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PROSPECTUS DATED 24 APRIL 2019

SAMHÄLLSBYGGNADSBOLAGET I NORDEN AB (PUBL)

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

EUR 300,000,000 Subordinated Fixed to Reset Rate Undated Capital Securities

Issue price: 98.886 per cent.

Samhällsbyggnadsbolaget i Norden AB (publ), a public limited company with limited liability incorporated under the laws of the Kingdom of Sweden (the **Issuer**) is offering EUR 300,000,000 Subordinated Fixed to Reset Rate Undated Capital Securities (the **Capital Securities**).

Interest will accrue on the Capital Securities from (and including) 26 April 2019 (the **Issue Date**) to (but excluding) 26 July 2024 (the **First Reset Date**) at a rate of 4.625 per cent. per annum, and thereafter at the relevant Reset Interest Rate (as defined in the terms and conditions of the Capital Securities (the **Conditions**) under Condition 4(d) (*Reset Interest Rates*)). Interest on the Capital Securities will (subject to the option of the Issuer to defer payments, as provided below) be payable annually in arrear on 26 July in each year from (and including) 26 July 2019. The first payment of interest will be made on 26 July 2019 in respect of the period from (and including) the Issue Date to (but excluding) 26 July 2019 (short first coupon).

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

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

The Capital Securities are perpetual securities in respect of which there is no fixed redemption date. The Issuer will have the right to redeem the Capital Securities in whole, but not in part, on (a) any of the 90 days up to and including the First Reset Date or (b) any Interest Payment Date thereafter. The Issuer may also redeem the Capital Securities upon the occurrence of a Change of Control Event, a Tax Deductibility Event, a Substantial Repurchase Event, a Capital Event, an Accounting Event or a Withholding Tax Event, and may in certain circumstances vary the terms of, or substitute, the Capital Securities, all as set out in the Conditions.

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

This prospectus (**Prospectus**) has been approved by the Central Bank of Ireland, as competent authority under Directive 2003/71/EC (the **Prospectus Directive**) as amended (including by Directive 2010/73/EU). The Central Bank of Ireland only approves this Prospectus as meeting the requirements imposed under Irish

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and European Union (**EU**) law pursuant to the Prospectus Directive. Application has been made to the Irish Stock Exchange plc trading as Euronext Dublin (**Euronext Dublin**) for the Capital Securities to be admitted to its official list and trading on its regulated market. Such approval relates only to the Capital Securities that are to be admitted to trading on a regulated market for the purposes of Directive 2014/65/EU (as amended, **MiFID II**) and/or that are to be offered to the public in any member state of the European Economic Area (the **EEA**). References in this Prospectus to the Capital Securities being listed (and all related references) shall mean that the Capital Securities have been admitted to the official list of Euronext Dublin and have been admitted to trading on its regulated market, which is a regulated market for the purposes of MiFID II.

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

PRIIPs Regulation / PROHIBITION OF SALES TO EEA RETAIL INVESTORS – The Capital Securities are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the EEA. For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; or (ii) a customer within the meaning of Directive 2002/92/EC (as amended, the **Insurance Mediation Directive**), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II. Consequently no key information document required by Regulation (EU) No 1286/2014 (as amended, the **PRIIPs Regulation**) for offering or selling the Capital Securities or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Capital Securities or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

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

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

Amounts payable on the Capital Securities in respect of each Reset Period will be calculated by reference to the mid-swap rate for euro swap transactions with a maturity of five years which appears on the Reuters screen ICESWAP2 (**ICE Swap Rate**). As at the date of this Prospectus, the administrator of ICE Swap Rate (ICE Benchmark Administration Limited (**IBA**)) is included in ESMA's register of administrators under Article 36 of the Regulation (EU) No. 2016/1011 (the **Benchmarks Regulation**).

The Capital Securities will initially be represented by a temporary global capital security (the **Temporary Global Capital Security**), without interest coupons, which will be deposited on or about 26 April 2019 (the **Closing Date**) with a common depositary for Euroclear Bank SA/NV (**Euroclear**) and Clearstream Banking S.A. (**Clearstream, Luxembourg**). Interests in the Temporary Global Capital Security will be exchangeable for interests in a permanent global capital security (the **Permanent Global Capital Security**

and, together with the Temporary Global Capital Security, the **Global Capital Securities**), without interest coupons, on or after 5 June 2019 (the **Exchange Date**), upon certification as to non-U.S. beneficial ownership. Interests in the Permanent Global Capital Security will be exchangeable for definitive Capital Securities only in certain limited circumstances. See "*Summary of Provisions relating to the Capital Securities while represented by the Global Capital Securities*".

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

Structuring Adviser

DEUTSCHE BANK

Joint Bookrunners

CITIGROUP **DANSKE BANK**

DEUTSCHE BANK **NORDEA**

The date of this Prospectus is 24 April 2019

IMPORTANT INFORMATION

This Prospectus comprises a prospectus for the purposes of Article 5 of the Prospectus Directive.

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

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

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

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

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

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

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

Neither this Prospectus nor any other information supplied in connection with the offering of the Capital Securities (a) is intended to provide the basis of any credit or other evaluation or (b) should be considered as a recommendation by the Issuer or any of the Joint Bookrunners that any recipient of this Prospectus or any other information supplied in connection with the offering of the Capital Securities should purchase

any Capital Securities. Each investor contemplating purchasing any Capital Securities should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuer. Neither this Prospectus nor any other information supplied in connection with the offering of the Capital Securities constitutes an offer or invitation by or on behalf of the Issuer or any of the Joint Bookrunners to any person to subscribe for or to purchase any Capital Securities.

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

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

IMPORTANT INFORMATION RELATING TO THE USE OF THIS PROSPECTUS AND OFFERS OF CAPITAL SECURITIES GENERALLY

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

STABILISATION

In connection with the issue of the Capital Securities, Deutsche Bank AG, London Branch as stabilisation manager (the *Stabilisation Manager*) (or persons acting on behalf of the Stabilisation Manager) may over-allot Capital Securities or effect transactions with a view to supporting the market price of the Capital Securities at a level higher than that which might otherwise prevail. However, stabilisation may not necessarily occur. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the Capital Securities is made and, if begun, may cease at any time, but it must end no later than the earlier of 30 days after the issue date of the Capital Securities and 60 days after the date of the allotment of the Capital Securities. Any stabilisation action or over-allotment must be conducted by the Stabilisation Manager (or persons acting on behalf of the Stabilisation Manager) in accordance with all applicable laws and rules.

PRESENTATION OF INFORMATION

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

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

Certain terms used in this Prospectus and financial measures presented in this Prospectus and in the documents incorporated by reference are not recognised financial measures under the international financial reporting standards (**IFRS**) (**Alternative Performance Measures** or **APMs**) and may therefore not be considered as an alternative to the financial measures defined in the accounting standards in accordance with generally accepted accounting principles. The Issuer presents APMs because it believes that these and similar measures are used by certain investors, securities analysts and other interest parties as supplemental measures of performance and liquidity. The APMs may differ from company to company and therefore may not be comparable to other similarly titled measures of other companies. The APMs may also have limitations as analytical tools and should not be considered in isolation or as a substitute for analysis of the Issuer's operating result as reported under IFRS.

For definitions and further explanations of Alternative Performance Measures, see "*Alternative Performance Measures*".

SUITABILITY OF INVESTMENT

The Capital Securities are complex financial instruments and may not be a suitable investment for all investors. Each potential investor in the Capital Securities must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor may wish to consider, either on its own or with the help of its financial and other professional advisers, whether it:

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

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

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

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

(v) is able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

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

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

CONTENTS

Page

Risk Factors 1
Documents Incorporated by Reference 18
Forward-Looking Statements 19
Terms and Conditions of the Capital Securities 20
Summary of Provisions Relating to the Capital Securities in Global Form 44
Use of Proceeds 46
Description of the Issuer and its Operations 47
Ownership structure of the Issuer 64
Taxation 70
Subscription and Sale 72
General Information 74

RISK FACTORS

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

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

Factors that may affect the Issuer's ability to fulfil its obligations under the Capital Securities

Risks relating to the Issuer and the Group

Macroeconomic factors

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

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

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

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

Geographical risks

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

Technical risks

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

Rental Income and rental development

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

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

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

Operating and maintenance costs

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

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

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

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

Dependency on members of management and other key personnel

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

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Acquisitions and sales of properties

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

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

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

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

Risks relating to acquisitions and company integration

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

Risks relating to developing and renovating projects

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

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

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

are not obtained, this can cause delays, increase costs or even jeopardise the project's realisation, and these factors in turn could have a material adverse effect on the Group's earnings and financial position.

Risks relating to insurances

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

Changes in value of properties

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

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

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

Operational risk

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

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

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

Environmental risks

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

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

Counterparty risk

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

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

Competition

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

Liquidity risk

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

The Group is also exposed to risks arising from the illiquidity of its portfolio. The market for the types of properties the Group owns or may acquire in the future is generally illiquid. Were the Group required to liquidate parts of its portfolio on short notice for any reason, including raising funds to support its operations

or repay outstanding indebtedness, the Group may not be able to sell any portion of its portfolio on favourable terms or at all. In the case of an accelerated sale, there may be a significant shortfall between the fair value of the property and the price at which the Group could sell such property. In planned disposals in the ordinary course of business, an illiquid market may result in a sales price that is lower than anticipated or in a delay to the sale. Any such shortfall could have a material adverse effect on the business, earnings or financial position of the Group. In addition, the Group may be subject to restrictions on its ability to sell properties pursuant to covenants and pledges limiting asset disposals in the Group's financing agreements.

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

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

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

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

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

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

Historical earnings not indicating future performance

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

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

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

Interest-rate risk

Aside from equity contributions, the Group's operations are largely financed by borrowings, including loans from credit institutions and listed bonds and, as a result, the cost of interest payments on such debts is one of the Group's main expenses. Changes in interest rates can affect the Group's profitability by affecting the spread between, among other things, the income on its assets and the expense of its interest-bearing

liabilities, the value of any interest-earning assets, its ability to make acquisitions and its ability to realise gains from the sale of its assets. Market interest rates are highly sensitive to many factors, including the expected inflation rate, governmental, monetary and tax policies, domestic and international economic and political considerations, fiscal deficits, regulatory requirements and other factors beyond the Group's control. The short-term interest rates are mainly determined by reference to the respective national bank's repo rate, which is a monetary policy rate. In times of increasing inflation expectations, the interest rate can be expected to increase and in times of decreasing inflation expectations, the interest rate can be expected to decrease.

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

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

The Group is exposed to foreign exchange translation risk due to its investments in Finland and Norway. The Group's most significant exchange rate risk relates currently to NOK Rental Income, maintenance costs and property valuation. The Group's reporting currency is SEK, and all balance sheet items for foreign properties as well as all income and expenses generated by them are converted to SEK. Materialisation of the translation risk could have an adverse effect on the Group's operations, earnings and financial position.

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

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

Joint ventures may introduce additional risks to the Issuer

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

Reputational risk

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

Legal risks

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

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

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

Tax risks

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

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

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

The Swedish general interest deduction limitation rules entered into force on 1 January 2019. Under the rules, a general limitation of interest deductions in the corporate sector is introduced where the cap for a deduction of net interest expenses is calculated as 30 per cent. of tax EBITDA, with certain exceptions. Under Swedish tax laws and regulations, interest deductibility is calculated for each legal entity separately and, accordingly, these rules will apply to all Swedish entities within the Group. In connection with the introduction of the new interest limitation rules, the corporate income tax rate was as a first step reduced from 22 per cent. to 21.4 per cent. (as per 1 January 2019) and will as a second step be reduced from 21.4 per cent. to 20.6 per cent. (as per 1 January 2021). If the Swedish Group entities' net interest expenses, following the implementation of the rules, represent a substantial portion in relation to their tax EBITDA, or if any other additional restriction on the deductibility of interest expenses is introduced in Sweden, the Group's tax burden could, despite the lowering of the corporate income tax rate, increase and this could have a negative impact on the Group's operations, earnings and financial position.

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

Accounting risks

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

Disputes and litigation

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

EU General Data Protection Regulation

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

Covenants in credit agreements

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

Change of control and ownership

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

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

Dividend restrictions

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

Factors which are material for the purpose of assessing the market risks associated with the Capital Securities

Risks related to the Capital Securities generally

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

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

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

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

The market price of the Capital Securities may be volatile

The market price of the Capital Securities could be subject to significant fluctuations in response to actual or anticipated variations in the Issuer's operating results and those of its competitors, adverse business developments, changes to the regulatory environment in which the Issuer operates, changes in financial estimates by securities analysts and the actual or expected sale of a large number of the Capital Securities, as well as other factors. In addition, in recent years the global financial markets have experienced significant price and volume fluctuations, which, if repeated in the future, could adversely affect the market price of the Capital Securities without regard to the Issuer's results of operations, prospects or financial condition. Factors including increased competition or the Issuer's operating results, the regulatory environment, general market conditions, natural disasters, terrorist attacks and war may have an adverse effect on the market price of the Capital Securities.

Laws and practices applicable to the Capital Securities may change

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

Denominations involve integral multiples; definitive Capital Securities

The Capital Securities have denominations consisting of a minimum of EUR 100,000 plus integral multiples of EUR 1,000 in excess thereof up to and including EUR 199,000. It is possible that the Capital Securities may be traded in amounts that are not integral multiples of EUR 100,000. In such a case a holder

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

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

Modification, Waivers and Substitution

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

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

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

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

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

Holders of Capital Securities have no voting rights

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

Risks Related to the Market Generally

An active trading market for the Capital Securities may not develop

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

secondary market. A lack of liquidity may have a material adverse effect on the market value of the Capital Securities.

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

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

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

Credit ratings may not reflect all risks

The Issuer's credit ratings are an assessment by the relevant rating agencies of its ability to pay its debts when due. Consequently, real or anticipated changes in its credit ratings will generally affect the market value of the Capital Securities. One or more independent credit rating agencies may assign credit ratings to the Capital Securities. The ratings may not reflect the potential impact of all risks related to the structure and marketing of the Capital Securities and additional factors discussed in this Prospectus or any other factors that may affect the value of the Capital Securities. A credit rating is not a recommendation to buy, sell or hold securities and may be revised, suspended or withdrawn by the rating agency at any time.

In addition, S&P or Fitch or any other rating agency may change their methodologies or their application for rating securities with features similar to the Capital Securities in the future. This may include the relationship between ratings assigned to an issuer's senior securities and ratings assigned to securities with features similar to the Capital Securities, sometimes called "notching". If the rating agencies were to change their practices or their application for rating such securities in the future and the ratings of the Capital Securities were to be subsequently lowered, this may have a negative impact on the trading price of the Capital Securities. If as a consequence of an amendment, clarification or change in the equity credit criteria of any Rating Agency (as defined in the Conditions), the Capital Securities are no longer eligible for the same or higher category of equity credit attributed to the Capital Securities at the date of their issue (or if equity credit is not assigned on the issue date, at the date when the equity credit is assigned for the first time), the Issuer may redeem the Capital Securities in whole, but not in part, as further described in the Conditions.

In general, European regulated investors are restricted under the CRA Regulation from using credit ratings for regulatory purposes, unless such ratings are issued by a credit rating agency established in the EU and registered under the CRA Regulation (and such registration has not been withdrawn or suspended), subject to transitional provisions that apply in certain circumstances whilst the registration application is pending. Such general restriction will also apply in the case of credit ratings issued by non-EU credit rating agencies, unless the relevant credit ratings are endorsed by an EU-registered credit rating agency or the relevant non-EU rating agency is certified in accordance with the CRA Regulation (and such endorsement action or certification, as the case may be, has not been withdrawn or suspended).

