



*Prospectus for the admission to trading on NASDAQ
OMX Stockholm of SEK 1,200,000,000 senior
unsecured fixed and floating rate notes*

ISIN: SE0005933215 and SE0005933207

Important information

On 8 May 2014 Hemfosa issued a three year, fixed and floating rate notes loan in the amount of SEK 1,200,000,000 (the “**Notes**”). The nominal amount of the Notes is SEK 1,000,000. This prospectus (the “**Prospectus**”) has been prepared solely for the listing of the Notes on the corporate bond list of NASDAQ OMX Stockholm (“**NASDAQ OMX Stockholm**”).

In the Prospectus, “**Hemfosa**” or the “**Issuer**” refers to Hemfosa Fastigheter AB (publ) or, depending on the context, the group in which Hemfosa Fastigheter AB (publ) is the parent company. The “**Joint Bookrunners**” refers to Skandinaviska Enskilda Banken AB (publ) and Swedbank AB (publ). The “**CSD**” refers to Euroclear Sweden AB and “**SEK**” refers to Swedish kronor. Words and expressions defined in the chapter “Terms and Conditions” beginning on page 25 have the same meaning when used in the Prospectus unless expressly stated or the context requires otherwise.

The Prospectus has been approved and registered by the Swedish Financial Supervisory Authority (*Sw. Finansinspektionen*) (the “**SFSA**”) pursuant to the provisions of Ch. 2 Sec. 25 and 26 of the Swedish Financial Instruments Trading Act (*Sw. lag (1991:980) om handel med finansiella instrument*). Approval and registration by the SFSA does not imply that the SFSA guarantees that the factual information provided in the Prospectus is correct and complete. The Prospectus does not contain and does not constitute an offer or solicitation to buy or sell Notes, in any jurisdiction and may not be distributed in or into any country where such distribution or disposal would require any additional prospectuses, registration or additional measures other than those required under Swedish law, or otherwise would conflict with regulations in such country. Persons into whose possession the Prospectus comes are therefore required to inform themselves about, and to observe, such restrictions. Any failure to comply with such registration may result in a violation of applicable securities regulations. The Notes have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the “**Securities Act**”), or the securities laws of any other country of jurisdiction outside of Sweden. The Notes may not be offered or sold within the United States (including its territories and possessions, any state of the United States and the District of Columbia) (the “**United States**”) to, or for the account or benefit of, United States persons except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act.

The Prospectus is subject to Swedish law. Disputes arising in connection with the Prospectus and/or any subsequent legal relationships are to be settled exclusively by Swedish courts according to Swedish law. The Prospectus shall be read together with all documents which have been incorporated by reference in the chapter “Legal matters and supplementary information”. Financial information in the Prospectus has not been audited and/or reviewed by Hemfosa’s auditor, unless otherwise explicitly stated. Certain figures presented in the Prospectus have been rounded off, which means that the totals in some tables and calculations may not necessarily tally exactly.

Each potential investor in the Notes must in light of its own circumstances determine the suitability of the investment. In particular, each potential investor should:

- have sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information which is contained in or incorporated by reference in the Prospectus or any applicable supplement;
- have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact the Notes will have on its overall investment portfolio;
- have sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, especially where the currency for principal or interest payments is different from the potential investor’s currency;
- understand thoroughly the terms of the Notes in the Terms and Conditions and be familiar with the behaviour of any relevant indices and financial markets; and
- be able to evaluate scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

The Prospectus may contain forward-looking statements. Such statements do not constitute any guarantee of future conditions and are subject to inevitable risks and uncertainties. Forward-looking statements can be identified by the fact that they do not relate exclusively to historical or current facts. Forward-looking statements sometimes use words such as “may”, “will”, “anticipate”, “believe”, “estimate”, “plan”, “prepare”, “expect”, “intend”, “forecast”, “try” or “could”, or negations of such words, other variations thereof or other words with similar meaning. Forward-looking statements may include statements regarding Hemfosa’s future business operations. Such forward-looking statements reflect the current expectations of Hemfosa, based on the information available to Hemfosa and a number of assumptions subject to risks and uncertainties that may be beyond Hemfosa’s control and all forward-looking statements are based solely on the conditions prevailing at the time they are made, and Hemfosa and its board of directors do not have an obligation (and expressly decline such an obligation) to update or change such forward-looking statements as a result of new information, new conditions or any other changes.

Any information in the Prospectus, and in the documents incorporated by reference, which derive from third parties has, as far as Hemfosa is aware and can be judged on the basis of other information made public by that third party, been correctly represented and no information has been omitted which may serve to render the information misleading or incorrect.

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RISK FACTORS

All investments in notes involve a degree of risk. The financial performance of the Issuer and its subsidiaries and the risks associated with the Issuer's business are important when making a decision on whether to invest in the Notes. A number of factors, both within the Issuer's control but also factors not controllable by the Issuer affect and may come to affect the Issuer's operations, financial position, earnings and ultimately the Issuer's ability to make interest payments and payments of principal on maturity. In this section, a number of risk factors are illustrated and discussed, both general risks pertaining to the Issuer's operations and material risks related to the Notes as a financial instrument. The risk factors are not ranked in terms of their significance or potential financial impact on the Issuer and this summary is not exhaustive, and there may be additional risk factors of which the Issuer is not currently aware. Before making a decision about investing in the Notes, any potential investors should carefully consider the risk factors described below, as well as any other provided information about the Issuer and/or the Notes. In addition, an investor must, alone or together with its financial and other types of advisors, engage in a general evaluation of external facts, other provided information and general information about the property market and property 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. All risk factors described below may potentially adversely affect the Issuer's operations, financial position and earnings and ability to make payments under the Notes. In turn this would affect the Issuer's ability to fulfil its obligations in accordance with the Terms and Conditions of the Notes.

RISKS INVOLVING THE COMPANY, THE INDUSTRY AND THE MARKET

Macroeconomic factors

The property industry in general, and thus Hemfosa, is affected to a considerable degree by macroeconomic factors such as the economic climate, inflation and possibly deflation, growth, the rate of construction of new housing and commercial premises and changes to infrastructure and demographics. Because economic growth affects the employment rate, this is an important factor for consideration of factors such as demand for properties and tenant solvency. Hemfosa's property portfolio has a strong element of properties with tax-funded tenants, and income are primarily affected by the long-term demand for premises for social services such as the judicial system, schools, healthcare and elderly care, although other activities that are directly or indirectly publicly financed may be present as well. Hemfosa's prospects for securing competitive rent levels that are sustainably dependable and low vacancy rates depend on its ability to customise the properties according to the tenants' changing requirements in respect of such considerations as quality, functionality and size. These circumstances have a significant impact on Hemfosa's income, rental and vacancy rates and the rent levels that Hemfosa is able to charge. An economic downturn leading to lower employment, a sharp rise in inflation or deflation could have a substantial negative impact on Hemfosa's operations, financial position, earnings and ability to make payments under the Notes.

Rental income

Hemfosa's property portfolio is geographically diversified within Sweden and houses a large number of tenants. Rental income derives largely from tenants performing tax-funded activities on behalf of the Swedish government, county councils or municipalities. The ten largest tenants as per 31 March 2014 accounted for 33 per cent of total contracted rental income, with the largest tenant, the police authority, accounting for nine percent. Leases with Hemfosa's ten largest tenants have staggered durations. A circumstance whereby one or more of Hemfosa's more important tenants does not renew or extend a lease once it has expired could result in reduced rental income and/or a higher vacancy rate should Hemfosa be unable to obtain equivalent income from new tenants. The general rent-level risk is attributable to the trend in current market rents. Although Hemfosa endeavours to sign leases with relatively long durations and to have the lease expiration dates of the entire property portfolio distributed evenly over time, a long-term downturn in current market rents could have a negative impact on Hemfosa. Since Hemfosa is also dependent on Hemfosa's tenants paying their contractually agreed rents on time, Hemfosa is exposed to the risk that these tenants do not rightfully fulfil

their obligations, which could result in lower rental income. This could in turn have a negative impact on Hemfosa's operations, financial position, earnings and ability to make payments under the Notes.

Higher operating and maintenance costs

Operating costs consist primarily of tariff bound charges for services such as electricity refuse collection, water and heat. Several of these costs are for goods and services that can only be purchased from one or a small number of entities, which could affect the price. While a large part of Hemfosa's leases are drawn up so that the tenant is responsible for most of these costs, Hemfosa's operations, financial position, earnings and ability to make payments under the Notes could be negatively affected should it not be possible to offset such higher costs by addressing them in the terms of the lease or renegotiating the lease to raise the rent. Maintenance costs are attributable to measures aimed at upholding a property's standard in the long term or maintaining and/or modernising it. In order to meet demands from the market or government authorities or other legal requirements, such costs may be substantial and unforeseen, and thereby may have a negative impact on Hemfosa's operations, financial position, earnings and ability to make payments under the Notes.

Acquisition risk, sales risk and other transaction-related risks

Property acquisitions constitute part of Hemfosa's operating activities. In order to complete an acquisition, suitable investment objects must be for sale at reasonable price levels. Should the demand for the investment objects specialised in by Hemfosa be high, the number of property portfolios for sale may be limited or only available at terms that are unfavourable to Hemfosa. Competitors with similar investment strategies may, compared to Hemfosa, also have access to greater financial resources and may have lower capital costs. Acquisitions entail risks associated with the operations that are acquired. For example, tenants may vacate, the acquired operation's accounts may be deficient, and/or the operation may be the object of unforeseen environmental or tax requirements or other circumstances that have a negative impact on the value of the acquisition object. Even though Hemfosa performs an evaluation before every investment, which is designed to identify and if possible reduce the risks that may be associated with the investment, there is a risk that future operations or properties obtained through acquisitions could have a negative impact on Hemfosa's operations, financial position and earnings. Acquisitions may also be associated with risks pertaining to the seller. Some of Hemfosa's properties have been acquired through executive auctions, where possibilities to make claims against the seller after the acquisition are extremely limited. In the case of other acquisitions from sellers who are experiencing or will experience financial difficulties, there may be a limited chance of obtaining compensation through warranty claims as well. In the case of potential acquisitions from foreign sellers, cultural differences may arise or disputes may be resolved by foreign courts or arbitration boards according to the acquisition agreement, which could cause greater uncertainty and higher costs for Hemfosa. The property agents or other parties involved in some of Hemfosa's property acquisitions are acting on someone else's behalf. There are risks of disputes arising concerning: the commissions paid to such middlemen; that they may act beyond the scope of their mandate; or that they may provide incorrect information, which could have negative consequences for Hemfosa. As part of its property acquisition activity, Hemfosa may also enter into property acquisition agreements without ensuring beforehand that Hemfosa will have sufficient financing for the acquisition. There is a risk associated with these acquisitions that financing cannot be obtained, or is available only at sharply increased costs. Hemfosa's ability to sell parts of its property portfolio on favourable terms depends on the health of the property and transaction market. If Hemfosa were forced to sell parts of its property portfolio in order to finance its business, there is a risk that Hemfosa will not succeed in completing these sales on favourable terms or at all. Should Hemfosa be forced to sell all or parts of its property portfolio, for example if Hemfosa's creditors were to realise pledged collateral, it is probable that the selling price would be lower than the price Hemfosa would be able to obtain in a future voluntary sale. When engaging in sales, Hemfosa may grant respites for part of the purchase price according to promissory notes. If a buyer against whom Hemfosa has a claim is experiencing or will experience financial difficulties, Hemfosa's chances of being paid may be reduced, especially in cases where no collateral has been pledged for the debt or where the collateral, such as the sold property portfolio, have declined in value. Such an event could have a negative impact on Hemfosa's operations, financial position and earnings. Since 2009, the Group has sold properties totalling approximately SEK 1.8 billion. Under several of these sales agreements, it is still possible for each buyer to invoke warranty claims. Although no guarantee claims on properties and companies sold have been invoked against Hemfosa to date, such claims may arise in the future. This could have a negative impact on Hemfosa's financial position, earnings and ability to make payments under the Notes.

Technical risks

Technical risk pertain to the risk associated with the technical operation of properties, such as the risk of construction defects, other hidden defects or deficiencies, damages and contamination. Even if Hemfosa invests in properties with a high technical standard, there is a risk that unforeseen costs could arise. If such technical problems arise, these costs could have a negative impact on Hemfosa's operations, financial position, earnings and ability to make payments under the Notes.

Change in the value of properties

Hemfosa's properties are recognised in the balance sheet at fair value, and the change in value is recognised in the income statement. The value of the properties is affected by multiple factors, some of them property-specific such as occupancy, rent levels and operating costs, and other market-specific such as yield requirements and cost of capital derived from comparable transactions in the property market. Deterioration in either a property or the market could cause the value of Hemfosa's properties to decline, which could have a negative impact on Hemfosa's operations, financial position, earnings and ability to make payments under the Notes.

Jointly owned companies cannot be solely controlled

In addition to the Group's wholly-owned property portfolio, the Group holds shares in several property owning companies through which properties are owned jointly with other investors. The Group holds half of the shares and the votes in the joint ventures Söderport Holding AB, Gästgivaregatan Holding AB, Culmen Strängnäs II AB and Hemfosa Kronfastigheter Holding AB. Other property owning companies hold the remaining 50 per cent of the shares of each company. The Group holds 90 per cent of the shares and votes of Ribby Ängar Entreprenad AB and Ribby Ängar Bostads AB which, in their capacity as subsidiaries, are consolidated in the Group's balance sheet and income statement. The remaining 10 per cent of each company is owned by another property company. The ownership in these jointly owned companies is regulated by shareholder agreements and consequently, Hemfosa has not full competence to decide upon, and cannot solely control the investments or sales of properties in these companies. If the companies were to develop in a way that is disadvantageous to Hemfosa, this could have a negative impact on Hemfosa's operations, financial position, earnings and ability to make payments under the Notes.

Competition

Hemfosa operates in a competitive industry and Hemfosa's future competitive outlook depends on factors including its ability to be on the cutting edge and to react swiftly to existing and future market needs, which is why costly investments, restructurings and/or price cuts may need to take place in order to adapt to a new competitive situation. Stiffer competition could have a negative impact on Hemfosa's operations, financial position, earnings and ability to make payments under the Notes.

Operational risk

All operations are connected with risk of incurring losses due to deficient procedures and/or fraud or internal or external events that cause disruptions or damages to the business. As Hemfosa has chosen to have a comparatively small and efficient finance department that mainly analyses, quality assures and compiles financial information, the performance of the services provided by ISS Facility Services AB are of special significance for Hemfosa, especially in terms of information disclosure to the market. Shortcomings in operational safety, including services from essential external service providers to Hemfosa, could have a negative impact on Hemfosa's operations, financial position, earnings and ability to make payments under the Notes.

