscription of ordinary shares of series B in the Company to a subscription price of SEK 7.40 per share. The hybrid notes have a similar construction as the Capital Notes under this Prospectus and are subordinated the Company's outstanding senior unsecured notes and are expected to constitute equity from a rating perspective. The aim is to use the subsequent capital notes issue under the Terms and Conditions of the amount of SEK 300,000,000 for the purpose of repurchase of the outstanding hybrid notes, including any premium and/or accrued and unpaid interest, issued on 24 July 2017, after which such hybrid notes will be cancelled.

4.5.4. Guarantee Agreement

The Company has guaranteed SBB i Norden's obligations under the terms and conditions and the finance documents in relation thereto in favour of the Agent and the noteholders (being represented by the Agent) issued on 6 April 2017 in the amount of up to SEK 1,500,000,000 and on 23 December 2016 in an amount of SEK 600,000,000. The guarantees constitute unconditional and irrevocable guarantees by the Company of the due and punctual performance of SBB i Norden of all its present and future obligations and liabilities under the finance documents relevant in relation to the aforementioned notes issues.

The guarantee relating to the notes issue on 6 April 2017 will remain in full force until the earlier of (i) the date all amounts payable by SBB i Norden under the finance documents in relation thereto have been unconditionally and irrevocably paid or repaid in full (including but not limited to, interest, fees, indemnities) or (ii) until the date on which a change of issuer occurs, whereby the Company replaces SBB i Norden as issuer and assumes the obligations and liabilities of SBB i Norden AB, under the terms as set out in the terms and conditions relevant to the aforementioned notes issue.

The guarantee relating to the notes issue on 23 December 2016 will remain in full force until the date all amounts payable by SBB i Norden under the finance documents in relation thereto have been unconditionally and irrevocably paid or repaid in full (including but not limited to, interest, fees, indemnities).

4.5.5. Other material agreements

The Group has a management agreement with Hestia Sambygg AB, which states Hestia Sambygg AB as responsible for the management of the Group's property portfolio. The agreement establish that Hestia Sambygg AB provides technical, commercial and administrative management, including finance, rental budgeting, planning and maintenance management and operations and operation management. The Group pays a compensation based on cost incurred and margin of seven percent. The management agreement runs until 30 June 2019, and will then automatically be prolonged until terminated with a six months' term of notice. Hestia Sambygg AB is a part of the Hestia Group. The management agreement is assessed as in accordance with the customary terms and the management service under the agreement may be traded on the open market if necessary.

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 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 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 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 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. 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.

4.9. Costs relating to the listing

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

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 2015 and 2016;
- 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.

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 2016 and 2015 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 2015, including:](#)
 - the consolidated income statement, page 16;
 - the consolidated balance sheet, pages 17-18;
 - the consolidated statement of changes in equity, page 19;
 - the consolidated cash flow analysis, page 20;
 - the Company's income statement, page 16;
 - the Company's balance sheet, pages 17-18;
 - the Company's statement of changes in equity, page 19;
 - the Company's cash flow analysis, page 20;
 - the notes, pages 21-25;
 - the auditor's report, page 27.
- [Extract from the Company's consolidated annual report for the financial year 2016, including:](#)
 - the consolidated income statement, page 19;
 - the consolidated balance sheet, page 20;
 - the consolidated statement of changes in equity, page 21;
 - the consolidated cash flow analysis, page 22;
 - the Company's income statement, page 23;
 - the Company's balance sheet, pages 24-25;
 - the Company's statement of changes in equity, page 25;
 - the Company's cash flow analysis, page 26;
 - the notes, pages 27-34;
 - the auditor's report, pages 35-36.
- [Extract from the Company's interim report for the period of 1 January – 30 June 2017, including:](#)

- the consolidated income statement, page 6;
- the consolidated balance sheet, pages 8-9;
- the consolidated cash flow analysis, page 16;
- the Company's income statement, page 17;
- the Company's balance sheet, pages 18;
- the Company's cash flow analysis, page 20.

The financial information for the financial year 2016 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 financial information for the financial year 2015 have been prepared in accordance with the Swedish Annual Accounts Act and the Accounting Board's general guidelines BFNAR 2012:1 Annual Report and Consolidated Financial Statements (K3) (Sw. *Bokföringsnämndens allmänna råd BFNAR 2012:1 Årsredovisning och koncernredovisning (K3)*).