The list of registered and certified rating agencies published by the European Securities and Markets Authority (**ESMA**) on its website in accordance with the CRA Regulation is not conclusive evidence of the status of the relevant rating agency included in such list, as there may be delays between certain supervisory measures being taken against a relevant rating agency and the publication of the updated ESMA list.

Risks related to the structure of the Capital Securities

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

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

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

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

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

Furthermore, subject to applicable law, no Holder may exercise, claim or plead any right of set-off, compensation or retention in respect of any amount owed to it by the Issuer in respect of, or arising under or in connection with, the Capital Securities and each Holder shall, by virtue of their holding, be deemed to have waived all such rights of set-off, compensation or retention.

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

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

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

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

The Issuer may defer interest payments

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

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

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

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

The Issuer will have the right to redeem the Capital Securities in whole, but not in part, on any of the 90 days up to and including the First Reset Date or any Interest Payment Date thereafter, at their principal amount together with any Deferred Interest and any other accrued and unpaid interest to (but excluding) the date of redemption.

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

In the case of a Tax Deductibility Event, an Accounting Event or a Capital Event, such redemption will be at (i) 101 per cent. of the principal amount of the Capital Securities, where such redemption occurs before the date falling 90 days prior to the First Reset Date, or (ii) 100 per cent. of the principal amount of the Capital Securities, where such redemption occurs on or after the date falling 90 days prior to the First Reset Date, together in each case with any Deferred Interest and any other accrued and unpaid interest up to (but excluding) the redemption date.

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

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

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

Substitution or variation of the Capital Securities

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

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

Fixed rate securities have a market risk

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

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

Reform and Regulation of "benchmarks"

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

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

Holders of the Capital Securities have very limited rights in relation to the enforcement of payments on the Capital Securities

If a default is made by the Issuer for a period of 30 days or more in relation to the payment of any interest, principal or premium in respect of the Capital Securities which is due and payable, the rights of the Holders in respect of the Capital Securities are limited to instituting proceedings for an Issuer Winding-up, and the Holders may prove and/or claim in respect of the Capital Securities in an Issuer Winding-up.

Whilst the claims of the Holders in an Issuer Winding-up are for the principal amount of their Capital Securities together with any Deferred Interest and any other accrued and unpaid interest, such claims will be subordinated as provided above under "*The Capital Securities are subordinated obligations; accordingly, claims in respect of the Capital Securities would rank junior to claims in respect of unsubordinated obligations of the Issuer in the event of an Issuer Winding-up*". The Holders shall not be entitled to accelerate payments of interest or principal under the Capital Securities in any circumstances outside an Issuer Winding-up. Furthermore, whilst the Holders may institute other proceedings against the Issuer to enforce the terms of the Capital Securities, the Issuer shall not, by virtue of such proceedings, be obliged to pay any sum or sums sooner than the same would otherwise have been payable by it.

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

No limitation on issuing or guaranteeing debt ranking senior to or pari passu with the Capital Securities

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

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

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

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

Discontinuation of the Original Reference Rate

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

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

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

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

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

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

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

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

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

DOCUMENTS INCORPORATED BY REFERENCE

The following documents which have previously been published or are published simultaneously with this Prospectus and have been filed with the Central Bank of Ireland and Euronext Dublin and shall be deemed to be incorporated in, and to form part of, this Prospectus:

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

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

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

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

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

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

The 2017 Financial Statements and the 2018 Financial Statements are English translations of the Swedish financial statements prepared for and used in the Kingdom of Sweden.

FORWARD-LOOKING STATEMENTS

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

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

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

TERMS AND CONDITIONS OF THE CAPITAL SECURITIES

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

The EUR 300,000,000 Subordinated Fixed to Reset Rate 5.25 year Non-Call Undated Capital Securities (the **Capital Securities**, which expression includes any Further Capital Securities issued pursuant to Condition 17 (*Further Issues*) and forming a single series therewith) of Samhällsbyggnadsbolaget i Norden AB (publ) AB (the **Issuer**) are the subject of a fiscal agency agreement dated 26 April 2019 (as amended or supplemented from time to time, the **Agency Agreement**) between the Issuer, Deutsche Bank AG, London Branch, as fiscal agent (the **Fiscal Agent**), paying agent (together with the Fiscal Agent and any successor or additional paying agent appointed from time to time in connection with the Capital Securities, the **Paying Agents**), and calculation agent (the **Calculation Agent**, which expression includes any successor calculation agent appointed from time to time in connection with the Capital Securities). Certain provisions of these Conditions are summaries of the Agency Agreement and subject to its detailed provisions. The Capital Securities have the benefit of a deed of covenant dated 26 April 2019 (the **Deed of Covenant**) entered into by the Issuer. The holders of the Capital Securities (the **Holders**) and the holders of the related interest coupons (the **Couponholders** and the **Coupons**, respectively) and the holders of talons (Talons) for future Coupons, are bound by, and are deemed to have notice of, all the provisions of the Agency Agreement applicable to them. Copies of the Agency Agreement and Deed of Covenant are available for inspection by Holders during normal business hours at the registered office for the time being of the Fiscal Agent, being at the date hereof Winchester House. 1 Great Winchester Street, London EC2N 2DB, United Kingdom. Any capitalised terms not defined herein shall be given the meaning attributed in the Agency Agreement.

1. Form, Denomination and Title

(a) ***Form and Denomination***

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

(b) ***Title***

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

2. Status

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

3. Subordination and Rights on a Winding-Up

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

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

(i) *pari passu* without any preference among themselves and with any present or future claims in respect of obligations of the Issuer in respect of Parity Securities;

(ii) in priority to all present or future claims in respect of (A) any Share Capital of the Issuer and (B) any other obligation of the Issuer which ranks or is expressed by its terms to rank junior to the Capital Securities or any Parity Security; and

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

In the event of a company re-construction (Sw. *företagsrekonstruktion*) of the Issuer under the Swedish Company Reorganisation Act (Sw. *lag (1996:764) om företagsrekonstruktion*) (an **Issuer Re-construction**), the Holders shall, in respect of the Capital Securities and Coupons, have a statutory claim (in lieu of any other amount) for the principal amount of their Capital Securities and any accrued and unpaid interest (including any Deferred Interest) thereon and such claims will rank:

(i) *pari passu* without any preference among themselves and with any present or future claims in respect of obligations of the Issuer in respect of Parity Securities; and

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

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

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

Subject to applicable law, no Holder or Couponholder may exercise, claim or plead any right of set-off, compensation or retention in respect of any amount owed to it by the Issuer in respect of, or arising under or in connection with the Capital Securities or the Coupons and each Holder and Couponholder shall, by virtue of its holding of any Capital Security or Coupon, be deemed to have waived all such rights of set-off, compensation or retention.

4. **Interest**

(a) ***Interest Accrual***

The Capital Securities bear interest on their principal amount at the applicable Interest Rate from (and including) 26 April 2019 (the **Issue Date**) in accordance with the provisions of this Condition 4 (*Interest*).

The Capital Securities (and any unpaid amounts thereon) will cease to bear interest from (and including) the date of redemption thereof pursuant to the relevant paragraph of Condition 6 (*Redemption*) or the date of substitution or variation thereof pursuant to Condition 7 (*Substitution or Variation*), as the case may be, unless, upon due presentation, payment of all unpaid amounts in respect of the Capital Securities is not made, in which event interest shall continue to accrue in respect of the principal amount of, and any other unpaid amounts on, the Capital Securities, both before and after judgment, and shall be payable as provided in these Conditions up to (but excluding) the Relevant Date.

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

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

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

Subject to Condition 5 (*Optional Interest Deferral*), interest shall be payable on the Capital Securities annually in arrear on 26 July in each year (each an **Interest Payment Date**) from (and including) 26 July 2019 (the **First Interest Payment Date**).

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

The Interest Rate in respect of each Interest Period commencing prior to the First Reset Date is 4.625 per cent. per annum (the **Initial Interest Rate**).

The first payment of interest, to be made on the First Interest Payment Date, will be in respect of the short first period from (and including) the Issue Date to (but excluding) the First Interest Payment Date and will amount to EUR 11.53 per Calculation Amount. The Interest Payment in respect of each Interest Period commencing on or after the First Interest Payment Date and before the First Reset Date will amount to EUR 46.25 per Calculation Amount (and any such Interest Payment may be deferred in accordance with Condition 5 (*Optional Interest Deferral*)).

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

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

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

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

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

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

(g) ***Calculation Agent***

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

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

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

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

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

(j) ***Benchmark Event***

(i) Notwithstanding the provisions above in this Condition 4 (*Interest*), if, (on or after 26 January 2024, the Issuer (in consultation with the Calculation Agent) determines that a Benchmark Event has occurred in relation to the Original Reference Rate (whether such occurrence is before, on or after 26 January 2024) when any Reset Interest Rate (or any component part thereof) remains to be determined by reference to the Original Reference Rate, then the following provisions shall apply:

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

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

(B) If:

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

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

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

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

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

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

(E) Any Successor Rate, Alternative Rate, Adjustment Spread and the specific terms of any Benchmark Amendments, determined under this Condition 4(j) will be notified promptly by the Issuer to the Calculation Agent, the Paying Agents and, in accordance with Condition 18 (*Notices*), the Holders. Such notice shall be irrevocable and shall specify the effective date of the Benchmark Amendments, if any and will be binding on the Issuer, the Calculation Agent, the Paying Agents and the Holders.

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

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

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

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

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

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

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

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

Benchmark Event means:

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

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

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

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

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

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

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

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

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

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

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

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

5. **Optional Interest Deferral**

(a) ***Deferral of Interest Payments***

The Issuer may, at any time and at its sole discretion, elect to defer any Interest Payment, in whole but not in part, which is otherwise scheduled to be paid on an Interest Payment Date (except on any Interest Payment Date on which the Capital Securities are to be redeemed) by giving notice (a **Deferral Notice**) of such election to the Holders in accordance with Condition 18 (*Notices*), the Fiscal Agent and to the Paying Agents not less than seven Business Days prior to the relevant Interest Payment Date.

Any Interest Payment so deferred pursuant to this Condition 5(a) (*Deferral of Interest Payments*) shall, from (and including) the Interest Payment Date on which such Interest Payment would (but for its deferral) have been payable to (but excluding) the date on which it is paid in full, itself bear interest at the Interest Rate prevailing from time to time (which interest shall compound on each subsequent Interest Payment Date) and, for so long as the same remains unpaid, such deferred interest (together with the interest accrued thereon) shall constitute **Deferred Interest**.

The deferral of an Interest Payment in accordance with this Condition 5(a) (*Deferral of Interest Payments*) shall not constitute a default by the Issuer under the Capital Securities or for any other purpose.

(b) ***Settlement of Deferred Interest***

(i) *Optional Settlement*

Deferred Interest may be paid (in whole but not in part) at any time at the option of the Issuer following delivery of a notice to such effect given by the Issuer to the Holders in accordance with Condition 18 (*Notices*), the Fiscal Agent and the Paying Agents not less than seven Business Days prior to the date (to be specified in such notice) on which the Issuer will pay such Deferred Interest.

(ii) *Mandatory Settlement*

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

(A) the 10th Business Day following the date on which a Deferred Interest Payment Event occurs;

(B) any Interest Payment Date in respect of which the Issuer does not elect to defer the interest accrued in respect of the relevant Interest Period; and

(C) the date on which the Capital Securities are redeemed or repaid in accordance with Condition 6 (*Redemption*) or Condition 12 (*Default and Enforcement*).

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

6. **Redemption**

(a) ***Final Redemption Date***

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

(b) ***Issuer's Call Option***

The Issuer may, by giving not less than 30 nor more than 60 days' notice to the Paying Agents and, in accordance with Condition 18 (*Notices*), the Holders (which notice shall be irrevocable and shall specify the date fixed for redemption), redeem all (but not some only) of the Capital Securities on (a) any date from 27 April 2024 up to and including the First Reset Date or (b) on any Interest Payment Date thereafter at their principal amount together with any Deferred Interest and any other accrued and unpaid interest up to (but excluding) the redemption date.

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

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

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

(i) 101 per cent. of their principal amount, where such redemption occurs before 27 April 2024; or

(ii) 100 per cent. of their principal amount, where such redemption occurs on or after 27 April 2024,

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

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

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

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

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

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

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

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

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

7. **Substitution or Variation**

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

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

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

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

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

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

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

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

(ii) in the case of a Withholding Tax Event, that the Issuer is unable to avoid paying additional amounts by taking measures reasonably available to it;

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

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

(A) the Issuer has determined that the terms of the Qualifying Capital Securities are not materially less favourable to Holders than the terms of the Capital Securities

and that determination was reasonably reached by the Issuer in consultation with an independent investment bank, independent financial adviser or legal counsel of international standing;

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

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

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

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

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

9. **Purchases and Cancellation**

(a) ***Purchase***

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

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

(b) ***Cancellation of Capital Securities***

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

10. **Payments**

(a) ***Method of Payment***

(i) *Principal, Premium and Interest*

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

(ii) *Unmatured Coupons*

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

(iii) *Talons*

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

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

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

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

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

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

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

11. **Taxation**

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

(a) presented for payment in Sweden; or

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

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

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

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

12. **Default and Enforcement**

(a) ***Proceedings***

Without prejudice to the Issuer's right to defer the payment of interest under Condition 5(a) (*Deferral of Interest Payments*), if a default is made by the Issuer for a period of 30 days or more in relation to the payment of any interest, principal or premium in respect of the Capital Securities which is due and payable, then the Issuer shall be deemed to be in default under the Capital Securities and the Coupons and any Holder may institute proceedings for an Issuer Winding-up **provided that** the default is continuing.

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

(b) ***Enforcement***

Any Holder may at its discretion and without further notice institute such proceedings against the Issuer as it may think fit to enforce any term or condition binding on the Issuer under the Capital Securities or the Coupons but in no event shall the Issuer, by virtue of the institution of any such proceedings, be obliged to pay any sum or sums sooner than the same would otherwise have been payable by it.

(c) ***Extent of Holders' Remedy***

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

13. **Prescription**

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

14. **Replacement of Capital Securities, Coupons and Talons**

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

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

15. **Agents**

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

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

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

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

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

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

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

(a) ***Meetings of Holders***

The Agency Agreement contains provisions for convening meetings of Holders to consider any matter affecting their interest, including the sanctioning by Extraordinary Resolution of a modification of the Capital Securities, the Coupons or any provision of the Agency Agreement. Such a meeting may be convened by the Issuer and shall be convened by it upon the request in writing of Holders holding not less than 10 per cent. of the aggregate principal amount of the outstanding Capital Securities. The quorum at any meeting convened to vote on an Extraordinary Resolution will be one or more persons holding or representing more than 50 per cent. of the

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

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

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

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

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

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

(c) ***Issuer Substitution***

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

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

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

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

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

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

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

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

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

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

17. **Further Issues**

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

18. **Notices**

Notices to the Holders shall be valid if published in a leading newspaper having general circulation in London (which is expected to be the Financial Times or, if such publication is not practicable, in a leading English language daily newspaper having general circulation in Europe) and for so long as the Capital Securities are admitted to trading on the Irish Stock Exchange and the rules of the Irish Stock Exchange so require, publication will also be made in a leading daily newspaper having general circulation in the Republic of Ireland (which is expected to be the Irish Times). The Issuer shall also ensure that notices are duly published in a manner which complies with the rules and regulations of any stock exchange or other relevant authority on which the Capital Securities

are for the time being listed. Any such notice shall be deemed to have been given on the date of first publication. Couponholders shall be deemed for all purposes to have notice of the contents of any notice given to the Holders.