Environmental risk

Property investments entail the risk of acquiring contaminated properties. The Group does not currently operate any business that requires a permit according to the Swedish Environmental Act, and it has no properties recorded in the database maintained by the county administrative boards of potentially contaminated areas, known as the EBH-support. However businesses requiring permits have previously been operated at a number of Hemfosa's properties and some of Hemfosa's tenants could currently be operating businesses that require a permit. According to the Swedish Environmental Act (*Sw. Miljöbalken (1998:808)*), the party that operates a business that has contributed to contamination is responsible for remediation. If the business proprietor is unable to perform or pay for remediation of a contaminated property, the responsible party is the party that acquired the property, if such party, at the time of the acquisition, was aware of or should

have discovered the contamination. This means that, under certain conditions, claims could be made against Hemfosa for soil remediation or reclamation relating to the presence or suspicion of contamination in soil, catchment areas or groundwater. There is a risk that existing or previously operated businesses at the properties could cause certain environmental risks that could have a material negative impact on Hemfosa. Should Hemfosa be charged for the cost for soil remediation or reclamation, this could have a negative impact on Hemfosa's operations, financial position, earnings and ability to make payments under the Notes.

Ability to recruit and retain personnel

Hemfosa's organisation is limited in size, and several key employees have founded Hemfosa and have a private ownership share. Hemfosa's future success depends on factors including its ability to retain and continue to motivate these employees, as well as being able to recruit, retain and develop other qualified senior executives and key employees. If key employees leave the Group and suitable successors cannot be recruited, this could have a negative impact on Hemfosa's operations, financial position, earnings and ability to make payments under the Notes.

Legal proceedings

Hemfosa is involved in a potential dispute concerning an acquired property in Gothenburg, where sinking ground and incorrect construction have been observed. Hemfosa has claimed defects in the property. There is a risk, that the outcome of current and potential disputes could have a negative impact on Hemfosa. There is also a risk that Hemfosa could be subject to future additional disputes, which could have a negative impact on Hemfosa's operations, financial position, earnings and ability to make payments under the Notes.

Tax and contribution risks

Tax is a significant cost item for property companies. Even if tenants in a number of Hemfosa's agreements are responsible for their share of the property taxes due at all times, changes to the property tax and other taxes such as corporation tax, VAT and other state levies and tax-related contributions could have a negative impact on Hemfosa. Hemfosa has tax loss carry-forwards from previous years, which taken together with depreciation for tax purposes and deductions for certain property investments entail that taxes are only due for the few subsidiaries for which the conditions were not suitable for group contributions with the group member companies that generated the losses. This situation occurs in principle only during the year that a company is acquired from an external party. As per 31 December 2013, loss carry-forwards amounted to SEK 545 million (of which SEK 120 million is reported as deferred tax assets), and they are primarily accrued in Hemfosa's operations. Changes to tax rules and in ownership could restrict the opportunity to take advantage of loss carry-forwards. Even though Hemfosa is not the object of any tax audits or proceedings at present, there is a risk that the Swedish Tax Authority in the course of any future inspections will not share Hemfosa's opinion concerning topics such as deductibility, opportunities for depreciation for tax purposes or the ability to take advantage of loss carry-forwards. Further, recent information regarding the current review by the Swedish Committee of Corporate Taxation suggests that there is a risk that the tax rules may be changed in other areas to the detriment of Hemfosa, e.g. to the effect that Hemfosa will not be able to deduct its interest costs in full. An altered tax situation for Hemfosa in the future could have a negative impact on Hemfosa's operations, financial position, earnings and ability to make payments under the Notes.

Altered legal conditions

Most of Hemfosa's tenants perform tax-funded activities on behalf of the Swedish government, municipalities or county councils, and Hemfosa's operations are to a considerable extent dependent on decisions and requirements from authorities concerning property ownership, rentals, rental amounts, maintenance, operations et cetera. New, amended or terminated laws or regulations, or the application of the aforementioned, which are applicable to Hemfosa's or its customers' operations, could have a negative impact on Hemfosa's operations, financial position, earnings and ability to make payments under the Notes. This is also the case if government authorities were to reach opinions that differ from Hemfosa or its customers concerning licensing requirements, the necessity to obtain permits or other business law requirements.

Financial risks

Counterparty and credit risk

Hemfosa'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/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 Hemfosa's counterparties are

unable or unwilling to fulfil their obligations towards Hemfosa, it may have a negative effect on Hemfosa's financial position and earnings. In addition to Hemfosa's tenants, such counterparties exist when investing excess liquidity, when signing interest-rate swap agreements, when issuing promissory notes and when receiving long- and short-term credit agreements. Should these counterparties be unable to fulfil their financial obligations towards Hemfosa, this could have a negative impact on Hemfosa's operations, financial position, earnings and ability to make payments under the Notes.

Liquidity risk

Liquidity risk is the risk that Hemfosa cannot meet its payment obligations at the due date without the cost of obtaining means of payment increasing substantially. As per 31 March 2014, Hemfosa's available liquidity amounted to SEK 195 million in the form of bank deposits. Hemfosa also has short-term committed credit facilities totalling SEK 150 million, of which SEK 105 million were unutilised as per 31 March 2014, and several long-term credit facilities totalling SEK 972 million, of which SEK 742 million were unutilised as per 31 March 2014. If Hemfosa's sources of funding are not deemed sufficient, this may have a significant negative impact on Hemfosa's operations, financial position, earnings and ability to make payments under the Notes.

Refinancing risk

Refinancing risk is defined as the risk that financing cannot be obtained or renewed at the end of its maturity, or only at substantially higher costs. Property companies often have a significant level of indebtedness. Hemfosa finances its business primarily through borrowing and its own cash flows. As per 31 March 2014, Hemfosa's net indebtedness amounted to SEK 9,977 million, of which SEK 1,472 million, corresponding to 15 per cent, will be due for renegotiation or repayment within a year, and SEK 536 million, corresponding to five per cent, will be due within one to two years. There is a risk that additional capital cannot be obtained, or that this can be achieved only at terms that are disadvantageous to Hemfosa. Should Hemfosa fail to obtain necessary capital in the future, this could have a negative impact on Hemfosa's operations, financial position, earnings and ability to make payments under the Notes.

Financial covenants in loan agreements

As per 31 March 2014, Hemfosa's liabilities consisted of a total of SEK 10 billion borrowed from credit institutions. Borrowing from credit institutions is primarily divided among seven different institutions. A large proportion of the loan agreements entail financial covenants. All of these covenants were fulfilled as per 31 March 2014. If Hemfosa were to violate one or more of these covenants in any loan agreements, this could result in the loan (or other loans through cross-default provisions) being terminated for immediate payment, or seizure of collateral by the relevant credit institution. This could have a negative impact on Hemfosa's operations, financial position, earnings and ability to make payments under the Notes.

Interest-rate risk

Interest-rate risk refers to the risk that changes in interest rates could affect Hemfosa's interest costs, which are Hemfosa's single largest cost item. In the longer term, changes in interest rates have a material effect on Hemfosa's results and cash flow. Hemfosa's total interest costs for the financial year 2013 amounted to SEK 436 million and as per 31 March 2014, Hemfosa's average interest rate level was 4.28 per cent. Based on Hemfosa's annual earnings capacity as per 31 March 2014, a change in the average interest rate level of Hemfosa (excluding derivative agreements) of +/- one per cent would, theoretically, affect Hemfosa's earnings before tax with +/- SEK 102 million. If prevailing interest-rate levels were to change and/or Hemfosa were to fail to pay interest in the future, this could hence have a negative impact on Hemfosa's operations, financial position, earnings and ability to make payments under the Notes.

Risk related to the value of derivative instruments

A large portion of Hemfosa's loans have interest periods. As part of its management of interest-rate risk, Hemfosa utilises interest-rate derivative instruments, primarily interest-rate swaps. Interest-rate derivative instruments are recognised continuously at fair value in the balance sheet, while changes in value are recognised in the income statement. The market value of the derivative instruments changes as market interest rates change. This could in turn have a negative impact on Hemfosa's operations, financial position, earnings and ability to make payments under the Notes.

RISKS RELATING TO THE NOTES

Credit risk

If the financial position of Hemfosa weakens it is likely that the credit risk associated with the Notes will increase, given that there would be an increased risk that Hemfosa cannot fulfil its payment obligations under the Terms and Conditions. Hemfosa's financial position is affected by numerous risk factors, some of which have been outlined above. An increased credit risk could result in the market pricing the Notes with a higher risk premium, which could adversely affect the Notes' value which might lead to deterioration in the noteholder's possibility to recover the invested amount when selling the Notes on the secondary market. An increased credit risk could also entail a lower credit worthiness, which could affect Hemfosa's ability to refinance the Note and its other existing debt. This could in turn adversely affect Hemfosa's operations, financial position, earnings and ability to make payments under the Notes.

Transferability of the Notes

Hemfosa will apply for the Notes to be listed on NASDAQ OMX Stockholm in connection with the SFSA's approval of the Prospectus. There is a risk that such listing is not approved or, if listing is approved, a risk that an active market for the Notes will not evolve, and even if such market would evolve, that it lasts. Furthermore, the nominal amount of the Notes may not be indicative of their market value after being admitted for trading at NASDAQ OMX Stockholm. In addition, following the listing of the Notes, the liquidity and trading price of the Notes may fluctuate due to many factors including general market movements and irrespective of Hemfosa's performance. All the conditions above may cause the value and trading price of the Notes to be reduced and noteholders could lose a part or all of their investment.

Unprioritised claims and structural subordination

Hemfosa finances much of its operations through bank loans, often in subsidiaries, secured in properties. The bank loans are usually a prioritised claim on the borrower. The Notes constitute unprioritised obligations for Hemfosa. This means that holders of the Notes, in the event of Hemfosa's liquidation, reorganisation or bankruptcy are paid only after any priority creditors have been paid in full. Similarly, holders of Notes may be subordinated to prioritised and unprioritised creditors of Hemfosa's subsidiaries through so-called structural subordination. Each investor investing in the Notes should be aware of the risk of losing all, or part of his investment if Hemfosa is declared bankrupt, is carrying out a reorganisation or is liquidated.

Certain material interests

The Joint Bookrunners have engaged in, and may in the future engage in, investment banking and/or commercial banking or other services for Hemfosa in its ordinary course of business and the Joint Bookrunners are lenders under Hemfosa's credit facilities and the proceeds from the issued Notes will partially be used by Hemfosa to settle debts to the Joint Bookrunners. Accordingly, conflicts of interest may exist or may arise as a result of the Joint Bookrunners 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.

Risks relating to the CSD's book-entry system

The Notes are affiliated to the CSD's account-based system, why no physical Notes have been, or will be, issued. Clearing and settlement of the Notes are carried out within the CSD's book-entry system as well as payment of interest and repayment of the principal. Accordingly, the noteholders are dependent on the functionality of the CSD's account-based system.

Interest rate risk

The value of the Note's depends on several factors, whereof the one of the most significant over time being the level of market interest. Investment in the Notes involves the risk that changes in market interest rates may adversely affect the value of the Notes.

Currency risk

Hemfosa will pay interest and the principal amount of the Notes in SEK. 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 impact on the currency exchange rate. If currency exchange rates were to change, irrespective of the reason therefore, this may lead to noteholders receiving a lower rate of return, final payment or nominal amount than expected.

Changes in legislation

The Terms and Conditions are based on Swedish law applicable at the date hereof. Future changes in legislation, in particular with respect to property and property management, securities and tax legislation, or to administrative practices which are relevant to property companies, could adversely affect Hemfosa's ability to make payments under the Notes.

Noteholders' representation

In accordance with the Terms and Conditions, Nordic Trustee and Agency AB (publ) (the "Agent") represents all noteholders in all matters relating to the Notes. However, there is a risk that the noteholders, in certain situations, could bring their own action against Hemfosa. To enable the Agent to represent the noteholders in court, the noteholders may have to submit a written power of attorney for legal proceedings. The failure of all noteholders to submit such a power of attorney could negatively impact the enforcement of the Notes. Under the Terms and Conditions the Agent has the right in some cases to make decisions and take measures that bind all noteholders.

Noteholders' meeting

The Terms and Conditions include certain provisions regarding noteholders' meeting, which may be held in order to resolve on matters relating to the noteholders' interests. Such provisions allow for designated majorities to bind all noteholders, including noteholders who have not participated in or voted at the actual meeting or who have voted differently than the required majority, to decisions that have been taken at a duly convened and conducted noteholders' meeting.

Early redemption

The Terms and Conditions include provisions that, in certain events, entitle noteholders and Hemfosa to request or demand early redemption of the Notes. There is a risk that in case the Notes are early redeemed, an investor may not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Notes and may only be able to reinvest at a significantly lower rate. There is also a risk that Hemfosa may not have enough liquid funds at the time to meet such early redemption requirements or demands. Early redemption of certain Notes (where partial redemption is acceptable) may also affect the market value of Notes that are not early redeemed.

STATEMENT OF RESPONSIBILITY

The issuance of the Notes was authorised by resolutions taken by the Board of Directors of the Issuer on 23 April 2014, and subsequently issued by the Issuer on 8 May 2014. The Prospectus has been prepared in relation to the Issuer applying for listing of the Notes on NASDAQ OMX Stockholm, in accordance with the Directive 2003/71/EC together with any applicable implementing measures.

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

Stockholm, 11 June 2014

Hemfosa Fastigheter AB (publ)
The board of directors

THE NOTES IN BRIEF

This section contains a general and broad description of the Notes. It does not claim to be comprehensive or cover all details of the Notes. Potential investors should therefore carefully consider this Prospectus as a whole, including documents incorporated by reference, before a decision is made to invest in the Notes. The complete Terms and Conditions can be found on pages 25-46 of the Prospectus.

Concepts and terms defined in the section Terms and Condition of the Notes are used with the same meaning in this description unless otherwise explicitly understood from the context.

The Issuer:	Hemfosa Fastigheter AB (publ), reg. no. 556917-4377, a public limited liability company (<i>Sw. publikt aktiebolag</i>) incorporated in Sweden and registered with the Swedish Companies Registration Office (<i>Sw. Bolagsverket</i>), and having with its registered office in Nacka.
Issue resolution:	The issuance of the Notes was authorised by resolutions taken by the board of directors of the Issuer on 23 April 2014.
The Notes:	The Notes are unilateral debt instruments intended for public trading as set out in Ch. 1 Sec. 3 of the Financial Instruments Accounts Act (<i>Sw. ensidig skuldförbindelse avsedd för allmän omsättning enligt 1 kap. 3 § lag (1998:1479) om kontoföring av finansiella instrument</i>). The Notes constitute direct, unconditional, unsecured and unsubordinated obligations of the Issuer, and shall at all times rank pari passu with all direct, unconditional, unsubordinated and unsecured obligations of the Issuer and without any preference among them.
Issue date:	8 May 2014.
ISIN-codes:	ISIN-code fixed rate Notes: SE0005933215 ISIN-code floating rate Notes: SE0005933207
The principle amount:	The total nominal amount of the two Notes loan is SEK 1,200,000,000, whereof SEK 100,000,000 has been issued in the form of fixed rate Notes and SEK 1,100,000,000 has been issued in the form of floating rate Notes.
Purpose of issue proceeds:	For repayment of existing credit facility and for general corporate purposes.
The nominal amount and number of Notes:	Each Note has a nominal amount of SEK 1,000,000 and is denominated in SEK. Accordingly, the total number of Notes is 1,200.
Interest (fixed rate Notes):	3.375 per cent per annum, fixed rate, payable on 4 April each year, with the first payment being due on 4 April 2015 and the final payment being due on the Final Maturity Date (unless redeemed earlier). Interest shall be calculated on a 30/360-day basis.
Interest (floating rate Notes):	STIBOR + 2.25 per cent per annum, payable on 4 January, 4 April, 4 July and 4 October each year. The first payment is due on 4 July 2014 and the final payment is due on the Final Maturity Date (unless redeemed earlier). Interest shall be calculated on an actual/360-day basis.