The interim report for the period of 1 January – 30 June 2017 has been prepared in accordance with International Accounting Standards (IAS) 34 Interim Financial Reporting.

7. TERMS AND CONDITIONS

Execution version

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



**UP TO SEK 1,000,000,000
SUBORDINATED PERPETUAL
FLOATING RATE CALLABLE CAPITAL NOTES**

ISIN: SE0010414599

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**”):

“**2028 Step-up Date**” means 29 March 2028.

“**2043 Step-up Date**” means 29 March 2043.

“**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 Notcholder 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. *midsommarafton*), Christmas Eve (Sw. *julafton*) and New Year’s Eve (Sw. *nyårsafton*) shall for the purpose of this definition be deemed to be public holidays.

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

“**Capital 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.

"Equity Classification Event" shall be deemed to occur if the Issuer has received information not later than 29 March 2018 from a Rating Agency that the Capital Notes according to such Rating Agency's equity credit criteria effective on the date the equity credit is assigned for the first time, has, or will be assigned, an 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 less than fifty per cent (50%).

"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 Financial Instruments Accounts Act (*Sw. lag (1998:1479) om kontoföring av finansiella instrument*).

"First Call Date" means 29 March 2023.

"First Issue Date" means 29 September 2017.

"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.

"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 Winding-up" has the meaning given in Clause 4.1.

"Issuing Agent" means Nordea Bank AB, Reg. No. 516406-0120 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 *7.00 per cent*;
- (b) in respect of the period from (but excluding) the First Call Date to (and including) the 2028 Step-up Date, (i) *7.00 per cent* or (ii) if a No Rating Event has occurred in respect of that Interest Period, *8.50 per cent*;
- (c) in respect of the period from (but excluding) the 2028 Step-up Date to (and including) the 2043 Step-up Date, (i) *7.25 per cent* or (ii) if a No Rating Event has occurred in respect of that Interest Period, *8.75 per cent*; and
- (d) in respect of the period from (but excluding) the 2043 Step-up Date and thereafter, *8.00 per cent* or (ii) if a No Rating Event has occurred in respect of each such following Interest Period, *9.50 per cent*.

"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).

"No Rating Event" shall be deemed to have occurred, in respect of each Interest Period and for the entire relevant Interest Period, if on the date falling ten (10) Business Days prior to the relevant Interest Period the Issuer has not a rating in respect of itself or any of its senior unsecured obligations from a Rating Agency.

“**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 Noteholders 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

- (e) 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, an Equity Classification 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.

"Regulated Market" means any regulated market (as defined in Directive 2004/39/EC on markets in financial instruments).

"S&P" means Standard and Poor's Credit Market Services Europe Limited.

"Securities Account" means the account for dematerialised securities maintained by the CSD pursuant to the 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.

- (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.

For the avoidance of doubt, should STIBOR in accordance with the above be less than zero then STIBOR shall for the purposes hereof be deemed zero.

“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 Noteholders 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 prior to 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 at least "BBB" (or such similar nomenclature then used by S&P) and the Issuer is of the view that such rating would not fall below this level as a result of such redemption or repurchase; or*
- (b) *the Capital Notes are not even assigned "minimal equity content" (or such similar nomenclature then used by S&P) at the time of such redemption or repurchase; or*
- (c) *the Capital Notes are redeemed pursuant to Change of Control Event, a Tax Deductibility Event, a Rating Event, a Substantial Repurchase Event or a Withholding Tax Event; or*
- (d) *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*
- (e) *the relevant repurchase has followed an issuance of Ordinary Shares 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*
- (f) *such replacement would cause the Issuer's outstanding hybrid capital which is assigned equity credit by S&P to exceed the maximum aggregate principal amount of hybrid capital which S&P, under its then prevailing methodology, would assign equity credit to, based on the Issuer's adjusted total capitalisation; or*
- (g) *if such redemption or repurchase occurs on or after the 2043 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 (e) or (f) above applies.