19. **Currency Indemnity**

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

20. **Governing Law and Jurisdiction**

(a) ***Governing Law***

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

(b) ***Jurisdiction***

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

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

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

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

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

21. **Contracts (Rights of Third Parties) Act 1999**

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

22. **Definitions**

In these Conditions:

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

In the event that the relevant 5 Year EUR Mid-Swap Rate does not appear on the Reset Screen Page on the relevant Reset Interest Determination Date, the 5 Year EUR Mid-Swap Rate will be the Reset Reference Bank Rate on such Reset Interest Determination Date. If (a) at least three quotations are provided, the 5 Year EUR Mid-Swap Rate will be calculated by the Calculation Agent on the basis of the arithmetic mean (or, if only three quotations are provided, the median) of the quotations provided, eliminating the highest quotation (or, in the event of equality one of the highest) and the lowest quotation (or, in the event of equality, one of the lowest); (b) only two quotations are provided, the Reset Reference Bank Rate will be the arithmetic mean of the quotations provided; (c) only one quotation is provided, the Reset Reference Bank Rate will be the quotation provided; and (d) no quotations are provided, the Reset Reference Bank Rate for the relevant period will be: (i) in the case of each Reset Period other than the Reset Period commencing on the First Reset Date, the Reset Reference Bank Rate in respect of the immediately preceding Reset Period, or (ii) in the case of the Reset Period commencing on the First Reset Date, 0.073 per cent. which represents the 5 Year EUR Mid-Swap Rate at pricing.

The **5 year Swap Rate Quotations** means, in relation to any Reset Period, the arithmetic mean of the bid and offered rates for the annual fixed leg (calculated on a 30/360 Day Count Basis) of a fixed-for-floating euro interest rate swap which (i) has a term of 5 years commencing on the relevant Reset Date, (ii) is in an amount that is representative of a single transaction in the relevant market at the relevant time with an acknowledged dealer of good credit in the swap market, and (iii) has a floating leg based on the 6-month EURIBOR rate (calculated on the basis of the actual number of days elapsed and a year of 360 days).

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

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

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

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

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

a **Capital Event** shall be deemed to occur if the Issuer has received confirmation from any Rating Agency, providing a solicited rating at the invitation or with the consent of the Issuer, either directly or via a publication by such Rating Agency, that an amendment, clarification or change has occurred in the equity credit criteria of such Rating Agency effective after the Issue Date (or effective after the date when the equity credit is assigned for the first time, as applicable) and this has resulted in lower equity credit (or such other nomenclature that the relevant Rating Agency may then use to describe the degree to which an instrument exhibits the characteristics of an ordinary share) for the Capital Securities than the equity credit assigned on the Issue Date (or if

equity credit is not assigned on the Issue Date, at the date when the equity credit is assigned for the first time);

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

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

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

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

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

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

Code has the meaning given to it in Condition 10(c) (*Payments subject to fiscal laws*);

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

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

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

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

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

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

A **Deferred Interest Payment Event** means any one or more of the following events:

(a) declaration or payment of any distribution or dividend or any other payment made by the Issuer on its Share Capital or any other obligation of the Issuer which ranks or is expressed by its terms to rank junior to the Capital Securities or any Parity Securities;

(b) declaration or payment of any distribution or dividend or any other payment made by the Issuer or any Subsidiary of the Issuer, as the case may be, on any Parity Securities or the Capital Securities;

(c) redemption, repurchase, repayment, cancellation, reduction or other acquisition by the Issuer or any Subsidiary of the Issuer of its Share Capital or any other obligation of the

Issuer which ranks or is expressed by its terms to rank junior to the Capital Securities or any Parity Securities; and/or

(d) redemption, repurchase, repayment, cancellation, reduction or other acquisition by the Issuer or any Subsidiary of the Issuer of any Parity Securities or any Capital Securities,

save for:

(i) in each case, any compulsory distribution, dividend, other payment, redemption, repurchase, repayment, cancellation, reduction or other acquisition required by the terms of such securities or by mandatory operation of applicable law;

(ii) in the case of (c) above only, any redemption, repurchase, repayment, cancellation, reduction or other acquisition that is executed in connection with, or for the purpose of (1) any reduction of the quota value of the Share Capital of the Issuer without a corresponding return of cash, capital or assets to shareholders of the Issuer or (2) any share buyback programme then in force and duly approved by the shareholders' general meeting of the Issuer or the relevant Subsidiary of the Issuer (as applicable) or any existing or future stock option plan or free share allocation plan or other incentive plan, in all cases of this (ii)(2), reserved for directors, officers and/or employees of the Issuer or the relevant Subsidiary of the Issuer or any associated hedging transaction; and

(iii) in the case of (d) above only, any redemption, repurchase, repayment, cancellation, reduction or other acquisition executed in whole or in part in the form of a public tender offer or public exchange offer at a consideration per Capital Security or Parity Security below its par value;

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

EURIBOR means the month Euro Interbank Offered Rate;

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

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

FATCA Withholding has the meaning given in Condition 10(c) (*Payments subject to fiscal laws*);

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

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

First Reset Date means 26 July 2024;

First Step-up Date means 26 July 2029;

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

Fitch means Fitch Ratings Ltd;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Margin means:

(a) in respect of the period from (and including) the First Reset Date to (but excluding) the First Step-up Date, 4.776 per cent.;

(b) in respect of the period from (and including) the First Step-up Date to (but excluding) the Second Step-up Date, 5.026 per cent.; and

(c) in respect of the period from (and including) the Second Step-up Date, 9.776 per cent.;

Moody's means Moody's Investors Services Ltd;

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

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

As at the date of the Prospectus, the Issuer had Outstanding Preference Shares in an aggregate principal value of SEK 175,251 in issue.

Parity Securities or **Parity Security** means any obligations of:

(i) the Issuer, issued directly or indirectly by it, which rank, or are expressed to rank, *pari passu* with the Capital Securities (and which shall include, for so long as any of the same remain outstanding, the up to SEK1,000,000,000 Subordinated Perpetual Floating Rate Callable Capital Notes issued on 29 September 2017 (ISIN: SE0010414599) and the up to SEK1,500,000,000 Subordinated Perpetual Floating Rate Callable Capital Notes issued on 13 September 2018 (ISIN: SE0011642776)); and

(ii) any Subsidiary of the Issuer having the benefit of a guarantee or support agreement from the Issuer which ranks or is expressed to rank *pari passu* with the Capital Securities;

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

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

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

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

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

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

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

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

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

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

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

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

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

Rating Agency means each of Fitch, Moody's and S&P and any other rating agency of equivalent international standing requested by the Issuer to grant a corporate credit rating to the Issuer and, in each case, their successors or affiliates;

Rating Downgrade shall be deemed to have occurred in respect of a Change of Control if within the Change of Control Period:

(i) the solicited rating previously assigned to the Issuer by any Rating Agency is withdrawn and not subsequently reinstated within the Change of Control Period; or

(ii) the solicited non-investment grade rating previously assigned to the Issuer by any Rating Agency (at the invitation or with the consent of the Issuer) is lowered one rating category (for example, from Ba1/BB+ to Ba2/BB or such similar lower or equivalent rating) and not subsequently upgraded within the Change of Control Period; or

(iii) an Investment Grade Rating Change occurs and is not subsequently reinstated within the Change of Control Period,

provided that a Rating Downgrade otherwise arising by virtue of a particular change in rating shall be deemed not to have occurred in respect of a particular Change of Control if the Rating Agency making the change in rating to which this definition would otherwise apply does not publicly announce or publicly confirm that the withdrawal or reduction was the result of the applicable Change of Control;

Relevant Date means:

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

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

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

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

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

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

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

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

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

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

Second Step-up Date means (A) if, at any time between the Issue Date and the 30th calendar day preceding the First Reset Date, the Issuer is assigned an issuer credit rating of 'BBB-' or above by S&P and does not, on the 30th calendar day preceding the First Reset Date, have an issuer credit rating assigned to it of 'BB+' (or such similar nomenclature then used by S&P) or below, 26 July 2044; or (B) in any other circumstance, 26 July 2039. Unless the Capital Securities are redeemed on or prior to the First Reset Date pursuant to Condition 6 (*Redemption*), the Issuer will notify the Fiscal Agent, the Calculation Agent and the Holders in accordance with Condition 18 (*Notices*) that the Second Step-Up Date is either 26 July 2039 or 26 July 2044, as determined by this definition, by no later than the First Reset Date;

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

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

Stock Exchange has the meaning given to it in Condition 9(b) (*Cancellation of Capital Securities*);

Subordinated Indebtedness means any obligation of the Issuer, whether or not having a fixed maturity, which by its terms is, or is expressed to be, subordinated in the event of an Issuer Winding-up to the claims of all unsubordinated creditors of the Issuer but senior to the Capital Securities or to the obligations of the Issuer in respect of any Parity Securities;

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

a **Substantial Repurchase Event** shall be deemed to occur if the Issuer and/or any of its Subsidiaries repurchases and cancels or has at any time repurchased and cancelled, a principal amount of Capital Securities equal to or greater than 80 per cent. of the aggregate principal amount of the Capital Securities initially issued (which shall include, for these purposes, any Further Capital Securities);

SEK means the lawful currency of Sweden;

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

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

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

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

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

a **Withholding Tax Event** shall be deemed to occur if, as a result of any Tax Law Change, in making any payments on the Capital Securities, the Issuer has paid or will or would on the next Interest Payment Date be required to pay additional amounts on the Capital Securities pursuant to Condition 11 (*Taxation*) and the Issuer cannot avoid the foregoing by taking reasonable measures available to it.

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

The Issuer intends (without thereby assuming any legal or contractual obligation whatsoever) that it will only redeem or repurchase Capital Securities to the extent that the equity credit of the Capital Securities to be redeemed or repurchased does not exceed the equity credit resulting from the sale or issuance prior to the date of such redemption or repurchase by the Issuer or any subsidiary of the Issuer of replacement hybrid securities to third party purchasers (other than subsidiaries of the Issuer).

The foregoing shall not apply if:

(a) *the issuer rating assigned by S&P to the Issuer is at least "BBB-" (or such similar nomenclature then used by S&P) and the Issuer is of the view that such rating would not fall below this level as a result of such redemption or repurchase; or*

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

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

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

(e) *the relevant repurchase has followed an issuance of Ordinary Shares or other instruments which are granted on issuance high equity content where the amount of equity credit resulting from such issuance is equal to or more than the amount of equity credit assigned by S&P to the Capital Securities being repurchased at the time of their issuance; or*

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

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

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

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

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

(ii) *the part of the net proceeds received from issuance of replacement hybrid securities or Ordinary Shares that was assigned equity credit by S&P at the time of their sale or issuance (or the equity credit S&P has confirmed will be assigned by it upon expiry or waiver of issuer call rights which prevent the assignment of equity credit by S&P on the issue date of such replacement hybrid securities).*

SUMMARY OF PROVISIONS RELATING TO THE CAPITAL SECURITIES IN GLOBAL FORM

Global Capital Securities and Definitive Capital Securities

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

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

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

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

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

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

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

Payments

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

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

Calculation of interest

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

Transfers

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

Redemption and cancellation

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

Notices

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

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

USE OF PROCEEDS

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

DESCRIPTION OF THE ISSUER AND ITS OPERATIONS

Issuer description

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

The Issuer's operations are regulated by Swedish law, including but not limited to, the Swedish Companies Act (Sw. *aktiebolagslagen (2005:551)*) and the Swedish Annual Accounts Act (Sw. *årsredovisningslagen (1995:1554)*).

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

At the extraordinary general meeting of the Issuer held on 16 January 2017, the shareholders of the Issuer, then known as Effnetplattformen AB (publ) resolved to acquire all of the shares in SBB i Norden, Kuststaden Holding AB, a Swedish private limited company with registered number 556875-2173, and Sörmlandsporten AB, a Swedish private limited company with registered number 556716-3034. The acquisitions were financed with an issue of shares together with a cash component. The acquisition of these entities was accounted as a reversed take-over.

Following the reverse take-over, the Issuer functions as a holding company for the operating business of the Group, with its business comprising of group-management and group-wide functions. The Issuer does not conduct any business operations. The original business of Effnetplattformen AB (publ), together with its subsidiaries, was sold by the Issuer in the middle of January 2017. In connection with this sale, the Issuer changed its name from Effnetplattformen AB (publ) to Samhällsbyggnadsbolaget i Norden AB (publ).

Following the reverse take-over, the Issuer became a pure real estate company and was approved for listing on Nasdaq First North in its current form on 31 March 2017.

Business overview

General

The Group owns and manages properties and aims to be one of the leading Nordic real estate groups with focus on social infrastructure properties, residential properties and the development of residential and social infrastructure properties.

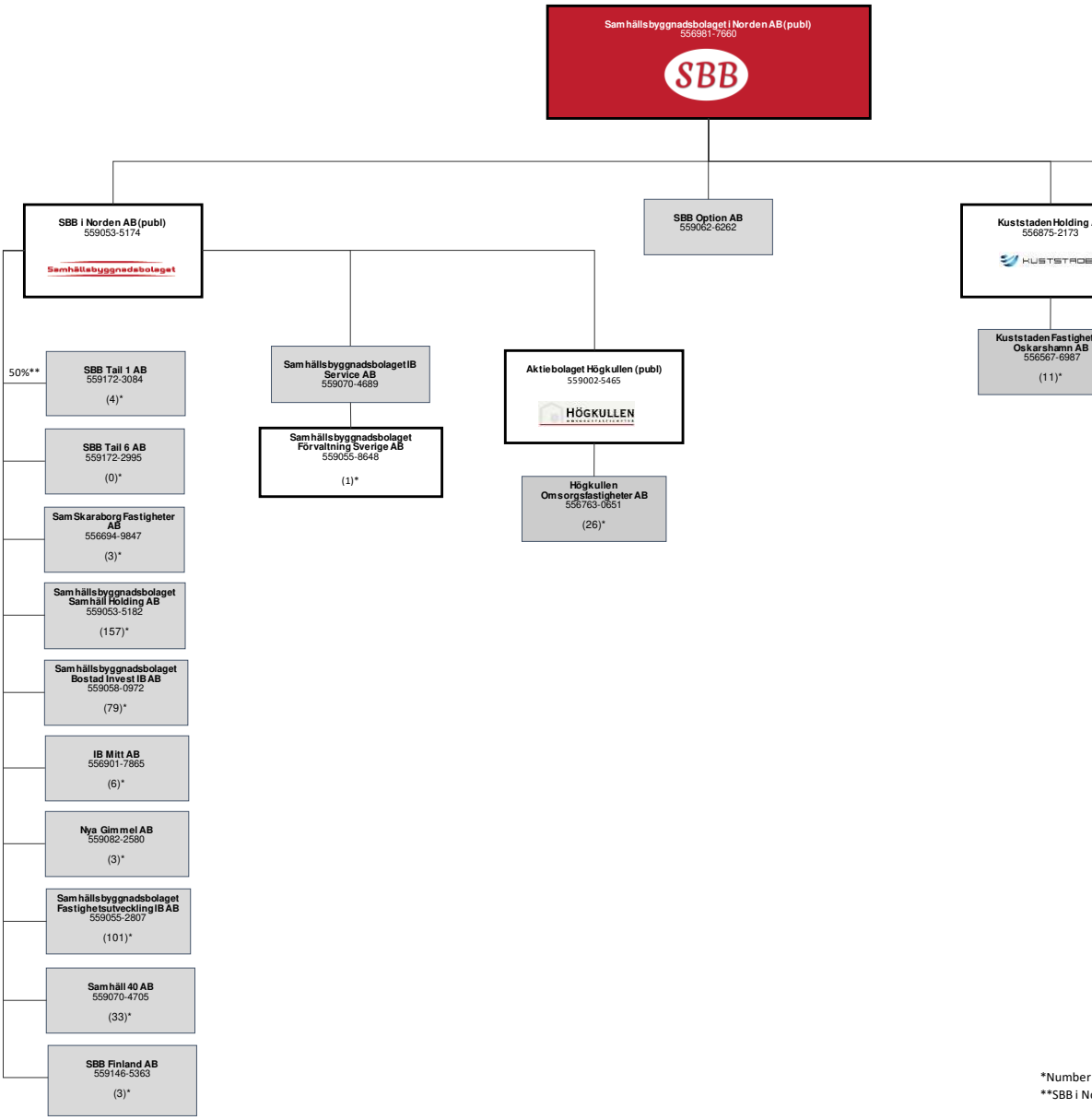
The Group owns, manages and develops residential properties in Swedish growth municipalities. The properties are generally located close to the city centre and with access to good transportation links, whether it is apartments in Kallhäll centre in Järfälla Municipality, or the city centres of for example, Oskarshamn, Nyköping and/or Nykvarn in the Stockholm region. The Group owns residential properties in approximately 30 Swedish cities, from Malmö in the south to Sundsvall in the north. However, most of the residential properties are located in the Stockholm region, Sundsvall, Oskarshamn, Karlstad, Borlänge and Motala. Social infrastructure properties are properties from which certain public social infrastructure (in sectors such as schools, health and personal care) operates. Most of the Rental Income stemming from this sector derives from public sector tenants or from tenants who run publicly funded activities on behalf of government, county councils or municipalities. The social infrastructure properties include properties used by tenants who are directly or indirectly tax funded. Tenants are engaged in activities such as education, elderly care, care of people with special needs and other care activities, municipal and state administration. Examples of tenants include municipality of Värmdö för Fågelvik preschool, municipality of Borlänge, the Norwegian Ministry of Justice and Emergency Affairs, several accommodations for elderly people and properties that accommodate people with special needs (group housing). The Group believes it is one of the Nordic region's largest players in the field of housing and long-term care facilities for the elderly and people with disabilities. The Group's aim is to offer modern social infrastructure properties in close cooperation with the main providers of care services - often municipalities and county councils, but also private care companies.