Final maturity date:	4 April 2017 (or, if such date falls on a day which is not a Business Day, the first following Business Day), at which date the Issuer shall redeem all outstanding Notes at the nominal amount together with accrued but unpaid interest.
The right to receive payments under the Notes:	<p>Any payment or repayment under the Finance Documents, or any amount due in respect of a repurchase of any Notes, shall be made to such person who is registered as a Noteholder on the Record Date, or to such other person who is registered with Euroclear Sweden on such date as being entitled to receive the relevant payment, repayment or repurchase amount.</p> <p>The Issuer is not liable to gross-up any payments under the Finance Documents by virtue of any withholding tax, public levy or the similar.</p> <p>The right to receive payment of the principal amount is prescribed and becomes void ten years after the maturity date and the right to receive payment of interest (excluding any capitalised interest) shall be prescribed and become void three years from the relevant due date for payment.</p>
Repurchase in the case of a Change of Control Event, Delisting Event or Listing Failure (put option):	Upon a Change of Control Event, Delisting Event or Listing Failure, the Noteholders have the right to request their Notes to be early redeemed at an amount corresponding to 101% of the nominal amount of each redeemed Note in the case of a Change of Control Event or Delisting Event, and 100% of the nominal amount of each redeemed Note in the case of a Listing Failure, in each case together with accrued but unpaid interest in accordance with the procedure set out in the Terms and Conditions of the Notes.
Issuer's purchase of Notes:	The Issuer and its Subsidiaries may, subject to applicable law, at any time and at any price purchase Notes on the market or in any other way. Notes held by the Issuer may at the Issuer's discretion be retained, sold or cancelled. The Issuer shall ensure that Notes held by a Subsidiary are immediately transferred to the Issuer.
Early redemption due to illegality (call option):	The Issuer may redeem all, but not some only, of the outstanding Notes at an amount per Note equal to the nominal amount together with accrued but unpaid interest on a date determined by the Issuer if it is or becomes unlawful for the Issuer to perform its obligations under the Finance Documents or the Agency Agreement.
Restrictions on trade:	There are no restrictions in the Terms and Conditions of the Notes for the Noteholders to freely transfer Notes, but the Noteholders may be subject to purchase or transfer restrictions with regard to the 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.
Issuing Agent:	Skandinaviska Enskilda Banken AB (publ).
Rating:	The Notes have not been assigned an official credit rating by any credit rating agency.
Listing of the Notes on the corporate bond list on NASDAQ OMX Stockholm:	The Issuer will submit an application for listing of the Notes on the corporate bond list on NASDAQ OMX Stockholm in connection with the SFSA's approval of the Prospectus.

Securities register (Sw. <i>skuldbok</i>) and financial institution (Sw. <i>finansiellt institut</i>) through which the Noteholders can exercise their financial rights:	The Notes are connected to the account-based system of Euroclear Sweden. Holdings of the Notes are registered on behalf of the Noteholders on a securities account and no physical notes have, or will be, issued. The Noteholders' financial rights such as payments of the principal and interest, as well as, if applicable, withholding of preliminary tax will be made by Euroclear Sweden.
Governing law:	The Terms and Conditions of the Notes, 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 Notes have been issued in accordance with Swedish law and the Issuer submits to the non-exclusive jurisdiction of the City Court of Stockholm (Sw. <i>Stockholms tingsrätt</i>).
Costs and expenses:	Cost and expenses incurred by the Issuer in connection with the listing of the Notes such as expenses in relation to the SFSA and NASDAQ OMX Stockholm (excluding NASDAQ OMX Stockholm's annual fee) as well as fees to advisors is estimated to be approximately SEK 200,000.

BUSINESS DESCRIPTION

Hemfosa is a property company with the mission to own, develop and manage properties with a base theme of publicly financed tenants creating long term, high and stable returns. Hemfosa also intends to be active in the market for real estate transactions in order to create additional shareholder value. Hemfosa's property portfolio comprises community service properties, office properties in growth municipalities and logistics properties, as well as transaction properties.

BACKGROUND

Hemfosa was founded in June 2009 with the ambition of creating an agile organisation focused on transaction intensive property operations. The founders identified a space for a dynamic investor in the Swedish property market in light of the turbulence that characterised the market, both domestically and globally. Hemfosa's expansion has progressed quickly, with a focus on high-yielding properties with stable cash flows in the segments of community service properties, office properties in growth municipalities and logistics properties in Sweden combined with taking advantage of the opportunities that arise in a constantly changing property market. After five years, Hemfosa now owns a property portfolio with a value of approximately SEK 20.2 billion (including properties owned by Hemfosa's joint ventures).

BUSINESS HISTORY

2009

Hemfosa carried out its first property transactions in August. The first acquisition consisted of three industrial properties, one office property and three warehouse properties in central Sweden totalling approximately 63,000 sqm. During the autumn, most of the properties included in the first acquisition were divested, with one of the warehouse properties remaining in the portfolio. Several smaller property transactions were carried out in the autumn. Hemfosa acquired its first community service properties including three healthcare and school properties of 4,300 sqm in Gävle. At the end of its first operational year, the accumulated property portfolio consisted of 13 properties with a total of approximately 26,100 sqm with a market value of approximately SEK 220 million.

2010

At the beginning of the year, Hemfosa acquired Landic VI, comprising 44 properties, for approximately SEK 2.3 billion. The properties are located in Västerås, Uppsala, Sundsvall, Umeå, Luleå and Södertälje. During the spring, six office properties, one retail property and one school property totalling approximately 56,000 sqm were acquired in Kristianstad. In connection with this, personnel were taken over and Hemfosa established a management office in Kristianstad. In addition, four properties were acquired in Uppsala, including one healthcare property, one school, one warehouse property and one hotel property totalling approximately 51,000 sqm. In June, Hemfosa and the property company Sagax jointly acquired the private property company DK Properties with properties worth approximately SEK 3 billion, mostly industrial and warehouse properties in the Stockholm area. DK Properties was subsequently renamed Söderport Fastigheter AB, which is currently equally owned by Hemfosa and Sagax through the jointly owned company Söderport Holding AB. During the year 42 retail and industrial properties totalling approximately 135,000 sqm were acquired in 40 cities throughout Sweden from Lantmännen Fastigheter. In October, nine out of eleven properties valued at approximately SEK 1.8 billion were acquired from Landic VII's bankruptcy estate at an executive auction. The properties comprised approximately 152,000 sqm. During the year, Hemfosa built up a portfolio of logistics properties. A newly built property of approximately 22,000 sqm was acquired in Vaxjö and two logistics properties of approximately 32,000 sqm were acquired in Skåne. In addition, a newly built printing house of approximately 10,000 sqm was acquired in the Gothenburg area. In 2010, the property portfolio grew and by the end of the year comprised 164 properties with an area of approximately 939,000 sqm and a market value of approximately SEK 7.9 billion.

2011

The year began with the acquisition of Landic VIII, comprising 57 office properties with a total area of approximately 300,000 sqm spread over 42 cities, with the judicial system accounting for nearly half of the tenants and the police authorities as tenants in one third of the premises. In April Kefren Properties IX was

declared bankrupt. The company's properties were sold at executive auction later in the autumn. Hemfosa was the largest buyer, acquiring 42 properties over widespread cities for a total of approximately SEK 2.2 billion at the auction, which lasted for three weeks in October. During the summer, Hemfosa led a consortium that bought Saab's factory premises in Trollhättan, an approximately 500,000 sqm portfolio. The portfolio of logistics properties was expanded by some 104,000 sqm, with properties in Eskilstuna, Jönköping, Örebro and Vaggeryd. In addition, eleven properties of approximately 21,000 sqm were acquired from Däckia. In 2011, 14 properties totalling approximately 54,000 sqm were divested. Hemfosa established four management offices in Gothenburg, Karlstad, Västerås and Sundsvall. At the end of 2011, the value of Hemfosa's property portfolio was approximately SEK 15.1 billion and comprised 279 properties with a total area of some thousand 1,808 sqm (thousands).

2012

In terms of acquisitions, 2012 was a less intensive year. During the year, possession was taken of two newly built logistics properties, one in Landskrona and one in Gothenburg, with a total area of approximately 74,000 sqm. In addition, an approximately 7,000 sqm property was acquired in Karlstad. In March, 43 industrial and retail properties with an area of approximately 90,000 sqm were divested from the portfolio acquired from Däckia and Lantmännen Fastigheter. The ownership in the Saab factory and parts of the Landic VIII portfolio were also divested during the year. Late in the year, Söderport acquired Svensk Bilprovning's 142 operating properties throughout Sweden, comprising approximately 123,000 sqm of lettable area and some 1,422,000 sqm of land. At the end of 2012, the value of Hemfosa's property portfolio was approximately SEK 16 billion and comprised 204 properties with a total area of approximately 1,721 sqm (thousands).

2013

During the year, half-owned Söderport divested 132 of the Bilprovning properties that had been acquired the year before and Hemfosa sold eight properties of approximately 27,000 sqm. In addition, a logistics property of approximately 17,000 sqm was acquired in Trollhättan. In December, Hemfosa acquired a portfolio of 28 commercial properties comprising of approximately 142,000 sqm at a value of approximately SEK 1.3 billion. The acquisition was carried out together with Crown Nordic Management as a joint venture, Hemfosa Kronfastigheter Holding AB, where the parties each own 50 per cent. The property portfolio is located in growth municipalities in southern and central Sweden. Otherwise, the year was mainly characterised by smaller transactions. The process of investigating the conditions for a stock exchange listing of Hemfosa's shares on NASDAQ OMX Stockholm was begun. At the end of 2013, the value of Hemfosa's property portfolio, excluding holdings in joint ventures, was approximately SEK 16.3 billion and comprised of 195 properties with a total area of approximately 1,710 sqm (thousands).

2014 (until 11 June)

In March, an ownership distribution was carried out through a combined new share issue and sale of existing shares in Hemfosa. The total value of the offering amounted to approximately SEK 3.6 billion and Hemfosa received about SEK 414 million after issue costs. Hemfosa's share was also listed on NASDAQ OMX Stockholm on 21 March and the number of shareholders increased by approximately 11,500. In April, the jointly owned company, Söderport Holding, signed an agreement to acquire properties for a total purchase consideration of SEK 1.8 billion from companies within the Volvo group. Also, the over-allotment option described in the listing prospectus was exercised, which further increased Hemfosa's equity by a total of SEK 395 million. On 8 May, Hemfosa issued the Notes. In May, Hemfosa also acquired the Åkroken 1 and Västhagen 1 properties in Sundsvall at an underlying property value of SEK 582 million. During the same month Hemfosa acquired two properties in Kristianstad and divested two properties in Gothenburg and Partille, transactions totalling SEK 180 million. In June, Hemfosa divested the site leasehold for Lillsätra 1 in Stockholm for the purchase sum of SEK 38 million. During the course of June, Hemfosa also acquired a property in central Sundsvall and divested three properties in Växjö, Uppsala and Haninge, transactions totalling SEK 149 million.

OPERATIONS

Business concept

Hemfosa shall own, develop and manage properties with a base theme of publicly financed tenants, creating long-term, high and stable returns. Hemfosa also intends to be active in the market for real estate transactions in order to create additional shareholder value.

Objectives and strategies

General objective

- Hemfosa's general objective is to generate the highest total return among listed Swedish property companies over a five year period.

Growth target

- Hemfosa shall increase its equity to SEK 10,000 million over a five-year period.

Financial targets

- In the long term, the equity ratio shall amount to at least 30 per cent.
- In the long term, the interest-coverage ratio shall amount to at least 1.5 times.

Dividend policy

- In the long term, dividends shall amount to 60 per cent of profit for calculating dividends. Profit for calculating dividends is defined as profit from property management less taxes paid and share of profit of joint ventures.

Strategy

With the aim of achieving the above goals, Hemfosa shall:

- Create high and stable growth with strong cash flow by:
 - developing and refining the existing property portfolio
 - establishing and retaining long-term tenant relationships through market-oriented and professional property management
- Be active in the transaction market with the aim of:
 - generating growth
 - maximising risk adjusted return, and
 - generating transaction profits

Management and development of the property portfolio

Hemfosa shall establish long-term tenant relationships through effective and market-oriented property management. Hemfosa is a responsible landlord that offers its customers good service and high quality in terms of property management. For Hemfosa, this means being accessible, providing service at the agreed time and ensuring quality of care and maintenance. The tenants should be satisfied and feel secure in their operations in Hemfosa's premises, regardless of type of property, location or use. Hemfosa creates effective and creative solutions to meet the tenants' changing needs over time. This occurs for example through offers of moving to different premises in the property portfolio, through an adapted renovation or extension or by building new premises on land adjacent to the property. Hemfosa's management is focused on developing the existing property portfolio through active management with a focus on letting vacant premises and actively renegotiating existing agreements. The goal of the property management organisation is to maintain a high level of service, identify effective solutions for premises and technical solutions that benefit the property's net operating income and environment, while simultaneously resulting in satisfied customers. In its management, Hemfosa works with well-defined areas of responsibility, clear targets and formulated earnings requirements.

Transaction operation

Hemfosa continuously evaluates and restructures its existing property portfolio through acquisitions and divestments aimed at enhancing the composition of the property portfolio with respect to geography and property category, as well as risk and yield levels. In this effort, Hemfosa's overall objective is to increase Hemfosa's property portfolio, primarily within the community service property segment. Hemfosa's transaction operation follows an established work model aimed at implementing property transactions in a business-like and efficient manner. This department has considerable expertise, a wide contact network, as

well as resources to facilitate rapid action and thus capture business opportunities that arise in an ever changing property market. Hemfosa's transaction operation focuses on detecting, evaluating and managing risks and opportunities in transaction processes and each individual acquisition is analysed based on its unique characteristics. The focus lies in the acquisition of high-yielding properties, with stable cash flows within prioritised categories. Divestments are evaluated based on Hemfosa's business concept and objectives, whereby properties that generate a yield that does not meet Hemfosa's objectives and are also deemed to continue doing so in the long-term, should be divested. The same assessment can be made of properties that do not fit in terms of geography and category. A number of these properties originated from acquisitions of a larger property portfolio and can be sold in their entirety or in sub portfolios. The properties in the portfolio that do not fit into any of the segments, community service properties, office properties in growth municipalities or logistics properties, are categorised as transaction properties. Hemfosa is constantly evaluating property transaction opportunities which may or may not materialize in the future

Sustainability effort

Hemfosa intends to be a responsible social investor and landlord that complies with the Swedish guidelines for good corporate governance and the demands placed on a modern property owner. Tenants must feel comfortable and secure when conducting their operations in Hemfosa's premises, regardless of the type of property, location or application, which also applies to Hemfosa employees. Environmental efforts play a key role in Hemfosa's property management and transaction operations, with a focus on sustainability and a long-term approach. This involves identifying and evaluating the environmental risks associated with property acquisitions and also managing the environmental liabilities in the existing property portfolio. In other words, these actions contribute to a better environment for both tenants and society at large, while increasing the value of Hemfosa's properties. At the same time as harmful environmental impact from the operations is reduced at the rate and extent required, Hemfosa has to live up to demands for quality and competitiveness. The prerequisites for success are excellent knowledge and commitment from employees, combined with an ambition to continuously accumulate knowledge within the environmental area.