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

- (i) the part of the nominal amount of the Capital Notes that was assigned equity credit by S&P at the time of their issuance; and*
- (ii) the part of the net proceeds received from issuance of replacement hybrid notes or Ordinary Shares that was assigned equity credit by S&P at the time of their sale or issuance (or the equity credit S&P has confirmed will be assigned by it upon expiry or waiver of issuer call rights which prevent the assignment of equity credit by S&P on the issue date of such replacement hybrid 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). 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 Noteholder 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 Noteholder agrees that the Capital Notes shall benefit from and be subject to the Terms and Conditions and by acquiring Capital Notes, each subsequent Noteholder confirms such agreement.
- 2.3 The nominal amount of each Capital Note is SEK 1,000,000 (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, at two occasions, issue Subsequent Capital Notes however not later than on the date falling six (6) 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 1,000,000,000 unless consent from the Noteholders is obtained in accordance with Clause 17 (*Decisions by Noteholders*). 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 Noteholders 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 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.
- 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 Noteholder 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 29 December, 29 March, 29 June and 29 September each calendar year (each an "**Interest Payment Date**") with the first Interest Payment Date being 29 December 2017.

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 When interest is required to be calculated in respect of a period of less than a full year, such 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 2028 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 2028 Step-up Date and the 2043 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 a 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 (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 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, a Rating Event or an Equity Classification Event

- 11.3.1 If a Tax Deductibility Event, a Rating Event or an Equity Classification 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

11.3.3 If such redemption is the result of an Equity Classification Event, the Issuer intends (without thereby assuming a legal or contractual obligation) to refinance such redemption with a new issue of capital notes, which shall qualify for an 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 such new capital notes of at least fifty per cent (50%).

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, if a rating has been assigned by a Rating Agency prior to the Change of Control Event, (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 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 Noteholders 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 Noteholders.
- 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 Noteholders, shall be given at their addresses as registered with the CSD, on the date such person shall be a Noteholder 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 Noteholders. A notice to the Noteholders 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 Noteholders 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 Noteholders' Meeting in accordance with Clause 18.1. The Issuer shall inform the Agent before a notice for a Noteholders' 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 a notice or the communication.
- 17.6 Only a person who is registered as a Noteholder, or who has been provided with a power of attorney pursuant to Clause 7 (*Right to act on behalf of a Noteholder*) from a person who is registered as a Noteholder at the following times:
- (a) on the Business Day specified in the notice pursuant to Clause 18.3, in respect of a Noteholders' Meeting, or
 - (b) on the Business Day specified in the communication pursuant to Clause 19.3, in respect of a Written Procedure,
- may exercise voting rights as a Noteholder at such Noteholders' 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 Noteholders representing at least two thirds (2/3) of the Adjusted Nominal Amount for which Noteholders are voting at a Noteholders' Meeting or for which Noteholders reply in a Written Procedure in accordance with the instructions given pursuant to Clause 19.3:
- (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 1,000,000,000 or after the date falling six (6) 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 Noteholders' 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 Noteholders representing more than fifty (50) per cent. of the Adjusted Nominal Amount for which Noteholders are voting at a Noteholders' Meeting or for which Noteholders reply in a Written Procedure in accordance with the instructions given pursuant to Clause 19.3. 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 Should the Issuer want to replace the Agent, it may convene a Noteholders' Meeting in accordance with Clause 18.1 with a copy to the Agent. After a request from the Noteholders pursuant to Clause 21.4.3, the Issuer shall no later than five (5) Business Days after receipt of such request (or such later date as may be necessary for technical or administrative reasons) convene a Noteholders' Meeting in accordance with Clause 18.1. The Issuer shall inform the Agent before a notice for a Noteholders' Meeting 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 a notice.
- 18.3 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.

- 18.4 The Noteholders' Meeting shall be held no earlier than ten (10) Business Days and no later than twenty (20) Business Days from the notice.
- 18.5 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 Notcholder(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 Notcholder 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 Should the Issuer want to replace the Agent, it may send a communication in accordance with Clause 19.1 to each Notcholder with a copy to the Agent.
- 19.3 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 Notcholder 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 Notcholder 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.
- 19.4 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 are 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 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 and the other 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 Noteholder (or Noteholders) 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 Noteholder on the Business Day immediately following the day on which the notice is received by the Issuer and shall, if given by several Noteholders, be given by them jointly), require that a Noteholders' Meeting is held for the purpose of dismissing the Agent and appointing a new Agent. The Issuer may, at a Noteholders' Meeting convened by it or by way of Written Procedure initiated by it, propose to the Noteholders 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*).

We hereby certify that the above Terms and Conditions are binding upon ourselves.

Place:

Date:

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

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

Place:

Date:

NORDIC TRUSTEE & AGENCY AB (PUBL)
as Agent

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

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