The Group's property portfolio consisted of 570 properties as at 31 December 2018 (as compared to 749 as at 31 December 2017). The properties had a total value of SEK 25.2 billion (as compared to SEK 23.0 billion as at 31 December 2017), of which residential properties constituted SEK 6.7 billion (as compared to SEK 5.9 billion as at 31 December 2017), social infrastructure properties constituted SEK 16.4 billion (as compared to SEK 14.6 billion as at 31 December 2017) and other properties (including commercial properties for example) constituted SEK 2.1 billion (as compared to SEK 2.5 billion as at 31 December 2017). The total lettable area of the Group's properties was approximately 1,330,000 square metres as at 31 December 2018 (as compared to approximately 1,366,000 square metres as at 31 December 2017), with 649,000 square metres attributable to social infrastructure properties. This yielded a Rental Income, on a 12-month rolling basis, of SEK 1,585 million (as compared to SEK 1,588 million as at 31 December 2017). Approximately 62 per cent. of the Rental Income on a 12-month rolling basis as of 31 December 2018 originates from government/government funded social infrastructure properties. Residential properties in relation to which the ability to increase rent is subject to restrictions accounts for 31 per cent and other building rights development approximately 7 per cent.

Organisation Structure

The Group's operations are mainly carried out by the direct and indirect subsidiaries of the Issuer and the Issuer is therefore to a large extent dependent on its subsidiaries in order to generate profit and cash flow. As at 31 December 2018, the Issuer was the parent company of 435 directly or indirectly owned subsidiaries.

The table below shows the key companies within the Group as at 31 December 2018.


Samhällsbyggnadsbolaget i Norden AB (publ)
556981-7660
SBB
SBB i Norden AB (publ)
559053-5174
Samhällsbyggnadsbolaget
SBB Option AB
559062-6262
Kuststaden Holding
556875-2173
Kuststaden Fastighet
Oskarshamn AB
556567-6987
(11)*
50%**
SBB Tail 1 AB
559172-3084
(4)*
SBB Tail 6 AB
559172-2995
(0)*
Sam Skaraborg Fastigheter AB
556694-9847
(3)*
Samhällsbyggnadsbolaget Samhäll Holding AB
559053-5182
(157)*
Samhällsbyggnadsbolaget Bostad Invest IB AB
559058-0972
(79)*
IB Mitt AB
556901-7865
(6)*
Nya Gimmel AB
559082-2580
(3)*
Samhällsbyggnadsbolaget Fastighetsutveckling IB AB
559055-2807
(101)*
Samhäll 40 AB
559070-4705
(33)*
SBB Finland AB
559146-5363
(3)*
Samhällsbyggnadsbolaget IB Service AB
559070-4689
Samhällsbyggnadsbolaget Förvaltning Sverige AB
559055-8648
(1)*
Aktiebolaget Högkullen (publ)
559002-5465
HÖGKULLEN
Högkullen Omsorgsfastigheter AB
556763-0651
(26)*
*Number
**SBB i N

Shareholders

The Issuer has issued shares of class A, shares of class B, shares of class D and preference shares. The Issuer's shares of class B, class D and preference shares are listed on Nasdaq First North. The table below lists the major shareholders in the Issuer as of 31 December 2018:

Shareholders	Amount Class A	Amount Class B	Amount Class D	Amount Pref. Shares	Share of Capital (%)	Voting Share (%)
Ilija Batljan Invest AB	63,495,701				8.0	23.6
Ilija Batljan (privately and via companies)	45,558,167	1,137,606,			5.9	17.0
AB Arvid Svensson	26,000,000	26,666,667			6.6	10.7
Compactor Fastigheter AB	21,997,977	25,405,525			5.9	9.1
Backahill AB	13,919,159	14,605,317			3.6	5.7
Dragfast AB	7,322,229	28,100,000	50,000		4.4	3.8
Meteva AS		77,029,772			9.7	2.9
Investmentaktiebolaget Cyclops	6,349,570	2,666,666			1.1	2.5
Assindia AB	4,762,186	2,928,164			1.0	1.9
AktFast Förvaltnings AB	4,762,186	2,237,814			0.9	1.9
Stiftelsen för Strategisk Forskning		42,651,810			5.3	1.6
Lennart Schuss	2,634,957	15,424,060			2.3	1.6
Postens pensionsstiftelse		40,551,810			5.1	1.5
HighHill Intressenter AB		40,701,897			5.1	1.5
Oscar Lekander	3,174,785	292,700			0.4	1.2
Krister Karlsson	3,174,785				0.4	1.2
Other	6,825,789	225,671,732	41,576,390	175,251	34.4	12.5
	209,977,491	**546,071,540**	**41,626,390**	**175,251**	**100.0**	**100.0**

Business Strategy

The Group's business strategy is:

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

Management Strategy

The Issuer's management focuses on active work with value-creating development and continuous maintenance of its existing portfolio. The Issuer aims to a maintain a high Surplus Ratio and performs management operations with a focus on Net Operating Income which it seeks to achieve through energy-saving investments. The Issuer develops the Group's existing portfolio and renovates the current residential properties to modern standards. The majority of the Group's property management, including the local financial and technical management of the properties, is performed in-house following the acquisition of the Issuer's property management provider, Hestia Sambygg AB in 2018.

Investment Strategy

With respect to the Group's activities in the development of building rights for residential and social infrastructure properties, the Issuer seeks to identify properties with a direct Yield of approximately 5 to 7 per cent., where it sees an opportunity for the development of building rights for mainly residential and social infrastructure properties in the short to medium term. Prior to acquisition of a property, the Issuer determines, after discussions with the local municipality, what is required in order to have a new zoning plan approved. Immediately after taking possession, work is commenced to pursue a zoning plan to create building rights. The Issuer then seeks to make early sales of these building rights prior to the final approval of the zoning plan with the intention of creating momentum for the zoning plan process in order to give municipalities confidence to ensure that when the zoning plan is approved, construction will start immediately. The Issuer aims to minimise production risks by divesting its building rights before the start

of production, either to an external partner or to a joint venture where the Issuer's counterpart is an experienced project developer that takes responsibility for the production and construction risks.

Dividend Strategy and Limitation in Relation to Certain Bonds Issued

The Group has a long-term target to pay a dividend amounting to 40 per cent. of distributable earnings (including Class D share dividends and preference share dividends). The Issuer has issued a SEK 300,000,000 2.90 per cent. fixed rate bond (ISIN SE0010869123 20180212 / 20191220), a bond of up to SEK 1,500,000,000, with an interest rate of STIBOR 3m plus 6 per cent. (ISIN SE0009805468, 20170406 / 20200406), a bond of up to SEK 1,000,000,000, with an interest rate of STIBOR 3m plus 3.90 per cent. (ISIN SE0010414581, 20180129 / 20210129) and a bond of up to SEK 1,000,000,000, with an interest rate of STIBOR 3m plus 3.65 per cent. (ISIN SE0010985713 20180316 / 20210517), each of which includes a provision in its terms and conditions limiting the amount of any dividend in 2018 and 2019 to 50 per cent. of the previous year's net profit and provided that the Group's Equity Ratio exceeds 30 per cent. At the end of September 2018, the Issuer announced that it had bought back bonds totalling SEK 1,205 million under a public tender offer. The Issuer bought back SEK 846 million of the bond of up to SEK 1,500,000,000, with an interest rate of STIBOR 3m plus 6 per cent. (ISIN SE0009805468), SEK 317 million of the bond of up to SEK 1,000,000,000, with an interest rate of STIBOR 3m plus 3.90 per cent. (ISIN SE00010414581) and SEK 42 million of the bond of up to SEK 1,000,000,000, with an interest rate of STIBOR 3m plus 3.65 per cent. (ISIN SE0010985713). In connection with the public tender offer, the Issuer issued a new four-year senior unsecured bond of SEK 1,000 million, carrying an initial rate of interest of STIBOR 3m plus 3.60 per cent. (ISIN SE0011725514). The Issuer received the proceeds from this 4 year bond loan on 3 October 2018.

For the year ending 31 December 2018, the Board of Directors of the Issuer (the **Board**) proposes that a dividend of SEK 0.25 per ordinary share should be distributed to the shareholders in one payment, a dividend of SEK 2.00 per class D share should be distributed to the shareholders in four payments of SEK 0.50 per class D share and a dividend of SEK 35 per preference share should be distributed to the shareholders in four payments of SEK 8.75 per preference share.

Funding Strategy

The finance department seeks to support the Group's core business by minimising the short-term and long-term cost of capital. Its task is to manage existing debt, raise new loans for investments and acquisitions, streamline cash management and limit financial risks. The work is governed by the Issuer's finance policy, which is determined and reviewed by the Board once a year. The finance policy governs reporting, follow-up and control. All financial matters of strategic importance are dealt with by the Board. The Group is financed by equity and liabilities in the form of bank loans and bonds.

As at 31 December 2018, the Group's interest-bearing liabilities amounted to SEK 14,675 million, of which SEK 5,909 million related to liabilities to credit institutions, SEK 6,925 million to senior and subordinated bonds, and SEK 1,840 million to commercial paper as compared with SEK 13,909 million (interest-bearing liabilities), SEK 7,233 million (credit institutions) and SEK 6,601 million (senior and subordinated bonds) as at 31 December 2017. The Issuer had no commercial paper outstanding as at 31 December 2017. As at 31 December 2018, the Group's Equity Ratio was 41 per cent. as compared with 32 per cent. as at 31 December 2017 and the Group's Adjusted Equity Ratio was 44 per cent. as compared with 36 per cent. at 31 December 2017. As at 31 December 2018, 71 per cent. of the Group's debt was secured and 28 per cent. was unsecured as compared to 85 per cent. and 15 per cent., respectively, as at 31 December 2017.

As at 31 December 2018, the Group's Average Interest Rate on its debt was 2.4 per cent. The average capital tied up period on its debt was 4.6 years and the overall average interest-rate period on its debt was 2.6 years.

The table below shows the capital structure of the Group as at 31 December 2018 and 31 December 2017.

	31 December	
	2018	**2017**
Capital Structure	*(SEK million)*	
Equity	11,197	7,636
Liabilities to credit institutions	5,909	7,233
Bonds and commercial paper	8,766	6,601
Deferred tax	1,047	863
Other	722	1,236

	31 December	
	2018	2017
Loan to Value Ratios		
Loan to Value Ratio, total debt, per cent	53	60

Equity

As at 31 December 2018, the Group's equity amounted to SEK 11,197 million as compared to SEK 7,636 million at 31 December 2017 with the Group's Equity Ratio being 41 per cent. as compared to 32 per cent. at 31 December 2017 and the Group's Adjusted Equity Ratio being 44 per cent. as compared to 36 per cent. at 31 December 2017. The Issuer is targeting an equity ratio of over 35 per cent and an LTV ratio of below 50 per cent.

Bank Debt and Liabilities to Credit Institutions

The Group's secured liabilities to credit institutions were reported at SEK 5,909 million at 31 December 2018 as compared with SEK 7,233 million at 31 December 2017. The Group's secured liabilities (including liabilities to credit institutions and secured bonds) amounted to SEK 8,531 million as at 31 December 2018 as compared to SEK 11,734 million as at 31 December 2017. As at 31 December 2018, the Group's loan portfolio was spread across 14 credit institutions, of which Danske Bank, Handelsbanken, SBAB, Swedbank, DNB, and several saving banks are the largest lenders.

As at 31 December 2018, of the Group's total loans, 40 per cent. carried variable interest rates and 60 per cent. were fixed rate loans. The majority of the loans have interest rate floors, which means the Issuer is not fully compensated for negative interest rates.

Property mortgages amounting to SEK 10,461 million provide security for a large part of the interest-bearing liabilities.

Bonds

Bank lenders continue to be conservative in terms of Loan to Value Ratios with most bank lenders requiring a Loan to Value Ratio of around 60 per cent. As such, in order to optimise the Issuer's capital structure, the Issuer is continuously seeking alternative funding forms, such as bonds. The Issuer has followed the trend in Sweden and in Europe, of issuing unsecured bonds instead of refinancing and borrowing new capital through the banking market.

As at 31 December 2018, the Group had outstanding bonds in the amount of SEK 6,925 million compared with SEK 6,601 million at 31 December 2017. Of the total outstanding bond volume at 31 December 2018, SEK 4,579 million were unsecured bonds.

On 24 July 2017, the Issuer issued hybrid securities of up to SEK 1,000,000,000 with a fixed interest rate of 7.5 per cent. (ISIN SE0010169508), with an initial amount issued of SEK 300,000,000. The noteholder of the hybrid securities received 35,000,000 warrants free of charge, entitling it to subscribe for ordinary shares of series B in the Issuer at a subscription price of SEK 7.40 per share. The hybrid securities were subordinated to the Issuer’s outstanding senior unsecured securities and were considered as 50 per cent. equity from a rating perspective (Fitch and Standard & Poor's). These hybrid securities were repurchased and cancelled following the issue of the hybrid securities mentioned in the paragraph below.