Hemfosa's environmental policy

To be successful in environmental and sustainability efforts, Hemfosa must:

- Focus actively on the energy efficiency of its buildings and premises.
- Be aware of the environmental risks and environmental liabilities associated with the properties and, when actions are required, draw up long-term sustainable solutions.
- Work with its tenants to achieve a healthy indoor environment.
- Engage in environmentally compatible conversions and new builds.
- Subject suppliers to environmental and sustainability requirements.
- Raise the employees' level of expertise and awareness about the environment and sustainability.

Environmental work in the operations

Hemfosa impacts the environment through its operations, in part in the form of energy consumption, waste generation and the use of materials. Reducing the use of energy in the properties is a prioritised area. Hemfosa continuously takes actions to reduce electricity consumption in the existing property portfolio. Examples of the actions taken by Hemfosa to reduce electricity consumption include an overhaul of operating times for ventilation and a switch to more energy-efficient heating systems. Energy analyses in connection with project development are another example of how Hemfosa actively conducts energy-saving measures. The transaction operation includes a developed acquisition and sales process in which the environmental aspect is an important component. In connection with the acquisition of properties, environmental analyses of both land and buildings are performed to identify potential environmental risks and to assess the measures that could be required to reduce the environmental impact. A number of Hemfosa's properties are currently environmentally certified according to Green Building, an EU initiative for reduced energy consumption. Hemfosa's goal for 2014 is to Green Building certify at least a further three properties. One property in the portfolio is also environmentally certified according to the international environmental certification system BREEAM.

Organisation and employees

Hemfosa is characterised by a decentralised organisation, which creates conditions for good service and proximity to the Company's customers. The Company's operating structure consists of the group management, property management and corporate functions, as described on the next page:

Group management

Hemfosa's group management has extensive knowledge of the property market and long experience of successfully carrying out property transactions. It consists of the following seven members: CEO, CFO, COO, Head of Property Management, Head of Analysis and Transactions, Head of Legal and Financing, and Head of Business Development. The group management has the overall responsibility for strategy issues, business development, investments and divestments, the control of earnings development and personnel and IR matters.

Corporate functions

Hemfosa's Corporate functions are Marketing/Communication, Analysis and Transactions, Property Management, Business Development, Accounting and Reporting and Legal and Financing.

Property management

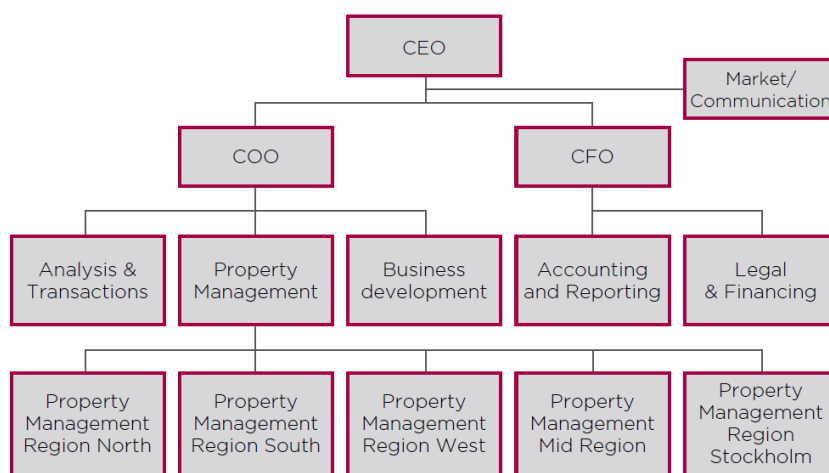
Hemfosa's property portfolio is divided into five regions. Each region is led by a regional manager who has the operating responsibility for the properties in the region. Hemfosa currently has its own property managers in every region.

Employees

Hemfosa offers a creative and stimulating environment with a focus on participation and personal development. The Company has a flat organisation with an emphasis on short decision paths and decentralised responsibility. As per 31 March 2014, Hemfosa had 33 employees, of whom 18 were located at Hemfosa's head office in Nacka, five in Kristianstad, three each in Gothenburg, Sundsvall and Västerås and one in Karlstad. In order to create an agile organisation which can adapt to Hemfosa's development, Hemfosa has chosen to keep the most critical functions in-house and outsource standardised functions to well-known suppliers of services. Of the total number of employees, 18 were women and 15 men. The average age of the employees was 44 years.

Work environment

Hemfosa's personnel turnover and sick leave is low, supported by a good working environment, stimulating assignments and the possibility of personal development. In 2013, no employee chose to end their employment. The Company had no long-term absence comprising 60 sick days or more.



PROPERTY PORTFOLIO

Hemfosa's property portfolio comprises the segments: community service properties, office properties in growth municipalities, logistics properties and transaction properties. Community service properties are defined as properties with publicly financed tenants, either directly or indirectly, who account for at least 70 per cent of the rental value. Office properties in growth municipalities are primarily defined as centrally located office properties in growth municipalities. Logistics properties are primarily defined as modern logistics properties located in attractive logistics hubs. The transaction property segment includes properties

from the other segments that are not deemed suitable for generating a long-term, acceptable, risk-adjusted yield, and odd properties in terms of geography and category.

As per 31 March 2014, Hemfosa's property portfolio comprised a total of 194 properties. The total property value amounted to SEK 16.4 billion and the leasable area was 1,711 thousand sqm. As per 31 March 2014, the total rental value of the property portfolio was SEK 1.75 billion, of which the estimated value of vacant premises accounted for SEK 157 million, corresponding to an economic occupancy rate of 91 per cent. The occupancy rate measured in terms of area was 87 per cent on the same date. As per 31 March 2014, Hemfosa had four joint ventures: Söderport Holding AB, Hemfosa Kronfastigheter Holding AB, Gästgivaregatan Holding AB and Culmen Strängnäs AB. As per 31 March 2014, Hemfosa's property-owning joint ventures owned a total of 50 properties with recognised property value for Hemfosa totalling approximately SEK 2.2 billion. The geographic focus of Hemfosa's property portfolio is southern and central Sweden. Metropolitan regions such as Stockholm and Gothenburg account for approximately 47 per cent of the total property value. The property portfolio is dominated by office properties and largely lacks elements of retail and residential properties. Within the community service properties segment, the property categories including education, health and care, as well as judicial are key to Hemfosa. Hemfosa intends to expand over time within the community service properties segment, partly because the stable cash flows and longer leases that generally characterise the properties within this segment are appealing to Hemfosa. Hemfosa is convinced that active participation in the transaction market will provide the Company with better potential to succeed with this objective, since Hemfosa is able to acquire larger portfolios of which community service properties constitute a significant part.

SHARES AND SHARE CAPITAL

According to Hemfosa's articles of association, which were adopted at the annual general meeting on 4 March 2014, the share capital shall amount to no less than SEK 25,000,000 and no more than SEK 100,000,000, represented by no less than 25,000,000 and no more than 100,000,000 shares. The Company has one class of share and the registered share capital is SEK 65,720,104, represented by 65,720,104 shares. Each share has a quota value of SEK 1 and entitles the holder to one vote. At general meetings of shareholders, shareholders may vote for the total number of shares they own and represent, with no limitations on voting rights. Hemfosa shares are issued and regulated under Swedish law, and all shares carry equal rights to Hemfosa's assets and profit, as well as to any surplus at liquidation. Hemfosa's articles of association contain a CSD clause and the shares are registered with Euroclear Sweden AB, which means that Euroclear administers the share register and registers the shares to persons. No share certificates have been issued for Hemfosa's shares. Hemfosa's shares have the ISIN code SE0005731171 and are traded on NASDAQ OMX Stockholm under the ticker HEMF. The shares are not subject to any restrictions on the right to be transferred and are denominated in SEK.

Ownership structure as per 31 March 2014

Shareholders	Proportion of capital and votes in the Company
Board members, senior executives and personnel in Hemfosa	7.7%
Fourth Swedish National Pension Fund	8.5%
Kåpan Pensioner Försäkringsförening	5.9%
Länsförsäkringar Fondförvaltning AB	5.1%
Alecta Pensionsförsäkring, ömsesidigt	4.0%
IKANO Invest Aktiebolag	4.0%
Morgan Stanley & Co Intl. Plc.	4.0%
If Skadeförsäkring AB (publ)	3.7%
Other shareholders	57.1%

BOARD OF DIRECTORS, SENIOR EXECUTIVES AND AUDITOR

BOARD OF DIRECTORS

Bengt Kjell, born 1954

Chairman of the board since 2013 and Chairman of the remuneration committee. Chairman of the Hemfosa group since 2009.

Education: Graduate in business administration, Stockholm School of Economics.

Other assignments: Deputy Chairman of the board of Indutrade Aktiebolag and Chairman of the board of Skånska Byggaror Holding Aktiebolag and Expandum Invest AB. Board member of ICA Gruppen Aktiebolag, Helsingborgs Dagblad Aktiebolag, Pandox Aktiebolag, Swegon Aktiebolag, Plastal Industri AB and Nordic Tankers Holding AB. Board member and CEO of Aktiebolaget Handel och Industri.

Shareholding in Hemfosa: 1,045,939 shares.

Independent in relation to Hemfosa, the group management and Hemfosa's major shareholders.

Jens Engwall, born 1956

Board member and CEO of Hemfosa since 2013. Board assignments within the Hemfosa group since 2009.

Education: Master of Engineering, the Royal Institute of Technology, Stockholm.

Other assignments: Board member of Bonnier Fastigheter AB, IKANO S.A., Runsvengruppen Aktiebolag, Nordic Service Partners Holding AB, Chengde Intressenter AB and Hemfosa Gård AB et cetera.

Shareholding in Hemfosa: 1,403,470 shares.

Not independent in relation to Hemfosa and the group management. Independent in relation to Hemfosa's major shareholders.

Magnus Eriksson, born 1959

Board member of Hemfosa since 2013 and member of the remuneration committee. Board assignments within the Hemfosa group since 2010.

Education: Studies in business administration, Uppsala University and financial analyst diploma (CEFA), Stockholm School of Economics.

Other assignments: Deputy CEO of the Fourth Swedish National Pension Fund. Board member of Rikshem Intressenter Holding AB and assignments within the Rikshem group.

Shareholding in Hemfosa: 25,000 shares

Independent in relation to Hemfosa, the group management and Hemfosa's major shareholders.

Anneli Lindblom, born 1967

Board member of Hemfosa since 2013 and Chairman of the audit committee. No previous assignments within the Hemfosa group.

Education: Economics Degree, Frans Schartau's Business Institute, Stockholm.

Other assignments: CFO of Acando AB (publ), board member and CEO of NoClds AB and assignments within the Acando group.

Shareholding in Hemfosa: 1,000 shares

Independent in relation to Hemfosa, the group management and Hemfosa's major shareholders.

Daniel Skoghäll, born 1962

Board member of Hemfosa since 2013. Board assignments within the Hemfosa group since 2009.

Education: Master of Engineering, Chalmers University of Technology, Gothenburg.

Other assignments: Chairman of the board and CEO of IKANO Fastighets AB and assignments within the IKANO group.

Shareholding in Hemfosa: –

Independent in relation to Hemfosa, the group management and Hemfosa's major shareholders.

Caroline Sundewall, born 1958

Board member of Hemfosa since 2013 and member of the audit committee. No previous assignments within the Hemfosa group.

Education: Graduate in business administration, Stockholm School of Economics.

Other assignments: Chairman of the board of Svolder Aktiebolag and Cloetta AB. Board member and CEO of Caroline Sundewall AB and board member of Pägengruppen Aktiebolag, Mertzig Asset Management AB, Lifco AB and Södra Skogsägarna Ekonomisk förening. Chairman of the Streber Cup foundation.

Shareholding in Hemfosa: 1,000 shares

Independent in relation to Hemfosa, the group management and Hemfosa's major shareholders.

Ulrika Valassi, born 1967

Board member of Hemfosa since 2013 and member of the audit committee. No previous assignments within the Hemfosa group.

Education: Graduate in business administration, Uppsala University.

Other assignments: Board member, partner and CEO of au management AB and partner of Network Office i Stockholm AB.

Shareholding in Hemfosa: 1,500 shares

Independent in relation to Hemfosa, the group management and Hemfosa's major shareholders.

SENIOR EXECUTIVES

Jens Engwall, born 1956

CEO

For further information about Jens Engwall, refer to the section “Board of directors” above.

Karin Osslind, born 1955

CFO

Education: Graduate in business administration, Stockholm School of Economics.

Other assignments: –

Shareholding in Hemfosa: 144,012 shares.

Karim Sahibzada, born 1971

Head of Legal and Financing

Education: Master of Laws Degree, Uppsala University.

Other assignments: Assignments within the Hemfosa group.

Shareholding in Hemfosa: 120,010 shares.

Lars Thageson, born 1959

COO

Education: Elementary school.

Other assignments: Board member and CEO of Trenäs Förvaltning AB and board member of Cross Invest S.L.

Shareholding in Hemfosa: 1,163,450 shares.

Mikael Weiland, born 1958

Head of Business Development

Education: Industrial engineering and management, Linköping University.

Other assignments: Board member of Emendare AB.

Shareholding in Hemfosa: 720,060 shares.

Annika Ekström, born 1965

Head of Property Management

Education: Master of Engineering, Royal Institute of Technology, Stockholm.

Other assignments: –

Shareholding in Hemfosa: 9,761 shares.

Stina Lindh Hök, born 1973

Head of Analysis and Transactions

Education: Master of Engineering, Royal Institute of Technology, Stockholm.

Other assignments: –

Shareholding in Hemfosa: 9,221 shares.

OTHER INFORMATION ABOUT THE BOARD OF DIRECTORS AND SENIOR EXECUTIVES

All board members and all of the senior executives can be contacted through Hemfosa's postal address. There are no family ties between the individuals on Hemfosa's board of directors or the members of the group management. In addition to what is stated in the next paragraph, there are no potential conflicts of interest in relation to any of the board members or the senior executives, meaning their private interests cannot be considered to conflict with Hemfosa's interests. Members of the board and the group management hold shares in Hemfosa, as stated in the presentation of the board members and the senior executives, respectively.

Board member Jens Engwall is also board member of IKANO S.A., the board member Daniel Skoghäll is the Chairman of the board and CEO of IKANO Fastighets AB and board member Magnus Eriksson is Deputy CEO of the Fourth Swedish National Pension Fund. These three companies are, directly or indirectly, active players in the Swedish property market and there may be occasions when the interests of these companies will differ from those of Hemfosa. In addition to the regulations on bias in Chapter 8, Section 23 of the Swedish Companies Act and in accordance with the rules of procedure for the board of directors of Hemfosa, a board member/the CEO is not permitted to participate in procedures or decisions on issues that could contain facts that might suggest that the board member/CEO has an interest in the issue that could conflict with that of Hemfosa. It is the duty of every individual board member, as well as the CEO, to independently examine whether bias related circumstances may exist and if so, such board member/CEO must immediately inform the board of directors of such circumstances.

AUDITOR

At the annual general meeting of Hemfosa on 4 March 2014, it was resolved to elect the registered audit firm KPMG AB as auditor for Hemfosa until the end of the 2015 annual general meeting. The authorised public accountant Mattias Johansson has been appointed auditor-in-charge. He has been responsible for auditing the companies within the Hemfosa group since 2009. Mattias Johansson was born in 1973 and is a member of the Swedish Institute of Authorised Public Accountants.

The 2012 auditors' report for Hemfosa Sverige AB deviates from the standard formulation as follows: Notwithstanding my opinions above, I would like to comment that, in 2012, tax deductions and social security contributions were not paid on time on several occasions. The delays were due to deficient procedures. These deficiencies had no adverse effects on the company, except for interest on overdue payments. In autumn 2012, the board and the CEO enforced changes in the procedures aimed at remedying the observed deficiencies, whereupon we have not noted any additional delays in the period up until today's date. The auditors' report was submitted on 6 May 2013.

LEGAL MATTERS AND SUPPLEMENTARY INFORMATION

GROUP STRUCTURE

Previously, the Hemfosa group comprised two separate property-management groups, in which Hemfosa Sverige AB and Hemfosa Tetis AB were parent companies. In June 2013, Hemfosa Sverige AB and Hemfosa Tetis AB were integrated as part of the restructuring implemented prior to the stock exchange listing on NASDAQ OMX Stockholm, through Hemfosa's acquisition of the shares in Hemfosa Sverige AB and Hemfosa Tetis AB.

Hemfosa is now the parent company of the Hemfosa group, which in addition to Hemfosa comprises the directly owned subsidiaries Hemfosa Sverige AB and Hemfosa Tetis AB, and the subsidiaries of the directly owned subsidiaries. With the exception of Ribby Ängar Entreprenad AB and Ribby Ängar Bostads AB, which are 90 per cent owned by Hemfosa, all of Hemfosa's subsidiaries are wholly owned and founded in Sweden. In addition, Hemfosa holds shares in a number of joint ventures together with other companies.

LEGAL PROCEEDINGS

Göteborg Arendal 1:17

In 2010, Hemfosa acquired all shares in Hemfosa Arendal AB which owns the Göteborg Arendal 1:17 property. Following the building of a logistics facility on the property as part of a turnkey contract, it was discovered that the property's land is sinking more than expected and that the load-bearing capacity of the facility's floor is less than promised. Hemfosa has lodged a complaint about the defects and discussions with the turnkey contractor are ongoing.

MATERIAL CONTRACTS

Hemfosa has not entered into any material agreements not in the ordinary course of its business and which may affect Hemfosa's ability to fulfil its obligations under the Notes.

TREND INFORMATION

There has been no material change in the prospects of Hemfosa since 18 February 2014, being the date of publication of the last audited financial information of Hemfosa.

SIGNIFICANT CHANGES SINCE 31 MARCH 2014

On 1 April 2014 Hemfosa announced that an over-allotment option, as a result of the successful stock exchange listing of Hemfosa's shares, was exercised, entailing the issue of additionally 4,347,826 shares in Hemfosa, further increasing equity by a total of SEK 395 million. On 10 April 2014 Hemfosa announced that the property acquisitions from companies within the Volvo Group, as announced on 28 March 2014, had been approved by Swedish Competition Authority, hence completing the acquisition. On 8 May 2014 Hemfosa issued the Notes. On 13 May 2014 Hemfosa announced the acquisition of two properties in Kristianstad and the divestment of two properties in Gothenburg and Partille, transactions totalling SEK 180 million, and on 19 May 2014 Hemfosa announced the acquisition of the Åkroken 1 and Västnäs 1 properties in Sundsvall at an underlying property value of SEK 582 million. The properties comprise approximately 33,000 sqm of leasable area and are fully leased to Mid Sweden University, the International English School and SCA Research. The date of taking possession was 2 June 2014. Furthermore, Hemfosa announced on 5 June 2014 the divestment of the site leasehold for Lillsätra 1 in Stockholm for the purchase sum of SEK 38 million. On 9 June 2014, Hemfosa announced the acquisition of a property in central Sundsvall and the divestment of three properties in Växjö, Uppsala and Haninge, transactions, totalling SEK 149 million.

Other than the described events, there have been no significant changes in the financial or trading position of Hemfosa since 31 March 2014.

ADVISORS' INTERESTS

The Joint Bookrunners occasionally provide services to the Company within the framework of their operating activities and are also lenders to Hemfosa. Therefore, conflicts of interest may exist or may arise as a result of the Joint Bookrunners 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.

ADDITIONAL COMPANY INFORMATION

The Issuer's legal and commercial name is Hemfosa Fastigheter AB (publ). The Issuer's corporate registration number is 556917-4377. The Issuer is a Swedish public limited-liability company with its registered office in Nacka. The Issuer was founded in Sweden on 4 December 2012 and registered with the Swedish Companies Registration Office on 2 January 2013. The Issuer has been operating since that date. The Issuer's legal status is regulated by, and the rights of shareholders can only be changed in accordance with, the Swedish Companies Act (2005:551). The articles of association were adopted at the annual general meeting on 4 March 2014.

INFORMATION FROM THIRD PARTIES

Any information in the Prospectus, and in the documents incorporated by reference, which derive from third parties has, as far as Hemfosa is aware and can be judged on the basis of other information made public by that third party, been correctly represented and no information has been omitted which may serve to render the information misleading or incorrect.

DOCUMENTS INCORPORATED BY REFERENCE

The following documents have been incorporated by reference and constitute part of the Prospectus:

- The Issuer's audited annual report for the 2013 financial year, including the audit report (in Swedish);
- Interim report quarter 1, 2014; and
- Prospectus for the listing of the Issuer's shares on NASDAQ OMX Stockholm, dated 7 March 2014 (the "**Listing prospectus**") as regards the audited historical financial information on pages 130-168 (the consolidated statement of profit and loss and other comprehensive income can be found on page 131, the consolidated statement of financial position on page 132, the consolidated statement of cash flows on page 134 and the auditor's report on historical financial information on page 168). The non-incorporated parts of the Listing prospectus are either not relevant or covered elsewhere in the Prospectus.

The Issuer's Annual Report 2013 and the audited historical financial information on pages 130-168 of the Listing prospectus has been prepared in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB).

DOCUMENTS AVAILABLE FOR INSPECTION

During the validity period of the Prospectus, copies of the following documents can be obtained from Hemfosa by e-mail info@hemfosa.se, from Hemfosa's head office, weekdays during office hours, or by phone +46 (0)8-448 04 80 and are also available on Hemfosa's website, www.hemfosa.se.

- The Issuer's articles of association;
- The Issuer's audited annual report for the 2013 financial year, including the audit report (in Swedish);
- The Prospectus; and
- The Listing prospectus as regards the audited historical financial information on pages 130-168.

The Prospectus can also be downloaded electronically from the Swedish Financial Supervisory Authority's website, www.fi.se.

TERMS AND CONDITIONS OF THE NOTES

TERMS AND CONDITIONS FOR HEMFOSA FASTIGHETER AB (PUBL) SENIOR UNSECURED FIXED RATE NOTES, ISIN CODE SE0005933215 , AND SENIOR UNSECURED FLOATING RATE NOTES, ISIN CODE SE0005933207

The following terms and conditions (the **"Terms and Conditions"**) shall govern the note issue (the **"Note Issue"**) by Hemfosa Fastigheter AB (publ), reg. no. 556917-4377 (**"Hemfosa"**).

1. DEFINITIONS AND CONSTRUCTION

1.1 Definitions

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

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

"Accounting Principles" means international financial reporting standards (IFRS) within the meaning of Regulation 1606/2002/EC (or as otherwise adopted or amended from time to time) as applied by the Issuer in preparing its annual consolidated financial statements.

"Adjusted Nominal Amount" means the Total Nominal Amount less the Nominal Amount of all Notes owned by a Group Hemfosa or an Affiliate, irrespective of whether such person is directly registered as owner of such Notes.

"Affiliate" means (i) an entity controlling or under common control with the Issuer, other than a Group Hemfosa, and (ii) any other person or entity owning any Notes (irrespective of whether such person is directly registered as owner of such Notes) that has undertaken towards a Group Hemfosa or an entity referred to in item (i) to vote for such Notes in accordance with the instructions given by a Group Hemfosa or an entity referred to in item (i). For the purposes of this definition, **"control"** means the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of an entity, whether through ownership of voting securities, by agreement or otherwise.

"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.

"Agent" means Nordic Trustee and Agency AB, Swedish Reg. No. 556625-5476, or another party replacing it, as Agent, in accordance with these Terms and Conditions.

"Bank Financing" means the facility in an aggregate principal amount of SEK 500,000,000 outstanding under a term loan facility agreement dated 18 February 2014, between, amongst others, the Issuer as the borrower and Skandinaviska Enskilda Banken AB (publ) and Swedbank AB (publ) as mandated lead arrangers and lenders.

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

"Business Day Convention" means in relation to a Fixed Interest Payment Date, the first following day that is a Business Day, and in relation to a Floating Interest Payment Date, 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.

"Change of Control Event" means the occurrence of an event or series of events whereby one or more persons acting together, acquire control over the Issuer and where "control" means (a) acquiring or controlling, directly or indirectly, more than 50 per cent. of the voting shares of the Issuer, or (b) the right to, directly or indirectly, appoint or remove the whole or a majority of the directors of the board of directors of the Issuer.

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

"Delisting Event" means if the ordinary shares of the Issuer are being delisted from NASDAQ OMX Stockholm AB.

"EBITDA" means, in respect of the Relevant Period, the consolidated profit of the Group according to the latest Financial Report(s):

- (a) before deducting any amount of tax on profits, gains or income paid or payable by any Group Hemfosa;
- (b) before taking into account any Net Interest Expenses;
- (c) before taking into account any revaluation of assets;
- (d) before taking into account any exceptional or extraordinary items to the extent these are one off or non-recurring in nature;
- (e) before taking into account any Transaction Costs;
- (f) before taking into account any unrealised gains or losses on any derivative instrument (other than any derivative instruments which are accounted for on a hedge account basis);
- (g) after adding back or deducting, as the case may be, the amount of any loss or gain against book value arising on a disposal of any asset;
- (h) before deducting amortisation of any goodwill or any intangible assets; and
- (i) before deducting any depreciation on tangible assets.

"Equity" means the sum of the total equity of the Group (calculated on a consolidated basis) as set out in the balance sheet forming part of the latest Financial Report of the Group.

"Event of Default" means an event or circumstance specified in Clause 11.1.

"Final Maturity Date" means 4 April 2017.

"Finance Documents" means these Terms and Conditions and any other document designated by the Issuer and the Agent as a Finance Document.

"Financial Indebtedness" means:

- (a) monies borrowed;
- (b) any amount raised by acceptance under any acceptance credit facility or dematerialised equivalent;
- (c) any amount raised pursuant to any note purchase facility or the issue of bonds, debentures, loan stock or similar instrument, including the Notes;
- (d) the amount of any liability in respect of any finance leases, to the extent the arrangement is treated as a finance lease in accordance with the Accounting Principles (a lease which in the accounts of the Group is treated as an asset and a corresponding liability);
- (e) receivables sold or discounted (other than on a non-recourse basis, provided that the requirements for de-recognition under the Accounting Principles are met);
- (f) any amount raised under any other transaction (including any forward sale or purchase agreement) having the commercial effect of a borrowing;
- (g) the marked-to-market value of derivative transactions entered into in connection with protection against or benefit from fluctuation in any rate or price (if any actual amount is due as a result of a termination or a close-out, such amount shall be used instead);
- (h) any counter-indemnity obligation in respect of a guarantee, indemnity, bond, standby or documentary letter of credit or any other instrument issued by a bank or financial institution; and
- (i) (without double counting) the amount of any liability in respect of any guarantee or indemnity for any of the above items (a)-(h).

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

"Financial Report" means the annual audited consolidated financial statements of the Group and the quarterly interim unaudited consolidated reports of the Group.

"First Issue Date" means 8 May 2014.

"Fixed Interest Payment Date" means 4 April each year or, to the extent such day is not a Business Day, the Business Day following from an application of the Business Day Convention. The first Fixed Interest Payment Date shall be 4 April 2015 and the last Interest Payment Date shall be the relevant Redemption Date.

"Fixed Interest Rate" means a fixed interest rate of 3.375 per cent. per annum.

"Floating Interest Payment Date" means 4 January, 4 April, 4 July and 4 October of each year or, to the extent such day is not a Business Day, the Business Day following from an application of the Business Day Convention. The first Floating Interest Payment Date shall be 4 July 2014 and the last Interest Payment Date shall be the relevant Redemption Date.

"Floating Interest Rate" means STIBOR plus 2.25 per cent. per annum.

"Force Majeure Event" has the meaning set forth in Clause 22.1.

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

"Initial Notes" means the Series 1 Notes and the Series 2 Notes issued on the First Issue Date.

"Interest" means the interest on the Notes calculated in accordance with Clauses 7.1 to 7.4.

"Interest Coverage Ratio" means the ratio of EBITDA to Net Interest Expenses.

"Interest Expenses" means, for the Relevant Period, all interest expenses incurred by the Group (excluding interest expenses incurred by a Group Hemfosa to another Group Hemfosa and any Transaction Costs) and, if applicable, net expenses under interest rate hedging contracts during the Relevant Period.

"Interest Income" means, for the Relevant Period, all interest income received by the Group (excluding interest accrued to a Group Hemfosa from another Group Hemfosa) and, if applicable, net income under interest rate hedging contracts during the Relevant Period.

"Interest Payment Date" means (a) the Floating Interest Payment Date in relation to Series 1 Notes and (b) the Fixed Interest Payment Date in relation to Series 2 Notes.

"Interest Period" means (i) in respect of the first Interest Period, the period from (but excluding) the First Issue Date to (and including) the first Interest Payment Date, and (ii) in respect of subsequent Interest Periods, the period from (but excluding) an Interest Payment Date to (and including) the next succeeding Interest Payment Date (or a shorter period if relevant). An Interest Period in relation to the Series 2 Notes shall not be adjusted due to an application of the Business Day Convention.

"Interest Rate" means (a) the Floating Interest Rate in relation to Series 1 Notes and (b) the Fixed Interest Rate in relation to Series 2 Notes.

"Issuer" means Hemfosa Fastigheter AB (publ), a public limited liability company incorporated under the laws of Sweden with Reg. No. 556917-4377.

"Issuing Agent" means Skandinaviska Enskilda Banken AB (publ), or another party replacing it, as Issuing Agent, in accordance with these Terms and Conditions.

"Listing Failure" means where the Notes have not been admitted to trading on the Regulated Market of NASDAQ OMX Stockholm within sixty (60) days after the First Issue Date.

"Material Adverse Effect" means a material adverse effect on:

- (a) the business, financial condition or operations of the Group taken as a whole;
- (b) the Issuer's ability to perform and comply with the undertakings set out in Section "Special undertakings" under the Terms and Conditions; or
- (c) the validity or enforceability of the Terms and Conditions.