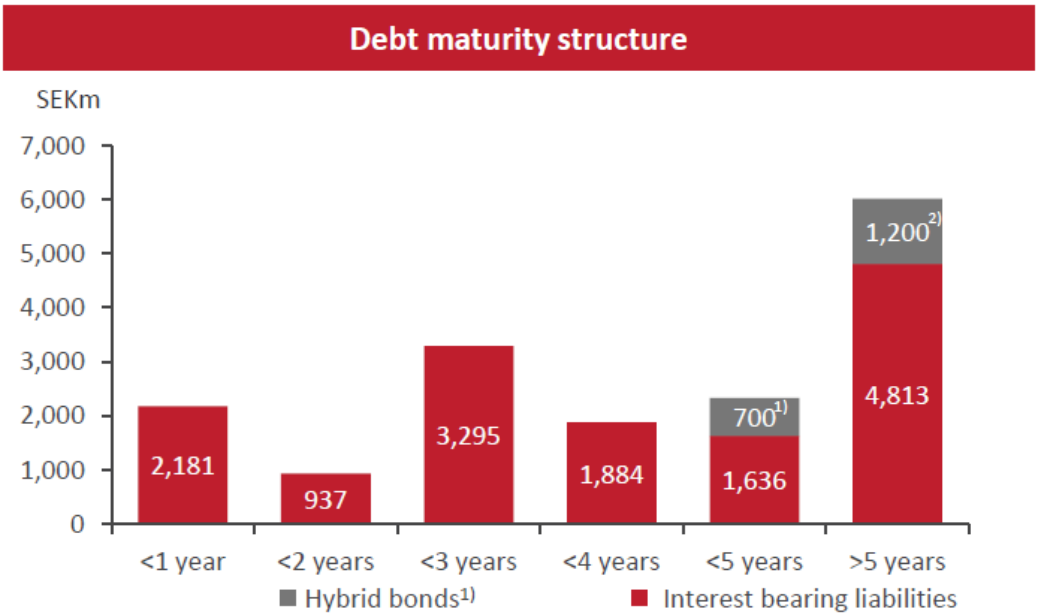
On 29 September 2017, the Issuer issued perpetual callable capital securities of up to SEK 1,000,000,000 with an interest rate of STIBOR 3m plus 7.0 per cent. (ISIN SE0010414599). As of the date of this Prospectus, capital securities of an amount equal to the total amount of SEK 1,000,000,000 have been issued. These capital securities have a similar structure to the repurchased hybrid securities mentioned in the paragraph above. They are subordinated to the Issuer’s outstanding senior unsecured securities and are considered as 50 per cent. equity from a rating perspective (Fitch and Standard & Poor's). The capital securities are listed on the corporate bond list of Nasdaq Stockholm under symbol SAMN 001.

On 13 September 2018, the Issuer issued subordinated perpetual floating rate callable capital securities of up to SEK 1,500,000,000 with an interest rate of STIBOR 3m plus 6.35 (ISIN SE0011642776). As of the date of this Prospectus, capital securities of an amount equal to the total amount of SEK 1,200,000,000 have been issued. The capital securities have a similar structure to the outstanding capital securities with

ISIN SE0010414599. They are subordinated to the Issuer's outstanding senior unsecured securities and are considered as 50 per cent. equity from a rating perspective (Fitch and Standard & Poor's). The capital securities have been listed on the corporate bond list of Nasdaq Stockholm. On 10 October 2018, the Issuer tapped the hybrid bond with ISIN SE0011642776 with a framework amount of SEK 1.5 billion with SEK 100 million. The issue price amounted to 101.35 per cent., corresponding to a margin of 606 basis points. Subsequently, another SEK 100 million was issued at an issue price of 101.8 per cent., corresponding to a margin of 597 basis points.

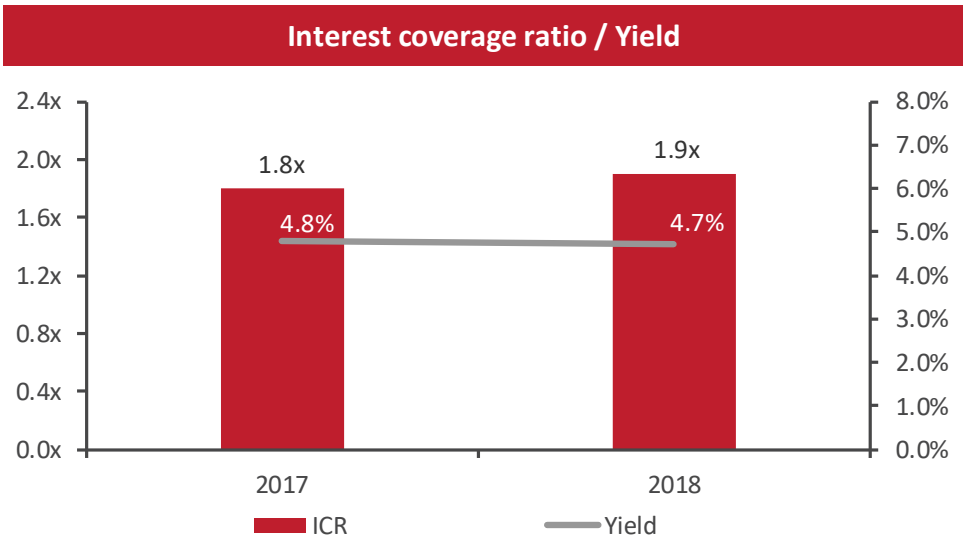
Debt Maturity

The table below shows the Debt Maturity profile for the Group's outstanding debt as at 31 December 2018.



Interest Coverage Ratio / Yield

The table below shows the Interest Coverage Ratio/Yield for the Group as at 31 December 2018 and 31 December 2017.



Description of Alternative Performance Measures

This section provides further information relating to alternative performance measures (**APMs**) for the purposes of the guidelines (the **Guidelines**) published by the European Securities and Markets Authority (**ESMA**). Certain of the financial measures included in the "*Description of the Group*" above can be characterised as APMs and set out below is a summary of the APM used, the definition, bases of calculation and reconciliation of such APMs and the rationale for their inclusion.

The Issuer believes that the presentation of these APMs is helpful to investors because these and other similar measures are used by certain investors as supplemental measures of performance and liquidity. However, these measures are not measures of financial performance under IFRS and should not be considered in isolation or as a substitute for operating profit, cash flow from operating activities or other financial measures of the Group's results of operations or liquidity computed in accordance with IFRS. Other companies, including those in the Group's industry, may calculate these measures differently from the Group. As all companies do not calculate such measures in the same manner, the presentation of these measures pertaining to the Group may not be comparable to other similarly titled measures of other companies.

Adjusted Equity Ratio (per cent.)	means reported equity including shareholder loans and convertibles, with reversal of reported deferred tax liability as a percentage of total assets.
Average Interest Rate (per cent.)	means the weighted average contracted interest rate on interest-bearing liabilities at the end of the period, excluding unutilised credit facilities.
Debt Maturity (years)	means the remaining maturity until the expiration for interest-bearing liabilities.
EBITDA	means earnings before tax, depreciation, interest rate costs and amortisation.
Equity Ratio (per cent.)	means reported equity as a percentage of total assets.
ICR	means EBITDA divided by interest rate costs.
Loan to Value Ratio (per cent.)	means net interest-bearing liabilities as a percentage of total assets at the end of the period.
Net Operating Income (SEK)	means Rental Income minus property costs.
Occupancy Rate (per cent.)	means Rental Income in relation to Rental Value.
Rental Income (SEK)	means debited rent for the period with deductions for rental losses and rental discounts.
Rental Value (SEK)	means contracted Rental Income plus estimated Rental Income for vacant contracts.
Surplus Ratio (per cent.)	means Net Operating Income as a percentage of Rental Income for the period.
Secured Loan to Value Ratio (per cent.)	means secured interest-bearing liabilities as a percentage of total assets at the end of the period.
Yield (per cent.)	means Net Operating Income in relation to the properties fair value at the end of the period.

The table below shows the method of calculation for Adjusted Equity Ratio (per cent.) for the years ended 31 December 2018 and 31 December 2017.

	31 December	
	2018	2017
	(SEK million)	
Adjusted Equity Ratio		
Reported equity	11,197	7,636
Shareholder loans and convertibles	0	0.074
Deferred Tax Liability	1,047	0.863
Total	**12,244**	**8,573**
Total Assets	**27,641**	**23,569**
Adjusted equity ratio	**44%**	**36%**

The table below shows the method of calculation for ICR for the years ended 31 December 2018 and 31 December 2017.

	31 December	
	2018	2017
	(SEK million)	
ICR		
Profit before financial items	0.983	0.801
Depreciation of assets	0.001	0.002
EBITDA	**0.984**	**0.803**
Interest expenses and similar	0.538	0.476
Interest income and similar	(0.004)	(0.012)
Interest on shareholder loans and convertibles	(0.003)	(0.01)
Prepayment fees	0	0
Net finance costs	**0.531**	**0.454**
ICR	**1.9x**	**1.8x**

The table below shows the method of calculation for Yield for the years ended 31 December 2018 and 31 December 2017.

	31 December	
	2018*	2017
	(SEK million)	
Market value	23,912	23,001
NOI	1,112	1,111
Yield	**4.7%**	**4.8%**

**Excluding building rights*

The table below shows the method of calculation for the Secured Loan to Value Ratio for the year ended 31 December 2018.

	31 December 2018
	(SEK million)
Liabilities to credit institutions	5,909
Secured bond loans	4,551
Secured Debt	**10,461**
Total Assets	**27,641**
Secured Loan to Value	**38%**

Covenants and Risk

The Issuer's financial risk exposure and positions can be valued by the use of, among other measures, the Equity Ratio and a gearing ratio. Credit agreements with banks and credit institutions often include covenants measuring the Group's Equity Ratio, interest coverage and leverage.

Pursuant to the current published financial policy of the Group, the Board has stipulated that: (i) the Group's Equity Ratio target is to maintain a ratio of at least 35 per cent. (as compared with the covenant level of 25 per cent. which is often included in the Issuer's bank financing), (ii) the Group's interest coverage ratio target is to maintain a ratio of at least 2.5 (as compared with the covenant level of 1.5 to 1.7 which is often

included in the Issuer's bank financing) and (iii) the Group's Loan to Value Ratio target is to maintain a Loan to Value Ratio of less than 50 per cent.

Property Portfolio

As at 31 December 2018, the Issuer held 570 registered properties in 131 municipalities, as compared with 749 registered properties in 128 municipalities as at 31 December 2017. 58 per cent, of these properties are located in Greater Stockholm, Greater Gothenburg, Greater Malmö, Oslo, Helsinki and Tampere. The total real estate value amounted to SEK 25.243 million (SEK 23,001 million as at 31 December 2017), the total lettable area was 1,330 thousand square metres (1,366 thousand square metres as at 31 December 2017) and the Rental Value was SEK 1,680 million (SEK 1,339 million as at 31 December 2017). The Occupancy Rate as at 31 December 2018 was 96 per cent. (97 per cent. as at 31 December 2017). At the same time, the average Yield for the Issuer's real estate portfolio, excluding land and building rights, was 4.7 per cent. As at 31 December 2017, the Yield for the Issuer's real estate portfolio was 4.8 per cent.

As at 31 December 2018, social infrastructure properties in Norway and Finland accounted for 30 per cent. and 1 per cent. respectively of the value of the Group's property portfolio. Approximately 61 per cent. of the value of the Group's property portfolio consisted of residential and social infrastructure properties in Sweden. In addition, the Issuer develops building rights for residential and social infrastructure properties in Sweden. The remaining 8 per cent. were properties in Sweden, where the Issuer actively conducts property development work to develop building rights for residential and social infrastructure.

The table below shows geographic distribution of the Group's property portfolio as at 31 December 2018 and 31 December 2017.

Market area	**As at 31 December 2017**			**As at 31 December 2018**		
	Lettable area	**Property value**	**No of properties**	**Lettable Area**	**Property Value**	**No of properties**
	(Area 000 sq metres)	*(SEK million)*		*(Area 000 sq metres)*	*(SEK million)*	
Greater Stockholm	185	3,769	107	209	5,228	114
Greater Malmo	156	2,443	59	184	3,129	72
Greater Gothenburg	116	1,124	22	114	1,041	22
Middle Sweden	387	4,198	217	386	4,538	224
Dalarna	248	2,647	144	228	2,775	90
Northern Sweden	133	1,439	182	71	880	22
Oslo, Norway	82	6,037	12	88	6,632	12
Kristiansand (includes Bergen in 2017), Norway	59	1,344	12	36	885	9
Helsinki and Tammerfors, Finland	0	0	0	14	134	5

(1) Expenses for property administration are included in recognised property expenses

The table below shows the distribution of the Group's property portfolio between residential, social infrastructure and other properties as at 31 December 2018 and 31 December 2017.

Market area	**As at 31 December 2017**			**As at 31 December 2018**		
	Lettable area	**Property value**	**No of properties**	**Lettable Area**	**Property Value**	**No of properties**
	(Area 000 sq metres)	*(SEK millions)*		*(Area 000 sq metres)*	*(SEK million)*	
Residential	510	5,859	387	502	6,720	220
Social Infrastructure	639	14,583	324	649	16,435	330
Other	216	2,559	38	179	2,088	20
Total	**1,365**	**23,001**	**749**	**1,330**	**25,243**	**570**

Regions

Overview of the Swedish, Finnish and Norwegian markets for housing and properties for public use

Sweden

Property yields continue to offer a spread over the central bank base rate in Sweden, given the continuing low interest rate environment. Sweden's real GDP is expected to grow somewhat faster than the 28 European Union Member States as a whole (the **EU28**) – expected Swedish real GDP growth is 2.7 per

cent. and 2.1 per cent. for 2018 and 2019 respectively compared to 2.3 per cent. and 2.0 per cent. respectively for the EU28.[1] Sweden's unemployment rate is expected to fall from 6.6 per cent. in 2017 to 6.4 per cent. in 2018.[2] Inflation in Sweden as per September 2017 to September 2018 is 2.3 per cent. and the repo rate has been kept at -0.50 per cent. since February 2016.[3] This economic environment has created a favourable investment climate in the Swedish property market and has contributed to a rise in property prices.

The rapidly growing population combined with urbanisation and the current rate of housing construction creates an imbalance between demand and supply, which has resulted in a shortage of housing in many cities.

Demand for community services, and therefore demand for properties for public use, is expected to increase as a consequence of the demographic trends of an ageing and increasing population. Within community services, private sector alternatives are steadily increasing, with the consequence that the construction of new properties for private sector alternatives is increasingly being carried out by parties other than the Government, municipalities or county councils. It is therefore likely that Sweden's stock of privately-owned properties for public use will continue to grow in the long-term. In addition, there is a substantial need for further development of school premises and nursing homes in Sweden and a strong trend towards urbanisation. The rental market for properties for public use is characterised by long leases, creditworthy tenants and low volatility as regards to rent levels and limited risk of vacancy.

Residential property rent levels are subject to regulatory restrictions in Sweden, which limits the ability of the Issuer to increase the rent payable by tenants. Rents in Sweden are negotiated annually between the landlord and the Swedish Union of Tenants in accordance with the system of utility value (Bruksvärdessystemet), which is the form of rent control in Sweden. This system implies that rent levels should be proportionate to the quality and standard of the property in question and can only be increased to a level that is in line with the rent that is charged on other comparable residential units. Typically the annual rent increase is in line with inflation or up to 1 per cent. in excess thereof.

Rent control, which has been in place since the 1940s, has resulted in rent levels not being set at the market level. Although rent control currently leaves rent levels below where they could be, it ensures that vacancies are very low as demand exceeds supply. As a result, the Issuer considers its income stream to have a high level of predictability. In more attractive residential areas rent control has depressed the value of properties with rental apartments compared to ownership apartments.

Norway

In the first half of 2018, mainland output growth (which excludes oil and gas production) in Norway was robust (with mainland GDP expected to rise to 2.0 per cent. in 2018 compared to 1.9 per cent. in 2017), boosted by an increase in oil prices, monetary and fiscal policy support and currency depreciation. In addition, the unemployment rate continued to decline (to an expected 3.7 per cent. in 2018 compared with 4.2 per cent. in 2017), consumer-price inflation remained low and the negotiated benchmark wage increase for 2018 was moderate, at 2.8 per cent.