"Material Group Hemfosa" means the Issuer and any other Group Hemfosa which together with its subsidiaries (on a consolidated basis) has EBITDA or gross assets (excluding intragroup items) representing more than 10 per cent of the total consolidated EBITDA or gross assets (excluding intragroup items) of the Group according to the latest Financial Report.

"Net Interest Expenses" means Interest Expenses less Interest Income for the Group.

"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 (ägare) or nominee (förvaltare) with respect to a Note.

"Noteholders' Meeting" means a meeting among the Noteholders held in accordance with Clause 14 (Noteholders' Meeting).

"Notes" means the Series 1 Notes and the Series 2 Notes, each a debt instrument (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 Notes and any Subsequent Notes.

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

"Record Date" means the fifth (5) Business Day prior to (i) an Interest Payment Date, (ii) a Redemption Date, (iii) a date on which a payment to the Noteholders is to be made under Clause 12 (Distribution of proceeds), (iv) the date of a Noteholders' Meeting, or (v) another relevant date, or in each case such other Business Day falling prior to a relevant date if generally applicable on the Swedish bond market.

"Redemption Date" means the date on which the relevant Notes are to be redeemed or repurchased in accordance with Clause 8 (Redemption and repurchase of the Notes).

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

"Relevant Period" means each period of 12 consecutive calendar months.

"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.

"Series 1" means SEK 1,100,000,000 with ISIN SE0005933207.

"Series 1 Notes" means the floating interest rate securities issued by the Issuer under Series 1 pursuant to these Terms and Conditions.

"Series 2" means SEK 100,000,000 with ISIN SE0005933215.

"Series 2 Notes" means the fixed interest rate securities issued by the Issuer under Series 2 pursuant to these Terms and Conditions.

"STIBOR" means:

- (a) the applicable percentage rate per annum displayed on NASDAQ OMX's website for STIBOR fixing (or through another website replacing it) as of or around 11.00 a.m. on the Quotation Day for the offering of deposits in Swedish Kronor and for a period comparable to the relevant Interest Period (save for the first Interest Period for which the applicable percentage rate per annum will be interpolated on a linear basis between STIBOR 1 months and STIBOR 2 months (rounded to the same number of decimal places as the two relevant percentage rates)); or
- (b) if no percentage rate is available for a period comparable to the relevant Interest Period, the arithmetic mean of the rates (rounded upwards to four decimal places) as supplied to the Issuing Agent at its request quoted by Swedbank AB (publ), Svenska Handelsbanken AB (publ) and Nordea Bank AB (publ) (or such other banks as may be appointed by the Issuing Agent in consultation with the Issuer) for deposits of SEK 100,000,000 for the relevant period; or
- (c) if no quotation is available pursuant to paragraph (b), the interest rate which according to the reasonable assessment of the Issuing Agent best reflects the interest rate for deposits in Swedish Kronor offered in the Stockholm interbank market for the relevant period; and if any such rate is below zero, STIBOR will be deemed to be zero.

"Subsequent Notes" means any Series 1 Notes or Series 2 Notes issued after the First Issue Date on one or more occasions.

"Subsidiary" means in relation to any person, any legal entity (whether incorporated or not), in respect of which such person, directly or indirectly, (a) owns shares or ownership rights representing more than 50 per cent of the total number of votes held by the owners, (b) otherwise controls more than 50 per cent. of the total number of votes held by the owners, (c) has the power to appoint and remove all, or the majority of, the members of the board of directors or other governing body.

"Swedish Kronor" and **"SEK"** means the lawful currency of Sweden.

"Total Assets" means the sum of all assets of the Group (calculated on a consolidated basis) as set out in the balance sheet forming part of the latest Financial Report of the Group.

"Total Nominal Amount" means the total aggregate Nominal Amount of the Notes outstanding at the relevant time.

"Transaction Costs" means all fees, costs and expenses incurred by a Group Hemfosa in connection with (i) the Bank Financing, (ii) the issue of the Notes, (iii) the listing of the Notes and (iv) the offer to acquire shares in the Issuer in connection with the listing of the shares in the Issuer on NASDAQ OMX Stockholm AB.

"Written Procedure" means the written or electronic procedure for decision making among the Noteholders in accordance with Clause 15 (Written Procedure).

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) an Event of Default is continuing if it has not been remedied or waived;
- (e) a provision of law is a reference to that provision as amended or re-enacted; and
- (f) a time of day is a reference to Stockholm time.

1.2.2 When ascertaining whether a limit or threshold specified in Swedish Kronor has been attained or broken, an amount in another currency shall be counted on the basis of the rate of exchange for such currency against Swedish Kronor for the previous Business Day, as published by the Swedish Central Bank (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 Finance Documents shall impair or operate as a waiver of any such right or remedy.

2. STATUS OF THE NOTES

2.1 The Notes are denominated in Swedish Kronor and each Note is constituted by these Terms and Conditions. The Issuer undertakes to make payments in relation to the Notes and to comply with these Terms and Conditions.

2.2 By subscribing for Notes, each initial Noteholder agrees that the Notes shall benefit from and be subject to the Finance Documents and by acquiring Notes, each subsequent Noteholder confirms such agreement.

- 2.3 The nominal amount of each Note is SEK 1,000,000 (the "Nominal Amount"). The maximum Total Nominal Amount of the Initial Notes is SEK 1,200,000,000. All Initial Notes are issued on a fully paid basis at an issue price of 100 per cent. of the Nominal Amount.
- 2.4 Provided that (i) no Event of Default is continuing or would result from such issue, the Issuer may, at one or several occasions, issue Subsequent Notes. Subsequent Notes may be either Series 1 Notes or Series 2 Notes and shall benefit from and be subject to the Finance Documents, and, for the avoidance of doubt, the ISIN, the interest rate, the Nominal Amount and the final maturity applicable to the relevant Initial Notes shall apply to Subsequent Notes. The price of the Subsequent Notes may be set at a discount or at a premium compared to the Nominal Amount. The maximum Total Nominal Amount of the Notes (the Initial Notes and all Subsequent Notes) may not exceed SEK 1,200,000,000 unless a consent from the Noteholders is obtained in accordance with Clause 13.5(a). Each Subsequent Note shall entitle its holder to Interest in accordance with Clause 7.1, and otherwise have the same rights as the Initial Notes.
- 2.5 The Notes constitute direct, unconditional, unsubordinated and unsecured obligations of the Issuer and shall at all times rank *pari passu* with all direct, unconditional, unsubordinated and unsecured obligations of the Issuer and without any preference among them.
- 2.6 The Notes are freely transferable but the Noteholders may be subject to purchase or transfer restrictions with regard to the 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 Notes or the possession, circulation or distribution of any document or other material relating to the Issuer or the 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 Notes.

3. USE OF PROCEEDS

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

4. NOTES IN BOOK-ENTRY FORM

- 4.1 The Notes will be registered for the Noteholders on their respective Securities Accounts and no physical notes will be issued. Accordingly, the Notes will be registered in accordance with the Financial Instruments Accounts Act. Registration requests relating to the Notes shall be directed to an Account Operator.
- 4.2 Those who according to assignment, Security, the provisions of the Swedish Children and Parents Code (*föräldrabalken (1949:381)*), conditions of will or deed of gift or otherwise have acquired a right to receive payments in respect of a Note shall register their entitlements to receive payment in accordance with the Financial Instruments Accounts Act.
- 4.3 The Issuer (and the Agent when permitted under the CSD's applicable regulations) shall be entitled to obtain information from the debt register (*skuldbok*) kept by the CSD in respect of the Notes. At the request of the Agent, the Issuer shall promptly obtain such information and provide it to the Agent.
- 4.4 For the purpose of or in connection with any Noteholders' Meeting or any Written Procedure, the Issuing Agent shall be entitled to obtain information from the debt register kept by the CSD in respect of the Notes.
- 4.5 The Issuer shall issue any necessary power of attorney to such persons employed by the Agent, as notified by the Agent, in order for such individuals to independently obtain information directly from the debt register kept by the CSD in respect of the Notes. The Issuer may not revoke any such power of attorney unless directed by the Agent or unless consent thereto is given by the Noteholders.

5. RIGHT TO ACT ON BEHALF OF A NOTEHOLDER

- 5.1 If any person other than a Noteholder wishes to exercise any rights under the Finance Documents, 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.
- 5.2 A Noteholder may issue one or several powers of attorney to third parties to represent it in relation to some or all of the Notes held by it. Any such representative may act independently under the Finance Documents in relation to the Notes for which such representative is entitled to represent the Noteholder and may further delegate its right to represent the Noteholder by way of a further power of attorney.
- 5.3 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 5.2 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.

6. PAYMENTS IN RESPECT OF THE NOTES

- 6.1 Any payment or repayment under the Finance Documents, or any amount due in respect of a repurchase of any 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.
- 6.2 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.
- 6.3 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. Interest shall accrue in accordance with Clause 7.5 during such postponement.
- 6.4 If payment or repayment is made in accordance with this Clause 6, 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.
- 6.5 The Issuer is not liable to gross-up any payments under the Finance Documents by virtue of any withholding tax, public levy or the similar.

7. INTEREST

- 7.1 Each Initial Note carries Interest from (but excluding) the First Issue Date up to (and including) the relevant Redemption Date. Any Subsequent Note will carry Interest from (but excluding) the Interest Payment Date falling immediately prior to its issuance up to (and including) the relevant Redemption Date.
- 7.2 Series 1: The interest on Series 1 Notes is equal to the Floating Interest Rate and is payable on each Floating Interest Payment Date. The day count fraction in respect of the calculation of the payable interest amount shall be actual/360.
- 7.3 Series 2: The interest in Series 2 Notes is equal to the Fixed Interest Rate and is payable on each Fixed Interest Payment Date. The day count fraction in respect of the calculation of the payable interest amount shall be 30/360.

7.4 Interest accrues during an Interest Period. Payment of Interest in respect of the Notes shall be made to the Noteholders on each Interest Payment Date for the preceding Interest Period.

7.5 If the Issuer fails to pay any amount payable by it on its due date, default interest shall accrue on the overdue amount from (but excluding) the due date up to (and including) the date of actual payment at a rate which is two (2) per cent. higher than the Interest Rate. Accrued default interest shall not be capitalised. No default interest shall accrue where the failure to pay was solely attributable to the Agent or the CSD, in which case the Interest Rate shall apply instead.

8. REDEMPTION AND REPURCHASE OF THE NOTES

8.1 Redemption at maturity

8.1.1 The Issuer shall redeem all, but not some only, of the outstanding Notes in full on the Final Maturity Date with an amount per Note equal to the Nominal Amount together with accrued but unpaid Interest. If the Final Maturity Date is not a Business Day, then the redemption shall occur on the first following Business Day.

8.2 Issuer's or Group Hemfosa's purchase of Notes

8.2.1 Each Group Hemfosa may, subject to applicable law, at any time and at any price purchase Notes on the market or in any other way. Notes held by the Issuer may at the Issuer's discretion be retained, sold or cancelled. The Issuer shall ensure that Notes held by a Subsidiary are immediately transferred to the Issuer.

8.3 Early redemption due to illegality (call option)

8.3.1 The Issuer may redeem all, but not some only, of the outstanding Notes at an amount per Note equal to the Nominal Amount together with accrued but unpaid Interest on a date determined by the Issuer if it is or becomes unlawful for the Issuer to perform its obligations under the Finance Documents or the Agency Agreement.

8.3.2 The Issuer shall give notice of any redemption pursuant to Clause 8.3.1 no later than twenty (20) Business Days after having received actual knowledge of any event specified therein (after which time period such right shall lapse).

8.3.3 A notice of redemption in accordance with Clause 8.3.1 is irrevocable and, on the date specified in such notice, the Issuer is bound to redeem the Notes in full at the applicable amounts.

8.4 Mandatory repurchase due to a Change of Control Event, Delisting Event or Listing Failure (put option)

8.4.1 Upon a Change of Control Event or Delisting Event occurring or in the event of a Listing Failure, each Noteholder shall have the right to request that all, or some only, of its Notes be repurchased at a price per Note equal to: (i) upon a Change of Control Event or Delisting Event, 101 per cent. of the Nominal Amount and (ii) in the event of a Listing Failure, 100 per cent. of the Nominal Amount, in each case together with accrued but unpaid Interest, during a period of twenty (20) Business Days following a notice from the Issuer of the Change of Control Event, Delisting Event or Listing Failure (as applicable) pursuant to Clause 9.1.2 or 9.1.3 (after which time period such right shall lapse). However, such period may not start earlier than upon the occurrence of the Change of Control Event, Delisting Event or Listing Failure (as applicable).

8.4.2 The notice from the Issuer pursuant to Clause 9.1.2 or 9.1.3 (as applicable) shall specify the repurchase date and include instructions about the actions that a Noteholder needs to take if it wants Notes held by it to be repurchased. If a Noteholder has so requested, and acted in accordance with the instructions in the notice from the Issuer, the Issuer, or a person designated by the Issuer, shall repurchase the relevant Notes and the repurchase amount shall fall due on the repurchase date specified in the notice given by the Issuer pursuant to Clause 9.1.2 or 9.1.3 (as applicable). The repurchase date must fall no later than forty (40) Business Days after the end of the period referred to in Clause 8.4.1.

- 8.4.3 If, upon the occurrence of a Change of Control Event or Delisting Event, Noteholders representing more than 50 per cent. of the Total Nominal Amount have requested that Notes held by them are repurchased pursuant to this Clause 8.4, the Issuer shall send a notice to the remaining Noteholders giving them a further opportunity to request that Notes held by them be repurchased on the same terms during a period of twenty (20) Business Days following such notice. Such notice shall specify the repurchase date and include instructions about the actions that a Noteholder needs to take if it wants Notes held by it to be repurchased. If a Noteholder has so requested, and acted in accordance with the instructions in the notice from the Issuer, the Issuer, or a person designated by the Issuer, shall repurchase the relevant Notes and the repurchase amount shall fall due on the repurchase date specified in the notice given by the Issuer pursuant to this Clause 8.4.3. The repurchase date must fall no later than forty (40) Business Days after the end of the period of twenty (20) Business Days referred to in this Clause 8.4.3.
- 8.4.4 The Issuer shall comply with the requirements of any applicable securities laws or regulations in connection with the repurchase of Notes. To the extent that the provisions of such laws and regulations conflict with the provisions in this Clause 8.4, the Issuer shall comply with the applicable securities laws and regulations and will not be deemed to have breached its obligations under this Clause 8.4 by virtue of the conflict.
- 8.4.5 Any Notes repurchased by the Issuer pursuant to this Clause 8.4 may at the Issuer's discretion be retained, sold or cancelled.
- 8.4.6 The Issuer shall not be required to repurchase any Notes pursuant to this Clause 8.4, if a third party in connection with the occurrence of a Change of Control Event, Delisting Event or Listing Failure offers to purchase the Notes in the manner and on the terms set out in this Clause 8.4 (or on terms more favourable to the Noteholders) and purchases all Notes validly tendered in accordance with such offer. If the Notes tendered are not purchased within the time limits stipulated in this Clause 8.4, the Issuer shall repurchase any such Notes within five (5) Business Days after the expiry of the time limit.

9. INFORMATION TO NOTEHOLDERS

9.1 Information from the Issuer

- 9.1.1 The Issuer will make the following information available to the Noteholders by delivery to the Agent and by publication on the website of the Issuer:
- (a) as soon as the same become available, but in any event within one hundred twenty (120) days after the end of each financial year, the annual audited consolidated financial statements of the Group, including a profit and loss account, a balance sheet, a cash flow statement and a report from the Issuer's board of directors (*bokslutskommuniké*);
 - (b) as soon as the same become available, but in any event within sixty (60) days after the end of each quarter of its financial year, the quarterly interim unaudited consolidated report of the Group, including a profit and loss account, a balance sheet, a cash flow statement, or the year-end report (*bokslutskommuniké*) (as applicable), the first time being the report in relation to the quarter ending 30 June 2014;
 - (c) as soon as practicable following an acquisition or disposal of Notes by a Group Hemfosa, the aggregate Nominal Amount held by Group Companies, or the amount of Notes cancelled by the Issuer; and
 - (d) any other information required by the Swedish Securities Markets Act (*lag (2007:582) om värdepappersmarknaden*) and the rules and regulations of the Regulated Market on which the Notes are admitted to trading.
- 9.1.2 The Issuer shall immediately notify the Noteholders and the Agent upon becoming aware of the occurrence of a Change of Control Event. Such notice may be given in advance of the occurrence of a Change of Control Event, conditioned upon the occurrence of such Change of Control Event, if a definitive agreement is in place providing for a Change of Control Event.
- 9.1.3 The Issuer shall immediately notify the Agent upon becoming aware of the occurrence of a Delisting Event or a Listing Failure.

9.1.4 Together with the financial statements delivered to the Agent pursuant to Clause 9.1.1 (a) and (b), or at the Agent's request, within twenty (20) days from such request, the Issuer shall submit to the Agent a compliance certificate substantially in the form set out in Appendix 1.

9.1.5 The Issuer shall immediately notify the Agent (with full particulars) upon becoming aware of the occurrence of any event or circumstance which constitutes an Event of Default, or any event or circumstance which would (with the expiry of a grace period, the giving of notice, the making of any determination or any combination of any of the foregoing) constitute an Event of Default, and shall provide the Agent with such further information as it may reasonably request in writing following receipt of such notice. Should the Agent not receive such information, the Agent is entitled to assume that no such event or circumstance exists or can be expected to occur, provided that the Agent does not have actual knowledge of such event or circumstance.

9.2 Information from the Agent

9.2.1 Subject to the restrictions of a non-disclosure agreement entered into by the Agent in accordance with Clause 9.2.2, the Agent is entitled to disclose to the Noteholders any event or circumstance directly or indirectly relating to the Issuer or the Notes. Notwithstanding the foregoing, the Agent may if it considers it to be beneficial to the interests of the Noteholders delay disclosure or refrain from disclosing certain information other than in respect of an Event of Default that has occurred and is continuing.

9.2.2 If a committee representing the Noteholders' interests under the Finance Documents has been appointed by the Noteholders in accordance with Clause 13 (Decisions by Noteholders), the members of such committee may agree with the Issuer not to disclose information received from the Issuer, provided that it, in the reasonable opinion of such members, is beneficial to the interests of the Noteholders. The Agent shall be a party to such agreement and receive the same information from the Issuer as the members of the committee.

9.3 Publication of Finance Documents

9.3.1 The latest version of these Terms and Conditions (including any document amending these Terms and Conditions) shall be available on the websites of the Issuer and the Agent.

9.3.2 The latest versions of the Finance Documents shall be available to the Noteholders at the office of the Agent during normal business hours.

10. GENERAL UNDERTAKINGS

10.1 Nature of business

The Issuer shall procure that no substantial change is made to the general nature of the business carried on by the Group as of the First Issue Date.

10.2 Financial covenants

10.2.1 Interest Coverage Ratio: The Issuer shall ensure that the Interest Coverage Ratio exceeds 1.25:1 for the Group.

10.2.2 Consolidated Equity to Total Assets: The Issuer shall ensure that the ratio of Equity to Total Assets is not less than 20 per cent. for the Group.

10.3 Disposals of assets

The Issuer shall not, and shall procure that no Material Group Hemfosa will, sell or otherwise dispose of all or some of the shares in any Material Group Hemfosa or of all or substantially all of its or a Material Group Hemfosa's assets or operations, to any person not being the Issuer or any of its wholly-owned Subsidiaries unless such disposal is made on customary arm's length terms at fair market value and does not have a Material Adverse Effect.

10.4 Undertakings relating to the Agency Agreement

10.4.1 The Issuer shall, in accordance with the Agency Agreement:

- (a) pay fees to the Agent;
- (b) indemnify the Agent for costs, losses and liabilities;
- (c) furnish to the Agent all information requested by or otherwise required to be delivered to the Agent; and
- (d) not act in a way which would give the Agent a legal or contractual right to terminate the Agency Agreement.

10.4.2 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.

11. ACCELERATION OF THE NOTES

11.1 The Agent is entitled to, and shall following a demand in writing from a Noteholder (or Noteholders) representing at least 50 per cent. of the Adjusted Nominal Amount (such demand may only be validly made by a person who is a Noteholder on the Business Day immediately following the day on which the demand is received by the Agent and shall, if made by several Noteholders, be made by them jointly) or following an instruction given pursuant to Clause 11.4, on behalf of the Noteholders (i) by notice to the Issuer, declare all, but not some only, of the outstanding Notes due and payable together with any other amounts payable under the Finance Documents, immediately or at such later date as the Agent determines, and (ii) exercise any or all of its rights, remedies, powers and discretions under the Finance Documents, if:

- (a) the Issuer does not pay on the due date any amount payable by it under the Finance Documents, unless the non-payment:
 - (i) is caused by technical or administrative error; and
 - (ii) is remedied within five (5) Business Days from the due date;
- (b) the Issuer does not comply with the financial conditions set out in Clause 10.2 (Financial covenants);
- (c) the Issuer does not comply with any terms or conditions of the Finance Documents to which it is a party (other than those terms referred to in paragraph (a) and (b) above), provided that, if the non-compliance is capable of being remedied, the Agent has requested the Issuer in writing to remedy such non-compliance and it is not remedied within fifteen (15) Business Days of the Agent making such request to the Issuer;
- (d) any Financial Indebtedness of a Material Group Hemfosa is not paid when due nor within any originally applicable grace period, or is declared to be or otherwise becomes due and payable prior to its specified maturity as a result of an event of default (however described), provided that no Event of Default will occur under this Section (d) if the aggregate amount of Financial Indebtedness is less than SEK 25,000,000 (or its equivalent in any other currency) and provided that it does not apply to any Financial Indebtedness owed to a Group Hemfosa;
- (e) any Material Group Hemfosa is deemed to be insolvent, or admits inability to pay its debts as they fall due, in each case within the meaning of Chapter 2, Section 7-9 of the Swedish Bankruptcy Act (konkurslagen (1987:672)), suspends making payments on its debts generally or, by reason of actual financial difficulties commences negotiations with its creditors (other than the Noteholders) with a view to rescheduling its Financial Indebtedness;
- (f) a moratorium is declared in respect of the Financial Indebtedness of any Material Group Hemfosa, provided that no Event of Default will occur under this Section (f) if the aggregate amount of such Financial Indebtedness is declared in respect of any Financial Indebtedness of a Material Group Hemfosa (other than the Issuer) and is less than SEK 25,000,000 (or its equivalent in any other currency);

- (g) any corporate action, legal proceedings or other procedures are taken (other than (i) proceedings or petitions which are being disputed in good faith and are discharged, stayed or dismissed within twentyone (21) Business Days of commencement or, if earlier, the date on which it is advertised, and (ii), in relation to the Issuer's Subsidiaries, solvent liquidations) in relation to:
 - (i) the suspension of payments, winding-up, dissolution, administration or reorganisation (*företagsrekonstruktion*) (by way of voluntary agreement, scheme of arrangement or otherwise) of any Material Group Hemfosa;
 - (ii) the appointment of a liquidator, receiver, administrator, administrative receiver, compulsory manager or other similar officer in respect of any Material Group Hemfosa or any of its assets; or
 - (iii) any analogous procedure or step is taken in any jurisdiction;
 - (h) the Issuer merges with any other person, or is subject to a demerger, with the effect that the Issuer is not the surviving entity;
 - (i) any attachment, sequestration, distress or execution, or any analogous process affects any asset or assets of a Material Group Hemfosa having an aggregate value exceeding SEK 25,000,000 and is not discharged within thirty (30) days; or
 - (j) the Issuer or any other Material Group Hemfosa ceases to carry on its business (except if merged with another entity or disposed of in accordance with these Terms and Conditions).
- 11.2 The Agent may not accelerate the Notes in accordance with Clause 11.1 by reference to a specific Event of Default if it is no longer continuing or if it has been decided, on a Noteholders Meeting or by way of a Written Procedure, to waive such Event of Default (temporarily or permanently).
- 11.3 The Agent shall notify the Noteholders of an Event of Default within five (5) Business Days of the date on which the Agent received actual knowledge of that an Event of Default has occurred and is continuing. The Agent shall, within twenty (20) Business Days of the date on which the Agent received actual knowledge of that an Event of Default has occurred and is continuing, decide if the Notes shall be so accelerated. If the Agent decides not to accelerate the Notes, the Agent shall promptly seek instructions from the Noteholders in accordance with Clause 13 (Decisions by Noteholders). The Agent shall always be entitled to take the time necessary to consider whether an occurred event constitutes an Event of Default.
- 11.4 If the Noteholders instruct the Agent to accelerate the Notes, the Agent shall promptly declare the Notes due and payable and take such actions as may, in the opinion of the Agent, be necessary or desirable to enforce the rights of the Noteholders under the Finance Documents, unless the relevant Event of Default is no longer continuing.
- 11.5 If the right to accelerate the Notes is based upon a decision of a court of law or a government authority, it is not necessary that the decision has become enforceable under law or that the period of appeal has expired in order for cause of acceleration to be deemed to exist.
- 11.6 In the event of an acceleration of the Notes in accordance with this Clause 11, the Issuer shall redeem all Notes at an amount per Note equal to 101 per cent. of the Nominal Amount.

12. DISTRIBUTION OF PROCEEDS

- 12.1 All payments by the Issuer relating to the Notes and the Finance Documents following an acceleration of the Notes in accordance with Clause 11 (Acceleration of the Notes) shall be distributed in the following order of priority, in accordance with the instructions of the Agent:
- (a) first, in or towards payment pro rata of (i) all unpaid fees, costs, expenses and indemnities payable by the Issuer to the Agent in accordance with the Agency Agreement (other than any indemnity given for liability against the Noteholders), (ii) other costs, expenses and indemnities relating to the acceleration of the Notes, or the protection of the Noteholders' rights as may have been incurred by the Agent, (iii) any costs incurred by the Agent for external experts that have not been reimbursed by the Issuer in accordance with Clause 17.2.5, and (iv)

any costs and expenses incurred by the Agent in relation to a Noteholders' Meeting or a Written Procedure that have not been reimbursed by the Issuer in accordance with Clause 13.14;

- (b) secondly, in or towards payment pro rata of accrued but unpaid Interest under the Notes (Interest due on an earlier Interest Payment Date to be paid before any Interest due on a later Interest Payment Date);
 - (c) thirdly, in or towards payment pro rata of any unpaid principal under the Notes; and
 - (d) fourthly, in or towards payment pro rata of any other costs or outstanding amounts unpaid under the Finance Documents.
 - (e) Any excess funds after the application of proceeds in accordance with paragraphs (a) to (d) above shall be paid to the Issuer.
- 12.2 If a Noteholder or another party has paid any fees, costs, expenses or indemnities referred to in Clause 12.1(a), such Noteholder or other party shall be entitled to reimbursement by way of a corresponding distribution in accordance with Clause 12.1(a).
- 12.3 Funds that the Agent receives (directly or indirectly) in connection with the acceleration of the Notes constitute escrow funds (redovisningsmedel) and must be held on a separate interest-bearing account on behalf of the Noteholders and the other interested parties. The Agent shall arrange for payments of such funds in accordance with this Clause 12 as soon as reasonably practicable.
- 12.4 If the Issuer or the Agent shall make any payment under this Clause 12, the Issuer or the Agent, as applicable, shall notify the Noteholders of any such payment at least fifteen (15) Business Days before the payment is made. Such notice shall specify the Record Date, the payment date and the amount to be paid. Notwithstanding the foregoing, for any Interest due but unpaid the Record Date specified in Clause 6.1 shall apply.

13. DECISIONS BY NOTEHOLDERS

- 13.1 A request by the Agent for a decision by the Noteholders on a matter relating to the Finance Documents shall (at the option of the Agent) be dealt with at a Noteholders' Meeting or by way of a Written Procedure.
- 13.2 Any request from the Issuer or a Noteholder (or Noteholders) representing at least 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 Finance Documents 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.
- 13.3 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.
- 13.4 Only a person who is, or who has been provided with a power of attorney pursuant to Clause 5 (Right to act on behalf of a Noteholder) from a person who is, registered as a Noteholder:
- (a) on the Record Date prior to the date of the Noteholders' Meeting, in respect of a Noteholders' Meeting, or
 - (b) on the Business Day specified in the communication pursuant to Clause 15.3, in respect of a Written Procedure,

- (c) may exercise voting rights as a Noteholder at such Noteholders' Meeting or in such Written Procedure, provided that the relevant Notes are included in the definition of Adjusted Nominal Amount.
- 13.5 The following matters shall require the consent of Noteholders representing at least 80 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 15.3:
- (a) the issue of any Subsequent Notes, if the Total Nominal Amount of the Notes exceeds, or if such issue would cause the Total Nominal Amount of the Notes to at any time exceed, SEK 1,200,000,000 (for the avoidance of doubt, for which consent shall be required at each occasion such Subsequent Notes are issued);
 - (b) a change to the terms of any of Clause 2.1, and Clauses 2.5 to 2.7;
 - (c) a reduction of the premium payable upon the redemption or repurchase of any Note pursuant to Clause 8 (Redemption and repurchase of the Notes);
 - (d) a change to the Interest Rate or the Nominal Amount;
 - (e) a change to the terms for the distribution of proceeds set out in Clause 12 (Distribution of proceeds);
 - (f) a change to the terms dealing with the requirements for Noteholders' consent set out in this Clause 13;
 - (g) a change of issuer, an extension of the tenor of the Notes or any delay of the due date for payment of any principal or interest on the Notes;
 - (h) a mandatory exchange of the Notes for other securities; and
 - (i) early redemption of the Notes, other than upon an acceleration of the Notes pursuant to Clause 11 (Acceleration of the Notes) or as otherwise permitted or required by these Terms and Conditions.
- 13.6 Any matter not covered by Clause 13.5 shall require the consent of Noteholders representing more than 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 15.3. This includes, but is not limited to, any amendment to, or waiver of, the terms of any Finance Document that does not require a higher majority (other than an amendment permitted pursuant to Clause 16.1(a) or (b)) or an acceleration of the Notes.
- 13.7 A decision which affects only the Series 1 Notes or the Series 2 Notes shall only require the consent of a sufficient majority of the holders of the Notes of the affected series. A decision which gives or may give rise to a conflict of interest between the holders of the Series 1 Notes and the Series 2 Notes shall require the consent of a sufficient majority of the holders of Notes of each series.
- 13.8 Quorum at a Noteholders' Meeting or in respect of a Written Procedure only exists if a Noteholder (or Noteholders) representing at least 50 per cent. of the Adjusted Nominal Amount in case of a matter pursuant to Clause 13.5, and otherwise 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.
- 13.9 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 14.1) or initiate a second Written Procedure (in accordance with Clause 15.1), as the case may be, provided that the relevant proposal has not been withdrawn by the person(s) who initiated the procedure for Noteholders' consent. The quorum requirement in Clause 13.8 shall not apply to such second Noteholders' Meeting or Written Procedure.