Housing construction has generally slowed down, and output growth is expected to be moderate in 2019 (with mainland GDP forecast to drop slightly to 2.1 per cent. in 2019). The housing-market slowdown is the result of macro-prudential measures curtailing housing credit growth, and the adjustment of banks' safety margins via the counter-cyclical capital buffer.

In response to strong economic growth in 2018, the government changed its fiscal and monetary policies to adopt a more neutral stance in its 2018 budget. In addition, in March 2018, Norges Bank reduced its inflation target from 2.5 per cent. to 2 per cent. while announcing an increase of its policy rate in the autumn

[1] Eurostat, https://ec.europa.eu/info/sites/info/files/ economy-finance/ecfin_forecast_winter_0718_se_en.pdf
[2] Eurostat, https://ec.europa.eu/info/sites/info/files/economy-finance/ecfin_forecast_winter_0718_se_en.pdf
[3] Sveriges Riksbank, https://www.riksbank.se/sv/statistik/sok-rantor--valutakurser/reporanta-in--och-utlaningsranta/

of 2018 to limit price and wage inflation.[4] In September 2018, Monetary Policy Report implied two similar rate hikes in 2019 and an additional two in 2020.[5]

Finland

In 2017, Finland's economy grew by 3.3 per cent., which is faster than the EU28 area average. This growth was supported by net exports, higher investment and robust private consumption. GDP growth is forecast to reduce slightly in 2018, reaching 2.8 per cent., with exports, private consumption and investment growth projected to expand further as a result of the increase in household disposable income, the improved situation in the labour market and the historically high level of consumer and business confidence. In 2019, GDP growth is forecast at 2.0 per cent. due to an expected slowdown in private consumption.

Employment creation has grown throughout 2017 and 2018, as Finland's economic expansion continues. However, unemployment rates are set to fall slowly and remain high in 2018 and 2019 while employment growth will be restrained by the ongoing contraction in the working-age population, labour market mismatch problems and high structural unemployment.[6] Inflation is forecast to pick up gradually to reach 1.4 per cent. in 2018 and 1.6 per cent. in 2019.[7]

As is the case with many Nordic countries, one of the long-term threats to future growth in Finland is its aging population. According to Statistics Finland the percentage of the Finnish population over the age of 65 was 20.5 per cent. – they expect this to rise to 24.2 per cent. by 2025.[8] Given the ageing population, the demand for community services and by extension properties for public use, is on the rise. Healthcare properties are a diversified market segment consisting of assisted living facilities and nursing homes for different target groups (e.g. elderly people and mental patients as well as disabled people), children's day care facilities, medical facilities and even hospital properties. In the Finnish context, most of these facilities have traditionally been owned by municipalities and other public-sector organisations, which have also provided social services and have operated the facilities.[9]

The Finnish real estate investment market has been active in recent years with interest from foreign investors increasing the volume of sales, size of the market and reducing required yields. The Finnish real estate market is particularly large in proportion to the size of its economy (in 2017, it represented 28 per cent. of Finland's GDP). In the housing market, construction is expected to grow in 2018 and 2019. In the commercial property market, new construction of retail and office premises rose sharply in 2017 but is expected to slow down slightly in 2018. In addition, the market is polarised (with growth mainly taking place in Helsinki) and less attractive areas suffer from underutilisation.[10]

Greater Stockholm

The Stockholm region consists of Stockholm County and nearby municipalities including Uppsala and Västerås.

As at 31 December 2018, the Group owned a total of 114 properties in the region (as compared with 107 properties as at 31 December 2017) with a total rentable area of 208,947 square metres (as compared with 185,000 square metres as at 31 December 2017) and a market value of SEK 5,228 million (as compared with SEK 3,769 million as at 31 December 2017).

Greater Malmö

The region of Greater Malmö consists primarily of the municipalities of Malmö, Lund and Karlskrona and neighbouring municipalities.

As at 31 December 2018, the Group owned a total of 72 properties in the region (as compared with 59 properties as at 31 December 2017) with a total rentable area of 183,514 square metres (as compared with

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4 OECD, http://www.oecd.org/eco/outlook/economic-forecast-summary-norway-oecd-economic-outlook.pdf
5 https://www.norges-bank.no/en/Published/Publications/Monetary-Policy-Report-with-financial-stability-assessment/
6 https://www.suomenpankki.fi/en/media-and-publications/releases/2018/Finnish-economy-booming/
7 Eurostat, https://ec.europa.eu/info/sites/info/files/economy-finance/ecfin_forecast_winter_0718_fi_en.pdf
8 https://www.stat.fi/til/vaenn/2015/vaenn_2015_2015-10-30_en.pdf.
9 https://kti.fi/wp-content/uploads/The-Finnish-Property-Market-2018_web.pdf.
10 Bank of Finland https://www.bofbulletin.fi/en/2018/2/the-finnish-real-estate-investment-market/

156,000 square metres as at 31 December 2017) and a market value of SEK 3,129 million (as compared with SEK 2,443 million as at 31 December 2017).

Greater Gothenburg

The region of Greater Gothenburg includes the municipality of Gothenburg and nearby municipalities and the municipality of Falkenberg.

As at 31 December 2018, the Group owned a total of 22 properties in the region (as compared with 22 properties as at 31 December 2017) with a total rentable area of 114,329 thousand square metres (as compared with 116,000 square metres as at 31 December 2017) and a market value of SEK 1,041 million (as compared with SEK 1,124 million as at 31 December 2017).

Middle Sweden

The region of Middle Sweden consists of a number of municipalities between the regions Greater Stockholm, Greater Gothenburg, Greater Malmö as well as the municipalities of Oskarshamn, Motala and Karlstad.

As at 31 December 2018, the Group owned a total of 224 properties in the region (as compared with 217 properties as at 31 December 2017) with a total rentable area of 386,220 thousand square metres (as compared with 387,000 square metres as at 31 December 2017) and a market value of SEK 4,538 million (as compared with SEK4,198 million as at 31 December 2017).

Dalarna

The Dalarna region consists of Dalarna County and includes Falun, Borlänge and Ludvika municipalities.

As at 31 December 2018, the Group owned a total of 90 properties in the region (as compared with 144 properties as at 31 December 2017) with a total rentable area of 228,125 square metres (as compared with 248,000 square metres as at 31 December 2017) and a market value of SEK 2,715 million (as compared with SEK2,647 million as at 31 December 2017).

Northern Sweden

The region of northern Sweden consists of all municipalities north of Dalarna County.

As at 31 December 2018, the Group owned a total of 22 properties in the region (as compared with 182 properties as at 31 December 2017) with a total rentable area of 70,561 thousand square metres (as compared with 133,000 square metres as at 31 December 2017) and a market value of SEK 940 million (as compared with SEK1,439 million as at 31 December 2017).

Oslo, Norway

The Oslo region includes the city of Oslo and neighbouring municipalities.

As at 31 December 2018, the Group owned a total of 12 properties in the region (as compared with 12 properties as at 31 December 2017) with a total rentable area of 87,813 thousand square metres (as compared with 82,000 thousand square metres as at 31 December 2017) and a market value of SEK 6,632 million (as compared with SEK6,037 million as at 31 December 2017).

During 2017, the Group acquired Barcode 121, which houses DNB's headquarters with a rental area of just over 49,000 square metres as well as two additional social infrastructure properties totalling approximately 12,000 square metres.

Kristianstad, Norway

The Kristianstad region consists of Kristiansand and nearby municipalities.

As at 31 December 2018, the Group owned a total of 9 properties in the region (as compared with 8 properties as at 31 December 2017) with a total rentable area of 36,261 thousand square metres (as compared with 54,000 thousand square metres as at 31 December 2017) and a market value of SEK 885 million (as compared with SEK1,344 million as at 31 December 2017).

Helsinki and Tammerfors, Finland

The Finland region consists of Helsinki, Tammerfors and neighbouring municipalities.

As at 31 December 2018, the Group owned a total of 5 properties in the region with a total rentable area of 14,278 square metres and a market value of SEK 134 million. The Group acquired the above properties during 2018. The properties are used as care homes with Luhatuuli Oy, Esperi Care Oy and Mehiläinen Hoivapalvelut as tenants.

The Group's Tenants

As set out in the table below, as at 31 December 2018, the Rental Income attributable to the ten largest social infrastructure properties tenants of the Group corresponded to 51.3 per cent. of the Group's Rental Income for social infrastructure properties and 31.9 per cent. of the total Group's Rental Income.

Tenant	**Rental Income SEK million**
DnB Bank ASA	192
Statsbygg	97
Ambea	51
Västra Götalands Läns Landsting	29
Karlskrona Kommun	28
Lunds Universitet	24
Landstinget Dalarna	22
Attendo	22
Stockholms Kommun	21
Academedia	20
TOTAL	**506**
TOTAL GROUP COMMUITY SERVICE PROPERTIES	**987**
Share	51.3%
Total SBB	**1,585**
Share	31.9%

The table below sets out the breakdown of the Group's Rental Income per tenant category for the twelve month rolling periods ended 31 December 2018 and 30 December 2017.

	2018		**2017**	
Classification[(1)]	**Rental Income** *(SEKm)*	**Total** *(per cent.)*	**Rental Income** *(SEKm)*	**Total** *(per cent.)*
Residentials	451	28	501	32
Group Housing (LSS)	171	11	141	9
Government	688	43	676	43
Indirect government	133	8	88	6
Other	142	9	181	11
Total	**1,585**	**100**	**1,588**	**100**

(1) Classification made on contract level

In the year ended 31 December 2018, the Group's income from social infrastructure properties was SEK 987 million. The table below sets out the breakdown of the Group's Rental Income from social infrastructure properties by sector.

Sector	*Percentage*
DNB HQ	19
Group Housing (LSS)	17
Education	17
Elderly care	14
Municipality houses and ministry	12
Offices	10
Health care	8
Police and justice	3

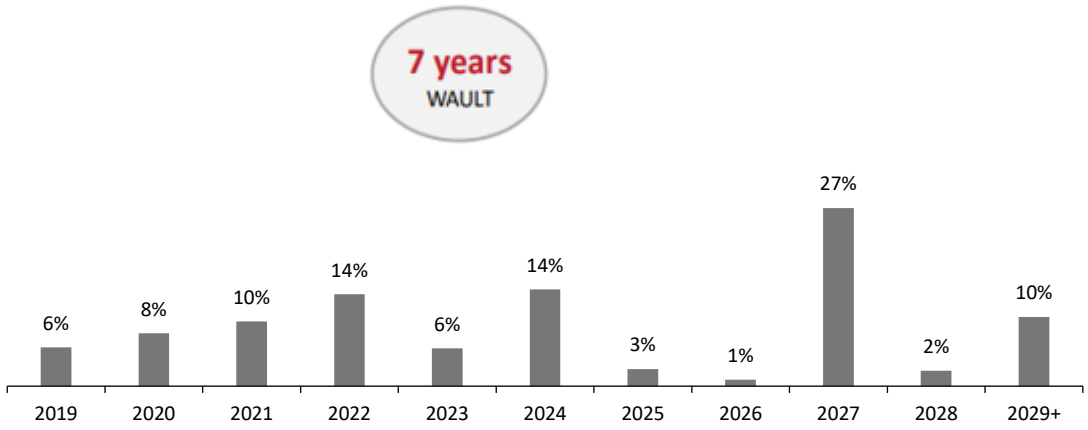
The table below set out the average Rental Income per square metre by classification:

Classification	*Average Rental Income (SEK) per Square Metre*
Health Care	920
Education	1,476
Group Housing (LSS)	1,316
Elderly care	1,183

Average Lease Term for Social Infrastructure Properties

The lease agreements for social infrastructure properties are characterised by long maturities and low relocations. As set out in the graph below, as at 31 December 2018, the Issuer's weighted average unexpired lease term was 7 years. This was unchanged as compared to 31 December 2017.

The lease agreements for residential properties typically have a three-month notice period in favour of the tenants. By contrast, it is difficult for property owners to give notice on a residential lease meaning tenants benefit from security of tenure.



Occupancy Rates

The table below sets out the Group's occupancy rates as at 31 December 2018.

Market	As at 31 December 2018 Occupancy Rate *(per cent.)*
Social Infrastructure Properties	98
Residential	96
Other	86
Total	**96**

Region	As at 31 December 2018 Occupancy Rate *(per cent.)*
Dalarna	95
Greater Gothenburg	92
Middle Sweden	94
Greater Malmö	96
Greater Stockholm	97
Northern Sweden	96
Oslo, Norway	100
Kristiansand, Norway	100
Finland	100

As at 31 December 2018, the Group's occupancy rate was 96.2 per cent, which is substantially unchanged as compared to 31 December 2017 (96.8 per cent.).

Property Acquisitions

During the year ending 31 December 2018, there was a slowdown in acquisitions with a total of 98 properties acquired with a total lettable area of 211,000 square metres (compared to 400 properties acquired with a total lettable area of 741,000 square metres during the twelve months ending 31 December 2017). The largest investment was Kadetten 29 with a lettable area of 10,100 square metres. The slowdown in acquisitions described above can be explained by the focus of the Issuer on consolidating its business.

On 16 August 2018, the Issuer signed a letter of intent to invest in excess of SEK 1 billion in Skellefteå Cultural Centre signing a 50 year lease with Skellefteå Municipality.

On 20 December 2018, the Issuer signed an agreement with M2 Asset Management AB to acquire 1,363 apartments allocated to 50 properties in Södertälje, Enköping, Sigtuna, Tierp, Tranås, Vaggeryd, Söderhamn and Nässjö for a value of SEK 1,305 million.

Valuation model

The Issuer reports investment properties at fair value. Every quarter, all properties are valued. According to the valuation policy, external valuers evaluate the entire portfolio every six months and the remaining quarters are valued internally. The value of the property portfolio at 31 December 2018, was based on external valuations made by Newsec, Savills and JLL. The value of the property portfolio at 31 December 2017 was based on external valuations made by Newsec, JLL, Forum and Savills. The valuations are based on an analysis of future cash flows for each property, taking into account current lease terms, market conditions, rental levels, operating, maintenance and administration costs as well as investment needs. The rate of return applied for the valuations range from 2.35 per cent. to 8.5 per cent. as of 31 December 2018. The value of the portfolio as at 31 December 2018 includes approximately SEK 1,331 million for building rights, which were valued using the local rate method, which means that the valuation is based on comparisons of prices for similar building rights. Fair value has thus been assessed in accordance with IFRS 13 level 3.

Renovation

A significant part of the Issuer's residential portfolio was built between the years 1960 and 1975 and requires some refurbishment to meet current and future tenant requirements for quality and comfort, as well as to meet current technical standards. This is achieved by successive renovations coordinated with end of lease vacancy periods of the apartments. The Issuer targets value-creating refurbishment to a new modern standard in order to generate increased Rental Income and lower operating cost through energy saving measures. Prior to renovation, an assessment is made as to whether additional value-creating changes can be made. For example, large rooms of apartments are reconfigured to create extra rooms so that the property can be better utilised in the future. The Issuer aims to renovate to an attractive standard that appeals to both new and existing tenants. Once renovations are planned, the Issuer strives to reach agreement with the tenant association on a new rent level that will recognise the value added by the renovation. The Issuer has already reached agreement for approximately 70 per cent. of its properties that it intends to renovate, and negotiations are in progress in relation to the remainder. Since autumn 2017, the Issuer has renovated approximately 400 apartments for a total value of approximately SEK 160 million.

Development Projects

The Issuer has a property development team headed by Deputy CEO Krister Karlsson. The Issuer property development team aims to convert certain of the Group's properties into flexible and effective building rights (that permit tenancy housing, tenant-owned apartments as well as social infrastructure buildings). The Issuer has developed building rights that suit a wide range of investors such as co-operatives, listed companies and municipal housing companies. The Issuer also has extensive experience in initiating and executing sales early in the planning process.

The Issuer had approximately 50 ongoing development projects in various planning phases with a total of approximately 900,000 square metres gross floor area (**GFA**) as at 31 December 2018. The planning

process consists of four phases: project idea and planning application (Phase 1), planning notification (Phase 2), procedure before approval of the zoning plan (Phase 3) and approval of the zoning plan (Phase 4). The Issuer takes a very limited production risk and usually sells the building rights when the zoning plan is approved.

During 2018, SBB's property development organisation had properties containing approximately 270,000 square metres GFA building rights amounting to a value of approximately SEK 780 million.

Joint Ventures

As at 31 December 2018, the Issuer had participations in associated companies and joint ventures amounting to SEK 213 million and receivables from associated companies and joint ventures amounted to SEK 1,574 million.

The largest joint venture by reported value was HusBacc Utv Hold AB with a reported value of SEK 157 million. The Issuer has a 50 per cent. equity stake in the HusBacc Utv Hold AB joint venture (with HSB Förening) and eleven other joint ventures.

In 2018, the Issuer sold two student housing properties to the newly established company Studentbostäder i Sverige AB (**Studentbostäder**), which is owned jointly with Offentliga Hus (publ) and Amasten AB (publ). The Issuer's holding in Studentbostäder is 23.10 per cent. Studentbostäder's property portfolio consists of 21 properties with a value of SEK 900 million.

During the quarter ended 31 December 2018, the Issuer formed a joint venture together with Property AD AB. The company has 39 properties at an underlying property value of SEK 1,153 million. The properties are centrally located in the municipalities of Oskarshamn, Västervik, Nyköping, Karlskrona, Hudiksvall, Karlstad, Älvdalen, Malung-Sälen, Motala, Hedemora, Tomelilla, Hörby, Ludvika, Skövde, Ovanåker, Helsingborg, Flen, Norrköping, Torsby, Hagfors and Svalöv. The total lettable area comprises 108,248 square metres with an operating net profit of approximately SEK 59 million during the quarter ended 31 December 2018. The properties include both residential and office buildings. The joint venture company focus will be on transactions and leasing and letting.

During the quarter ended 31 December 2018, the Issuer also sold 1,600 apartments for a value of SEK 1,375 million to a joint venture co-owned with KlaraBo Förvaltning AB. The properties are located in the municipalities of Bollnäs, Borlänge, Ludvika, Malmö, Smedjebacken and Sundsvall.

Among the associated companies and joint ventures there are both companies that own investment properties and companies that will develop building rights.

Recent Developments

On 28 December 2018 the Issuer announced the issue of 4,064,516 shares of class D. These shares were registered on 14 January 2019. On 28 March 2019, the Issuer announced the issue of 9,193,549 shares of class D and on 3 April 2019, the Issuer announced the issue of a further 19,422,377 shares of class D. The use of the proceeds of the new issuances are to fund the repurchase of the Group's secured debt, to raise additional working capital, and to actively manage the portfolio of assets and linked liabilities. As of the date of this Prospectus the Issuer has issued 74,306,832 shares of class D, of which 11,218,513 are pending registration with the Swedish Companies Registration Office.

The Issuer actively looks at opportunities for the purchase of properties that fit with the Issuer's investment strategy. The Issuer may also divest non-core assets where such divestments fit the Issuer's investment strategy and active portfolio, asset and liability management.

On 16 April 2019, the Issuer announced that it had entered into an agreement for the sale of DNB's head office in central Oslo to DNB Liv at a price of SEK 4,897 million (NOK 4,487.5 million). Closing of the transaction is scheduled to take place on 30 April 2019. The Issuer intends to use the proceeds of the sale, together with the proceeds of the Capital Securities, for the redemption of existing secured indebtedness and new investments in social infrastructure (including elderly care homes, group housing and schools) in the Nordics and rent regulated residentials in Sweden.

OWNERSHIP STRUCTURE OF THE ISSUER

The Board, Management and Auditors

The Board consists of seven (7) members. The registered office of each member of the Board and management is at the Issuer's address Strandvägen 3, SE-114 51 Stockholm, telephone +46 70 674 44 42. Several members of the Board own, either directly or indirectly, shares in the Issuer. Ilija Batljan is, directly and indirectly, the largest shareholder in the Issuer, which could entail a potential conflict of interest. The Issuer manages potential conflicts of interests by adhering to corporate governance rules as described in the Swedish Corporate Governance Code, which amongst other things includes a requirement to have a formal and openly stated process for deciding on remuneration of members of the Board and the executive management. In addition, the Issuer follows internal governance procedures in order to avoid conflicts of interest as far possible. There are no other conflicts of interest or potential conflicts of interest between the private interests of members of the Board or the management and the Issuer's interests.

Board of Directors

Lennart Schuss

Chairman of the Board (since 2017)

Experience: Founding partner of Catella Corporate Finance Sweden

Other significant assignments: Previously Chairman of Gimmel Fastigheter AB and member of the Genesta advisory board

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

Ilija Batljan

Member of the Board, CEO (since 2017)

Experience: CEO and Founder of Samhällsbyggnadsbolaget i Norden AB, Deputy CEO and Head of Business Development at Rikshem AB 2011-2016

Other significant assignments: Chairman of Cryptzone Group AB

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

Sven-Olof Johansson

Member of the Board (since 2017)

Experience: CEO and founder of FastPartner AB (publ)

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

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

Hans Runesten

Member of the Board (since 2014)

Experience: Previously CEO of Effnetplattformen AB (publ) and Member of the Board of Stendörren Fastigheter AB (publ)

Other significant assignments: Chairman of Effnetplattformen AB (publ)

Education: BSc Economics and Business from Stockholm University

Eva Swartz Grimaldi

Member of the Board (since 2017)

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

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

Fredrik Svensson

Member of the Board (since 2018)

Experience: Chairman of the Board at Arvid Svensson Invest AB and CEO at Aktiebolaget Arvid Svensson

Other significant assignments: Member of the Board of Balder AB

Education: Degree of Master of Science in Business and Economics, Linköping University.

Anne-Grete Strøm-Erichsen

Member of the Board (since 2017)

Experience: Partner in Rud Pedersen Public Affairs Norge AS and Chairman of Dips AS

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

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

CEO and other Management

The CEO is appointed by the Board and is responsible for the ongoing management of the Issuer and the Group's operations in accordance with the Board's instructions and regulations. The division of responsibilities between the CEO and the Board is stated in the Board's rules of procedure and the Board prepared CEO's instructions. The CEO acts as the chairman of the management team and makes decisions in consultation with the executive management team. This consists of six people, in addition to Ilija Batljan (CEO): Krister Karlsson (Deputy CEO, Property Development Manager), Lars Thagesson (Deputy CEO and COO), Eva-Lotta Stridh (CFO), Rosel Ragnarsson (Head of Finance), Oscar Lekander (Business Development Manager) and Adrian Westman (Head of Investor Relations).

Management

Ilija Batljan – CEO (since 2016)

Lars Thagesson – Deputy CEO and COO (since 2018)

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

Eva-Lotta Stridh – CFO (since 2016)

Rosel Ragnarsson – Head of Finance (since 2017)

Oscar Lekander – Head of Business Development (since 2016)

Adrian Westman – Head of Investor Relations (since 2018)

Auditors

The auditors are responsible for the audit of the Issuer's financial accounts and accounting, as well as the Board and executive management's conduct and management. At the annual general meeting of the Issuer held on 27 April 2018 (the **AGM**), the registered accounting firm Ernst & Young AB was elected auditor

for the period until the Annual General Meeting in 2019. The Authorised Public Accountant, Ingemar Rindstig, has been appointed as the Chief Auditor. The Chief Auditor's task is to review the Issuer's and the Group's annual accounts and bookkeeping, as well as the Board and CEO's management of the Issuer and the Group.

The Chief Auditor shall report to the Audit Committee on significant errors in the field of accounting and in the event of suspicions of irregularities. The Chief Auditor must report to the Board at least one to two times a year, with their observations following the audit of the Issuer and its assessment of the Issuer's internal control.

The Chief Auditor also participates at the AGM and describes the audit work and the observations made. In addition to the audit assignment, Ernst & Young has been hired for additional services in 2017, mainly tax and accounting issues, but also share issuances.

Board Committees

The Board currently has two committees: an Audit Committee and a Remuneration Committee. The members of each committee are appointed for one year at the statutory Board meeting. The work and the committee's decision-making rights are governed by the annual committee instructions.

Audit Committee

The Audit Committee is responsible for monitoring the Issuer's financial reporting and the effectiveness of the Issuer's internal control and risk management. The Audit Committee is also informed of the annual report and consolidated accounts. The Audit Committee reviews and monitors the Chief Auditor’s independence and integrity, and in particular follows up if the Chief Auditor provides the Issuer with any other services. The Audit Committee also supports proposals for the AGM's decision on auditor's election.

According to the Code, the Audit Committee shall consist of at least three members, of which the majority shall be independent in relation to the Issuer and Group management and at least one independent in relation to the Issuer's majority shareholders. The Audit Committee currently consists of the entire Board and Audit Committee meetings remain an integral part of the Board's work.

Remuneration Committee

The Remuneration Committee prepares questions regarding remuneration principles of the CEO and other senior executives, and in accordance with remuneration principles, it prepares an individual remuneration proposal for the CEO for decision by the Board.

These principles include: *inter alia*, the ratio between fixed and possible variable remuneration, the relationship between performance and remuneration, the main conditions for any bonus and incentive programmes, the main conditions for non-monetary benefits, retirement, termination and severance pay. The CEO also applies to the Board to determine remuneration and other terms of employment. However, decisions on share-related incentive programmes for Group management are addressed at the AGM. The Remuneration Committee further assists the Board in monitoring the Issuer's compliance with the law, stock exchange rules and the code of provisions regarding disclosure of any information that has been given to the CEO and other senior executives. The Remuneration Committee also has to follow and evaluate any ongoing and completed programmes for variable remuneration and the application of guidelines for the CEO and other senior executives, the latter of which is decided at the AGM, in addition to applicable remuneration structures and levels. The Remuneration Committee consists of Board members Eva Swartz Grimaldi (Chairman) and Lennart Schuss, who are considered independent in relation to the Issuer and Group management.

Internal Control of Reporting and Risk Management

The Issuer's internal control of financial reporting is designed to manage risks and ensure high reliability in the processes of preparing financial statements and to ensure compliance with applicable accounting requirements and other requirements for the Issuer as a listed company. The Board is responsible for the internal control of the Issuer regarding financial reporting. The Issuer follows the Committee of Sponsoring Organizations of the Treadway Commissions (COSO) framework to evaluate an enterprise's internal control over the financial reporting, Internal Control - Integrated Framework, which consists of the

following five components: control environment, risk assessment, control activities, information and communication as well as follow-up.

Control Environment

The distribution and delegation of responsibility for internal control functions have been documented and communicated to the Board and the Issuer under the following documents:

- The Board of Directors Rules of Procedure
- Instructions to the CEO
- Delegation Scheme
- Attestation Rules
- Other internal control documents (for example, the Financial Policy and Business Policies)

All internal control documents are regularly updated following changes, for example, in legislation, accounting standards or listing requirements, and when otherwise needed.

Risk Assessment

In accordance with the rules of procedure, the Board and the Audit Committee review the Issuer's internal controls once a year. Risks are identified and measures are taken to reduce these risks. The Chief Auditor is invited to detail its report on internal control at a Board meeting and to the Audit Committee. The significant risks the Issuer has previously identified are errors in accounting and valuation of the properties, credit risks, refinancing risks, interest rate risks, taxes and VAT, as well as the risk of fraud, loss or misappropriation of assets.

Control Activities

The Issuer has a risk management policy in place. The Issuer's financial system is structured so that the entering into agreements and the payment of invoices must follow the decision-making, corporate and attestation rights specified in the internal control documents. This control structure seeks to counteract and prevent the risks identified by the Issuer. In addition to these control structures, a number of control activities are undertaken to further detect and correct errors and discrepancies. Such control activities consist of follow-up at various levels of the organisation, such as: reconciliation of the Board resolutions, review and comparison of profit and loss accounts, account reconciliation and approval and accounting of business transactions within the finance department.

Material Contracts

Acquisition and transfer agreements

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

In acquisition agreements, the seller regularly provides certain fixed-term guarantees regarding the property sold and the acquired company. In cases where a company within the Group sells properties and companies, warranty claims may be brought by the buyer regarding any damage that has arisen. Historically, no material warranty claims have been brought against the Group and no claims under any guarantees are currently outstanding. Registered ownership (Sw. *lagfart*) has been received for all properties acquired by the Group.

Commercial leases

As at 31 December 2018, the Group has approximately 14,000 contracted leases, mainly relating to residential properties, social infrastructure properties and commercial premises in lower floors and development properties in the form of office/industrial/warehouse. The Group's lease agreements are

typically based on the Swedish Property Federation's (Sw. *Fastighetsägarna*) standard form agreement and are subject to annual rent adjustments that are linked to adjustments to the consumer price index. The agreements typically contain an appendix with specific provisions for the relevant lease and usually a term of three to five years with a typical notice period of nine months.

The lease with the Group's largest rental customer in terms of Rental Income, DNB Bank ASA (**DNB**), corresponds to approximately 12.1 per cent. of the Group's Rental Income. Under the lease agreement with DNB, a fixed base rent is issued and the rent is subject to annual indexation in accordance with the Norwegian consumer price index. No part of the rented premises may be terminated during the term of the agreement. The remaining term of the lease agreement with DNB is approximately nine years. In addition, DNB is entitled to an extension of the lease agreement over a total of ten years (divided into two prolongations every five years) on market terms.

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

Employees

As at 31 December 2018, the Issuer had 128 employees as compared with 37 as at 31 December 2017. The knowledge, experience and commitment of the Issuer's employees are important for the Group's future development.

Employee benefits include salaries, paid leave, paid sick leave, and other benefits as well as pensions. The Group has only defined contribution pension plans. Defined contribution plans are reported as costs in the period in which premiums paid are attributable.

Sustainability

The Issuer defines sustainable development as taking responsibility for the long term economic, environmental and social results of business practice and operations. The Issuer's Code of Conduct and Sustainability Policy are based on its values. The Issuer must comply with applicable laws and regulations, and work in the long-term in accordance with principles that guarantee a high standard of morals and ethics both internally and externally. The Issuer also supports the UN Global Compact principles.

The Issuer's sustainability strategy stems from its values of long-term approach, development-oriented focus and reliability. Sustainability is a concept that includes all of the work undertaken by the Issuer. The Issuer's sustainability work is primarily governed by internal processes and external regulations. This minimises risks while contributing to a sustainable society and ensures long-term value creation. The Board annually decides on the Code of Conduct and the Sustainability Policy as well as goals for sustainability work. Since its inception, the Issuer's property development work has focused on minimising environmental impact and CO^2 emissions including working with the municipality of Nyköping to develop the area around the city's central station. Building centrally with good access to public transportation is a very important aspect from a sustainability perspective. By offering high-quality residential areas with access to schools, nursing homes and good commuting opportunities, the Issuer minimises the strain on the environment.

Green Bond Framework

On 25 June 2018, the Issuer set up a Green Bond Framework in order to be able to issue green bonds in the future. The Green Bond Framework is in line with the Green Bond Principles, which have been developed by the International Capital Markets Association (ICMA). The Issuer commissioned and received an independent valuation by Cicero (Centre for International Climate Research, Oslo) of the Green Bond Framework and associated steering documents and routines for assessing the environmental impact of the projects. Following their assessment of project type, steering document goals and reporting standards, the Issuer's Green Bond Framework received a 'Medium Green' assessment by Cicero.