- 13.10 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 Finance Documents shall be subject to the Issuer's or the Agent's consent, as appropriate.
- 13.11 A Noteholder holding more than one 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.
- 13.12 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.
- 13.13 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.
- 13.14 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.
- 13.15 If a decision shall be taken by the Noteholders on a matter relating to the Finance Documents, the Issuer shall promptly at the request of the Agent provide the Agent with a certificate specifying the number of 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 Notes. The Agent shall not be responsible for the accuracy of such certificate or otherwise be responsible to determine whether a Note is owned by a Group Hemfosa or an Affiliate.
- 13.16 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.

14. NOTEHOLDERS' MEETING

- 14.1 The Agent shall convene a Noteholders' Meeting by sending a notice thereof to each Noteholder no later than five (5) Business Days after receipt of a request from the Issuer or the Noteholder(s) (or such later date as may be necessary for technical or administrative reasons).
- 14.2 Should the Issuer want to replace the Agent, it may convene a Noteholders' Meeting in accordance with Clause 14.1 with a copy to the Agent. After a request from the Noteholders pursuant to Clause 17.4.3, 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 14.1.
- 14.3 The notice pursuant to Clause 14.1 shall include (i) time for the meeting, (ii) place for the meeting, (iii) agenda for the meeting (including each request for a decision by the Noteholders) and (iv) 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.
- 14.4 The Noteholders' Meeting shall be held no earlier than fifteen (15) Business Days and no later than thirty (30) Business Days from the notice.
- 14.5 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.

15. WRITTEN PROCEDURE

- 15.1 The Agent shall instigate a Written Procedure no later than five (5) Business Days after receipt of a request from the Issuer or the Noteholder(s) (or such later date as may be necessary for technical or administrative reasons) by sending a communication to each such person who is registered as a Noteholder on the Business Day prior to the date on which the communication is sent.
- 15.2 Should the Issuer want to replace the Agent, it may send a communication in accordance with Clause 15.1 to each Noteholder with a copy to the Agent.
- 15.3 A communication pursuant to Clause 15.1 shall include (i) each request for a decision by the Noteholders, (ii) a description of the reasons for each request, (iii) a specification of the Business Day on which a person must be registered as a Noteholder in order to be entitled to exercise voting rights, (iv) instructions and directions on where to receive a form for replying to the request (such form to include an option to vote yes or no for each request) as well as a form of power of attorney, and (v) the stipulated time period within which the Noteholder must reply to the request (such time period to last at least fifteen (15) Business Days from the communication pursuant to Clause 15.1). If the voting shall be made electronically, instructions for such voting shall be included in the communication.
- 15.4 When the requisite majority consents of the total Adjusted Nominal Amount pursuant to Clauses 13.5 and 13.6 have been received in a Written Procedure, the relevant decision shall be deemed to be adopted pursuant to Clause 13.5 or 13.6, as the case may be, even if the time period for replies in the Written Procedure has not yet expired.

16. AMENDMENTS AND WAIVERS

- 16.1 The Issuer and the Agent (acting on behalf of the Noteholders) may agree to amend the Finance Documents or waive any provision in a Finance Document, 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 13 (Decisions by Noteholders).
- 16.2 The consent of the Noteholders is not necessary to approve the particular form of any amendment to the Finance Documents. It is sufficient if such consent approves the substance of the amendment.
- 16.3 The Agent shall promptly notify the Noteholders of any amendments or waivers made in accordance with Clause 16.1, setting out the date from which the amendment or waiver will be effective, and ensure that any amendments to the Finance Documents are published in the manner stipulated in Clause 9.3 (Publication of Finance Documents). The Issuer shall ensure that any amendments to the Finance Documents are duly registered with the CSD and each other relevant organisation or authority.
- 16.4 An amendment to the Finance Documents shall take effect on the date determined by the Noteholders Meeting, in the Written Procedure or by the Agent, as the case may be.

17. APPOINTMENT AND REPLACEMENT OF THE AGENT

17.1 Appointment of Agent

- 17.1.1 By subscribing for Notes, each initial Noteholder appoints the Agent to act as its agent in all matters relating to the Notes and the Finance Documents, 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 Notes held by such Noteholder. By acquiring Notes, each subsequent Noteholder confirms such appointment and authorisation for the Agent to act on its behalf.

- 17.1.2 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 Finance Documents. The Agent is under no obligation to represent a Noteholder which does not comply with such request.
- 17.1.3 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 Finance Documents.
- 17.1.4 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 Finance Documents and the Agency Agreement and the Agent's obligations as Agent under the Finance Documents are conditioned upon the due payment of such fees and indemnifications.
- 17.1.5 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.

17.2 Duties of the Agent

- 17.2.1 The Agent shall represent the Noteholders in accordance with the Finance Documents. However, the Agent is not responsible for the execution or enforceability of the Finance Documents.
- 17.2.2 When acting in accordance with the Finance Documents, the Agent is always acting with binding effect on behalf of the Noteholders. The Agent shall carry out its duties under the Finance Documents in a reasonable, proficient and professional manner, with reasonable care and skill.
- 17.2.3 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 Finance Documents.
- 17.2.4 The Agent shall treat all Noteholders equally and, when acting pursuant to the Finance Documents, 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 Finance Documents.
- 17.2.5 The Agent is entitled to engage external experts when carrying out its duties under the Finance Documents. The Issuer shall on demand by the Agent pay all costs for external experts engaged after the occurrence of an Event of Default, or for the purpose of investigating or considering (i) an event which the Agent reasonably believes is or may lead to an Event of Default or (ii) a matter relating to the Issuer which the Agent reasonably believes may be detrimental to the interests of the Noteholders under the Finance Documents. Any compensation for damages or other recoveries received by the Agent from external experts engaged by it for the purpose of carrying out its duties under the Finance Documents shall be distributed in accordance with Clause 12 (Distribution of proceeds).
- 17.2.6 Notwithstanding any other provision of the Finance Documents 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.
- 17.2.7 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, 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.
- 17.2.8 The Agent shall give a notice to the Noteholders (i) before it ceases to perform its obligations under the Finance Documents by reason of the non-payment by the Issuer of any fee or indemnity due to the Agent under the Finance Documents or the Agency Agreement or (ii) if it refrains from acting for any reason described in Clause 17.2.7.

17.3 Limited liability for the Agent

- 17.3.1 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 any Finance Document, unless directly caused by its negligence or wilful misconduct. The Agent shall never be responsible for indirect loss.
- 17.3.2 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 engaged by 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.
- 17.3.3 The Agent shall not be liable for any delay (or any related consequences) in crediting an account with an amount required pursuant to the Finance Documents 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.
- 17.3.4 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 13 (Decisions by Noteholders).
- 17.3.5 Any liability towards the Issuer which is incurred by the Agent in acting under, or in relation to, the Finance Documents shall not be subject to set-off against the obligations of the Issuer to the Noteholders under the Finance Documents.

17.4 Replacement of the Agent

- 17.4.1 Subject to Clause 17.4.6, 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.
- 17.4.2 Subject to Clause 17.4.6, 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.
- 17.4.3 A Noteholder (or Noteholders) representing at least 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.
- 17.4.4 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.
- 17.4.5 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 Finance Documents.
- 17.4.6 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.
- 17.4.7 Upon the appointment of a successor, the retiring Agent shall be discharged from any further obligation in respect of the Finance Documents but shall remain entitled to the benefit of the Finance Documents and remain liable under the Finance Documents 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 Finance Documents as they would have had if such successor had been the original Agent.

- 17.4.8 In the event that there is a change of the Agent in accordance with this Clause 17.4, 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 Finance Documents 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.

18. APPOINTMENT AND REPLACEMENT OF THE ISSUING AGENT

- 18.1 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 Notes.
- 18.2 The Issuing Agent may retire from its assignment or be dismissed by the Issuer, provided that the Issuer has approved that a commercial bank or securities institution approved by the CSD accedes as new Issuing Agent at the same time as the old Issuing Agent retires or is dismissed. If the Issuing Agent is insolvent, the Issuer shall immediately appoint a new Issuing Agent, which shall replace the old Issuing Agent as issuing agent in accordance with these Terms and Conditions.

19. NO DIRECT ACTIONS BY NOTEHOLDERS

- 19.1 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 Finance Documents, or to initiate, support or procure the winding-up, dissolution, liquidation, company reorganisation (*företagsrekonstruktion*) or bankruptcy (*konkurs*) (or its equivalent in any other jurisdiction) of the Issuer in relation to any of the liabilities of the Issuer under the Finance Documents.
- 19.2 Clause 19.1 shall not apply if the Agent has been instructed by the Noteholders in accordance with the Finance Documents 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 17.1.2), 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 Finance Documents or the Agency Agreement or by any reason described in Clause 17.2.7, such failure must continue for at least forty (40) Business Days after notice pursuant to Clause 17.2.8 before a Noteholder may take any action referred to in Clause 19.1.
- 19.3 The provisions of Clause 19.1 shall not in any way limit an individual Noteholder's right to claim and enforce payments which are due to it under Clause 8.4 (Mandatory repurchase due to a Change of Control Event, Delisting Event or Listing Failure).

20. PRESCRIPTION

- 20.1 The right to receive repayment of the principal of the 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. 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.
- 20.2 If a limitation period is duly interrupted in accordance with the Swedish Act on Limitations (*preskriptionslag (1981:130)*), a new limitation period of ten (10) years with respect to the right to receive repayment of the principal of the 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.

21. NOTICES AND PRESS RELEASES

21.1 Notices

- 21.1.1 Any notice or other communication to be made under or in connection with the Finance Documents:
- (a) if to the Agent, shall be given at the address specified on its website www.nordictrustee.com on the Business Day prior to dispatch;
 - (b) if to the Issuer, shall be given at the address specified on its website www.hemfosa.se on the Business Day prior to dispatch; and
 - (c) if to the Noteholders, shall be given at their addresses as registered with the CSD, on 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.
- 21.1.2 21.1.2 Any notice or other communication made by one person to another under or in connection with the Finance Documents shall be sent by way of courier, personal delivery or letter and will only be effective, in case of courier or personal delivery, when it has been left at the address specified in Clause 21.1.1 or, in case of letter, three (3) Business Days after being deposited postage prepaid in an envelope addressed to the address specified in Clause 21.1.1.
- 21.1.3 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.

21.2 Press releases

- 21.2.1 Any notice that the Issuer or the Agent shall send to the Noteholders pursuant to Clauses 8.3 (Early redemption due to illegality), 9.1.2, 11.3, 13.16, 14.1, 15.1 and 16.3 shall also be published by way of press release by the Issuer or the Agent, as applicable.
- 21.2.2 In addition to Clause 21.2.1, if any information relating to the Notes, the Issuer or the Group 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.

22. FORCE MAJEURE AND LIMITATION OF LIABILITY

- 22.1 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.
- 22.2 The Issuing Agent shall have no liability to the Noteholders if it has observed reasonable care. The Issuing Agent shall never be responsible for indirect damage with exception of gross negligence and wilful misconduct.
- 22.3 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.
- 22.4 The provisions in this Clause 22 apply unless they are inconsistent with the provisions of the Financial Instruments Accounts Act which provisions shall take precedence.

23. GOVERNING LAW AND JURISDICTION

- 23.1 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.

- 23.2 The Issuer submits to the non-exclusive jurisdiction of the City Court of Stockholm (*Stockholms tingsrätt*). The submission to the jurisdiction of the Swedish courts shall however not limit the right of the Agent (or the Noteholders, as applicable) to take proceedings against the Issuer in any court which may otherwise exercise jurisdiction over the Issuer or any of its assets.

APPENDIX 1
FORM OF COMPLIANCE CERTIFICATE

To: Nordic Trustee & Agency AB (publ) (as Agent)
From: Hemfosa Fastigheter AB (publ) (as Issuer)
Date: [DATE]

Dear Sirs,

TERMS AND CONDITIONS FOR HEMFOSA FASTIGHETER AB (PUBL)
ISSUE OF SEK 1,200,000,000
SENIOR UNSECURED FIXED RATE NOTES 2014/2017
ISIN SE0005933215
SENIOR UNSECURED FLOATING RATE NOTES 2014/2017
ISIN: SE0005933207

We refer to the term and conditions for the abovementioned note loan (the “Terms and Conditions”) under which a Compliance Certificate shall be issued. This letter constitutes a Compliance Certificate for the period [PERIOD].

Capitalized words and expressions are used herein as defined in the Terms and Conditions.

We hereby certify and confirm that:

1. All information herein is true and accurate.
2. The financial covenants are met in accordance with the following calculations and figures:
 - (a) The Interest Coverage Ratio exceeds 1.25:1, and has been calculated as follows:
[CALCULATIONS AND FIGURES IN RESPECT OF INTEREST COVERAGE RATIO]; and
 - (b) the ratio of Equity to Total Assets is not less than 20 per cent., and has been calculated as follows:
[CALCULATIONS AND FIGURES IN RESPECT OF THE RATIO OF EQUITY TO TOTAL ASSETS].
3. As far as we are aware no Event of Default is continuing.

[Copies of the annual audited consolidated financial statements of the Group, including a profit and loss account, a balance sheet, a cash flow statement and a report from the Issuer’s board of directors (*bokslutskommuniké*), are enclosed to this Compliance Certificate and have been made available by publication on our website www.hemfosa.se.]

[Copies of the quarterly interim unaudited consolidated reports of the Group, including a profit and loss account, a balance sheet or a year-end report (*bokslutskommuniké*), are enclosed to this Compliance Certificate and have been made available by publication on our website www.hemfosa.se.]

Yours faithfully,

HEMFOSA FASTIGHETER AB (PUBL)

Name: [NAME]

Authorized signatory of the Issuer

ADDRESSES

ISSUER

Hemfosa Fastigheter AB (publ)

Street address, head office
Hästholmsvägen 28, Nacka

Postal address, head office
Box 2020
SE- 131 02 Nacka
Telephone: +46 8 448 04 80
www.hemfosa.se

JOINT BOOKRUNNERS

Skandinaviska Enskilda Banken AB (publ)

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Kungsträdgårdsgatan 8, Stockholm

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SE- 106 40 Stockholm
Telephone: +46 771 621 000
www.seb.se/mb

Swedbank AB (publ)

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AUDITOR

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CSD

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