On 14 February 2019, the Issuer issued senior unsecured floating rate green notes up to a maximum of SEK 2,000,000,000 with an interest rate of STIBOR 3m plus 3.30 per cent. (with ISIN SE0012256741). As of the date of this Prospectus, notes of an amount of SEK 500,000,000 of the total amount have been issued. The notes are listed on the sustainable bond market of Nasdaq Stockholm. These notes were considered to align with the Green Bond Principles and given a score of 64/E2 by S&P Global Rating (**S&P**) in a green evaluation report published on 4 February 2018. S&P's evaluation was based on transparency, governance,

mitigation and/or adaptation considerations. In particular, S&P emphasised that the Issuer's Green Bond Framework contains positive features, including a third-party verification of the environmental impact of the transaction.

Environment

Property management and property development have an environmental impact. The Swedish Environmental Code (1998:808) states that anyone who has carried out an activity that contributed to pollution is also responsible for remedying it. If the responsible person cannot carry out or pay for the remediation of the contaminated property, the person who acquired the property is responsible for remediation as long as the buyer knew or should have known at the time of acquisition. This means that claims under certain conditions may be directed against the Group for land remediation or for remedying actual or suspected contamination of land, water areas or groundwater in order to reinstate the property to the requirements of the Swedish Environmental Code.

As part of the acquisition process, a thorough analysis of possible environmental risks is made prior to each acquisition. The Issuer does not conduct any business that requires special environmental permits, but property management and property development can cause environmental impact. At present, the Issuer is not aware of any significant environmental claims that may be directed against it.

The Issuer's environmental work is integrated into the organisation and property portfolio. The work is conducted continuously and targeted to achieve continuous improvements. Sustainability issues are integral to business plans established for each region within the Issuer. Some measures require investment and are therefore found in the Issuer's maintenance plans. The measures included are to reduce energy use in the Group's properties, to streamline transportation to and from properties, to make smarter purchases to ensure the use of environmentally-friendly and energy-efficient materials for repairs and maintenance and to work proactively with regular environmental issues. Current legislation and environmental requirements, together with the Issuer's Code of Conduct and Sustainability Policy, form the basis of the work involving both employees and tenants as suppliers and contractors.

Social Engagement

The Issuer acts as a business, employer and community participant in a large number of locations in Sweden. The Issuer prioritises its social sustainability work with young people living in the Group's residential areas and the Issuer's employees. It is through the employees' involvement, development and competence that the corporate culture is created. All employees are offered a developmental and responsible work where the balance between work and privacy is also important. The Group contributes to the Mentor Sverige programme.

TAXATION

Certain Swedish tax considerations

The following is a general description of certain Swedish tax consequences relating to the acquisition, ownership and disposal of Capital Securities (i.e. perpetual securities in respect of which there is no fixed redemption date). The summary is based on Swedish tax legislation currently in effect and is only intended to provide general information. Consequently, the summary is not exhaustive and does not address all potential aspects of Swedish taxation that may be relevant for a prospective purchaser of Capital Securities and the summary is neither intended nor should be construed as legal or tax advice. The summary does for example not cover (i) Capital Securities held as current assets in a business operation, (ii) Capital Securities held via a capital insurance policy *(Sw. kapitalförsäkring),* (iii) Capital Securities held on an investment savings account *(Sw. investeringssparkonto*), or (iv) taxation of foreign exchange gains and losses in connection with an investment in the Capital Securities. Special tax rules apply to certain categories of taxpayers, such as investment companies and insurance companies. These rules are not described in this summary.

Also, the summary does not cover the rules on reporting obligations for, among others, payers of interest.

Since the tax treatment of each Holder depends on the Holder's particular circumstances, each prospective purchaser of Capital Securities should consult a tax adviser regarding the specific tax consequences that may arise in the individual case, including the applicability and effect of foreign tax rules and tax treaties.

Resident Holders of Capital Securities

As used herein, a resident Holder means a Holder of Capital Securities who is (a) an individual who is a resident in Sweden for tax purposes, or (b) an entity organised under the laws of Sweden or which is otherwise resident in Sweden for tax purposes.

Generally, for Swedish companies and individuals (and estates of deceased individuals) that are resident Holders of Capital Securities, all capital income (for example income that is considered as interest for Swedish tax purposes and capital gains on Capital Securities) will be taxable. For companies the tax rate is currently 21.4 per cent and for individuals the tax rate is 30 per cent.

Swedish preliminary tax may be withheld at a rate of 30 per cent in relation to payments of amounts on the Capital Securities that are considered as interest for Swedish tax purposes to resident Holders that are individuals (or estates of deceased individuals). Otherwise, no Swedish preliminary tax should be withheld in relation to payments on the Capital Securities.

Non-resident Holders of Capital Securities

As used herein, a non-resident Holder means a Holder of Capital Securities who is (a) an individual who is not resident in Sweden for tax purposes and who has no connection to Sweden other than the investment in the Capital Securities, or (b) an entity not organised under the laws of Sweden and which is not otherwise resident in Sweden for tax purposes.

Payments of principal, premium or interest in respect of the Capital Securities to a non-resident Holder of Capital Securities should not be subject to Swedish income tax provided that such Holder does not have a permanent establishment in Sweden to which the Capital Securities are effectively connected. Also, no Swedish withholding tax should be levied on payments of principal, premium or interest in respect of the Capital Securities to a non-resident Holder of Capital Securities.

The Holders may, however, be subject to tax in the country where they are resident for tax purposes.

The proposed financial transactions tax (FTT)

On 14 February 2013, the European Commission published a proposal (the **Commission's Proposal**) for a Directive for a common FTT in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the **participating Member States**). However, Estonia has since stated that it shall not participate.

The Commission's Proposal has a very broad scope and could, if introduced, apply to certain dealings in the Capital Securities (including secondary market transactions) in certain circumstances. The issuance and subscription of Capital Securities should, however, be exempt.

Under the Commission's Proposal, the FTT could apply in certain circumstances to persons both within and outside of the participating Member States. Generally, it would apply to certain dealings in the Capital Securities where at least one party is a financial institution, and at least one party is established in a participating Member State. A financial institution may be, or be deemed to be, established in a participating Member State in a broad range of circumstances, including (a) by transacting with a person established in a participating Member State or (b) where the financial instrument which is subject to the dealings is issued in a participating Member State.

However, the FTT proposal remains subject to negotiation between participating Member States. It may therefore be altered prior to any implementation, the timing of which remains unclear. Additional EEA member states may decide to participate and certain of the participating Member States may decide to withdraw.

Prospective holders of the Capital Securities are advised to seek their own professional advice in relation to the FTT.

SUBSCRIPTION AND SALE

Citigroup Global Markets Limited, Danske Bank A/S, Deutsche Bank AG, London Branch, and Nordea Bank Abp (together, the **Joint Bookrunners**) have, pursuant to a Subscription Agreement (the **Subscription Agreement**) dated 24 April 2019, jointly and severally agreed to subscribe or procure subscribers for the Capital Securities at the issue price of 98.886 per cent. of the principal amount of Capital Securities. The Issuer has agreed to pay the Joint Bookrunners a combined management and underwriting commission, will reimburse the Joint Bookrunners in respect of certain of their expenses, and has also agreed to indemnify the Joint Bookrunners against certain liabilities, incurred in connection with the issue of the Capital Securities. The Subscription Agreement may be terminated in certain circumstances prior to payment of the Issuer.

United States

The Capital Securities have not been and will not be registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act.

The Capital Securities are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986, as amended, and regulations thereunder.

Each Joint Bookrunner has represented and agreed that, except as permitted by the Subscription Agreement, it will not offer, sell or deliver the Capital Securities (a) as part of their distribution at any time or (b) otherwise until 40 days after the later of the commencement of the offering and the Closing Date within the United States or to, or for the account or benefit of, U.S. persons and that it will have sent to each dealer to which it sells any Capital Securities during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Capital Securities within the United States or to, or for the account or benefit of, U.S. persons. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

In addition, until 40 days after the commencement of the offering, an offer or sale of Capital Securities within the United States by any dealer that is not participating in the offering may violate the registration requirements of the Securities Act.

Prohibition of sales to EEA Retail

Each Joint Bookrunner has represented and agreed that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Capital Securities to any retail investor in the EEA. For the purposes of this provision the expression **retail investor** means a person who is one (or more) of the following:

(i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, **MiFID II**); or

(ii) a customer within the meaning of Directive 2002/92/EC (as amended or superseded, the **Insurance Mediation Directive**), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II.

United Kingdom

Each Joint Bookrunner has represented and agreed that:

(a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of any Capital Securities in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer; and

(b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Capital Securities in, from or otherwise involving the United Kingdom.

The Kingdom of Sweden

This document has not been approved by or registered with the Swedish Financial Supervisory Authority (*Sw. Finansinspektionen*) pursuant to the Swedish Financial Instruments Trading Act (Sw. *Lag (1991:980) om handel med finansiella instrument*). Each Joint Bookrunner agrees that it will not market or offer the Capital Securities in Sweden other than in circumstances that are deemed not to be an offer to the public in Sweden which would result in a requirement to prepare a prospectus in Sweden under the Financial Instruments Trading Act (1991:980) (Sw *Lag (1991:980) om handel med finansiella instrument*).

Singapore

Each Joint Bookrunner has acknowledged that this Prospectus has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, each Joint Bookrunner has represented, warranted and agreed that it has not offered or sold any Capital Securities or caused the Capital Securities to be made the subject of an invitation for subscription or purchase and will not offer or sell any Capital Securities or cause the Capital Securities to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Prospectus or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Capital Securities, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor (as defined in Section 4A of the Securities and Futures Act (Chapter 289) of Singapore, as modified or amended from time to time (the **SFA**)) pursuant to Section 274 of the SFA, (ii) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Capital Securities are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

(i) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or

(ii) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities or securities-based derivatives contracts (each term as defined in Section 2(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Capital Securities pursuant to an offer made under Section 275 of the SFA except:

(a) to an institutional investor or to a relevant person, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;

(b) where no consideration is or will be given for the transfer;

(c) where the transfer is by operation of law;

(d) as specified in Section 276(7) of the SFA; or

(e) as specified in Regulation 37A of the Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018.

General

No action has been taken by the Issuer or any of the Joint Bookrunners that would, or is intended to, permit a public offer of the Capital Securities in any country or jurisdiction where any such action for that purpose is required. Accordingly, each Joint Bookrunner has undertaken that it will not, directly or indirectly, offer or sell any Capital Securities or distribute or publish any Prospectus, prospectus, form of application, advertisement or other document or information in any country or jurisdiction except under circumstances that will, to the best of its knowledge and belief, result in compliance with any applicable laws and regulations and all offers and sales of Capital Securities by it will be made on the same terms.

GENERAL INFORMATION

Authorisation

The issue of the Capital Securities was authorised by a resolution of the Board of the Issuer passed on 7 April 2019.

Listing

Application has been made to Euronext Dublin for the Capital Securities to be admitted to its official list and trading on its regulated market; however, no assurance can be given that such application will be accepted. It is expected that admission of the Capital Securities to the official list and to trading on the regulated market will be granted on or about 26 April 2019, subject only to the issue of the Capital Securities.

The total expenses related to the admission to trading of the Capital Securities are expected to be approximately EUR 10,000.

Listing Agent

Arthur Cox Listing Services Limited is acting solely in its capacity as listing agent for the Issuer in connection with the Capital Securities and is not itself seeking admission of the Capital Securities to the official list of Euronext Dublin or to trading on its regulated market for the purposes of the Prospectus Directive.

Clearing Systems

The Capital Securities have been accepted for clearance through Euroclear and Clearstream, Luxembourg (which are the entities in charge of keeping the records). The ISIN for this issue is XS1974894138 and the Common Code is 197489413. The address of Euroclear is Euroclear Bank SA/NV, 1 Boulevard du Roi Albert II, B-1210 Brussels and the address of Clearstream, Luxembourg is Clearstream Banking S.A., 42 Avenue JF Kennedy, L-1855 Luxembourg.

No significant change

There has been no significant change in the financial or trading position of the Issuer or the Group since 31 December 2018 and there has been no material adverse change in the prospects of the Issuer or the Group since 31 December 2018.

Litigation

There are no governmental, legal or arbitration proceedings, (including any such proceedings which are pending or threatened, of which the Issuer is aware), which may have, or have had during the 12 months prior to the date of this Prospectus, a significant effect on the financial position or profitability of the Issuer or the Group.

Auditors

Ernst & Young AB of Box 7850, SE-103 99 Stockholm, Kingdom of Sweden, regulated by the Supervisory Board of Accountants in the Kingdom of Sweden (*Revisorsnämnden*) and a member of FAR (the institute for the accountancy profession in the Kingdom of Sweden (*Föreningen Auktoriserade Revisorer*)) have audited without qualification and in accordance with generally accepted auditing standards in the Kingdom of Sweden, the consolidated financial statements of the Issuer, prepared in accordance with IFRS, for each of the financial years ended on 31 December 2017 and 2018 and have given, and have not withdrawn, their consent to the inclusion of their unqualified audit reports in this Prospectus in the form and context in which it is included. The auditors of the Issuer have no material interest in the Issuer.

U.S. tax

The Capital Securities (other than the Temporary Global Capital Security) and Coupons will contain the following legend: Any United States person who holds this obligation will be subject to limitations under

the United States income tax laws, including the limitations provided in Sections 165(j) and 1287(a) of the Internal Revenue Code.

Documents Available

For as long as the Capital Securities are listed on the official list of Euronext Dublin and admitted to trading on its regulated market, copies of the following documents will be available for inspection in electronic form from the registered office of the Issuer and from the specified office of the Fiscal Agent for the time being in London:

(a) the constitutional documents the Issuer (with an English translation thereof);

(b) the audited consolidated financial statements of the Issuer in respect of the financial year ended 31 December 2017, together with the auditors' report in connection therewith, and the audited consolidated financial statements of the Issuer in respect of the financial year ended 31 December 2018, together with the auditors' report in connection therewith. The Issuer currently prepares audited consolidated accounts on an annual basis;

(c) the most recently published financial statements of the Issuer, together with any audit or review reports prepared in connection therewith. The Issuer currently prepares unaudited consolidated interim accounts on a quarterly basis; and

(d) the Agency Agreement.

This Prospectus will be published on the website of the Euronext Dublin at www.ise.ie.

Websites

For the avoidance of doubt, the content of any website referred to in this Prospectus does not form part of this Prospectus.

Joint Bookrunners transacting with the Issuer

In the ordinary course of their business activities the Joint Bookrunners and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of the Issuer or Issuer's affiliates. The Joint Bookrunners or their affiliates that have a lending relationship with the Issuer routinely hedge their credit exposure to the Issuer consistent with their customary risk management policies. Typically, such Joint Bookrunners and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in securities, including potentially the Capital Securities. Any such short positions could adversely affect future trading prices of Capital Securities. The Joint Bookrunners and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

Yield

On the basis of the issue price of the Capital Securities of 98.886 per cent. of their principal amount, the yield on the Capital Securities for the period until the First Reset Date is 4.875 per cent. on an annual basis.

The yield is calculated on the Closing Date on the basis of the issue price of the Capital Securities. It is not an indication of future yield.

Interests of natural and legal persons involved in the issue of the Capital Securities

Save for the commissions described under *Subscription and Sale*, so far as the Issuer is aware, no person involved in the issue of the Capital Securities has an interest material to the offer.

THE ISSUER

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