

This prospectus was approved by the Swedish Financial Supervisory Authority on 7 July 2021

Heimstaden

HEIMSTADEN AB (PUBL)

Prospectus regarding admission to trading of

**SEK 500,000,000
SUBORDINATED PERPETUAL FLOATING RATE CALLABLE
CAPITAL SECURITIES**

ISIN: SE0012455111

Issuing Agent:

Nordea Bank Abp

Sole Bookrunner

Nordea Bank Abp

Amounts payable under the Capital Securities (as defined herein) are calculated by reference to STIBOR, provided by the Swedish Financial Benchmark Facility (SFBF), and EURIBOR, provided by the European Money Markets Institute. As of the date of this Prospectus (as defined herein), the Swedish Financial Benchmark Facility and the European Money Markets Institute do not appear on the register of administrators and benchmarks established and maintained by the European Securities and Markets Authority pursuant to article 36 of the Benchmark Regulation (Regulation (EU) 2016/1011) ("BMR"). As far as the Issuer (as defined herein) is aware, the transitional provisions in Article 51 of the BMR apply, such that the Swedish Financial Benchmark Facility and the European Money Markets Institute are not currently required to obtain authorisation or registration.

Important information

This prospectus (the “**Prospectus**”) has been prepared by Heimstaden AB (publ), reg. no. 556670-0455 (the “**Company**”, the “**Issuer**” or “**Heimstaden**”), in relation to the application for admission to trading on the corporate bond list of Nasdaq Stockholm (“**Nasdaq Stockholm**”) of the Issuer’s SEK 500,000,000 subordinated perpetual floating rate callable capital securities with ISIN SE0012455111 issued on 30 June 2021 (the “**The Third Subsequent Capital Securities**” and the “**Fourth Issue Date**”) in accordance with the Terms and Conditions of the Capital Securities (the “**Terms and Conditions**”). Initial Capital Securities of SEK 2,000,000,000 were issued on 11 April 2019, for which a prospectus for the admission to trading on Nasdaq Stockholm was published on 6 May 2019. Subsequent Capital Securities were further issued on 11 September 2019 and 5 February 2020 respectively, each issue of SEK 1,000,000,000. The Issuer may at one or more occasions after the Fourth Issue Date issue Subsequent Capital Securities under the Terms and Conditions in an aggregate amount of SEK 500,000,000 (which may in part be issued in EUR). In case of issues of Subsequent Capital Securities, a new prospectus will be prepared for the admission of trading of such Subsequent Capital Securities.

References to the Company, the Issuer, Heimstaden or the Group refer in this Prospectus to Heimstaden AB (publ) and its subsidiaries, unless otherwise indicated by the context.

Notice to investors

Pursuant to Article 20 of Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the Prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Directive 2003/71/EC (the “**Prospectus Regulation**”), the Prospectus has been approved and registered by the Swedish Financial Supervisory Authority (Sw. *Finansinspektionen*) (the “**SFSA**”) as competent authority. The SFSA only approves this Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation. The SFSA’s approval should not be considered as an endorsement of the Issuer that is the subject of this Prospectus, nor should it be considered as an endorsement of the quality of the securities that are subject of this Prospectus. Investors should make their own assessment as to the suitability of investing in the securities.

This Prospectus is not an offer for sale or a solicitation of an offer to purchase the Capital Securities in any jurisdiction. It has been prepared solely for the purpose of the Capital Securities being admitted to trading on the corporate bond list of Nasdaq Stockholm. This Prospectus may not be distributed in any country where such distribution or disposal requires additional prospectus, registration or additional measures or is contrary to the rules and regulations in such country. Persons into whose possession this Prospectus comes or persons who acquire the Capital Securities are therefore required to inform themselves about, and to observe, such restrictions. The Capital Securities have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the “**Securities Act**”), or any U.S. state securities laws and may be subject to U.S. tax law requirements. Subject to certain exemptions, the Capital Securities may not be offered, sold or delivered within the United States of America or to, or for the account or benefit of, U.S. persons (as defined in Rule 902 of Regulation S under the Securities Act). The Company has not undertaken to register the Capital Securities under the Securities Act or any U.S. state securities laws or to affect any exchange offer for the Capital Securities in the future. Furthermore, the Company has not registered the Capital Securities under any other country’s securities laws. It is the investor’s obligation to ensure that the offers and sales of Capital Securities comply with all applicable securities laws.

This Prospectus will be available at the Swedish Financial Supervisory Authority’s website (www.fi.se) and the Company’s website (www.heimstaden.com). Paper copies may be obtained from the Company. This Prospectus shall be read together with all documents which have been incorporated by reference (see section “*Financial reporting and documents incorporated by reference*” below) and any supplements to this Prospectus.

Unless otherwise explicitly stated, no information contained in this Prospectus has been audited or reviewed by auditors. Certain financial and other information set forth in this Prospectus has been rounded off and, as a result, the numerical figures shown as totals in this Prospectus may vary slightly from the exact arithmetic aggregation of the figures that precede them.

Forward-looking statements and market data

This Prospectus may contain forward-looking statements and assumptions regarding future market conditions, operations and results. Such forward-looking statements and information are based on the beliefs of the Company’s management or are assumptions based on information available to the Company or its subsidiaries (the “**Group**”). The words “consider”, “intends”, “deems”, “expects”, “anticipates”, “plans” and similar expressions indicate some of these forward-looking statements. Other such statements may be identified from the context. Any forward-looking statements in this Prospectus involve known and unknown risks, uncertainties and other factors which may cause the actual results, performances or achievements of the Group to be materially different from any future results, performances or achievements expressed or implied by such forward-looking statements. Further, such forward-looking statements are based on numerous assumptions regarding the Group’s present and future business strategies and the environment in which the Group will operate in the future. Although the Company believes that the forecasts of or indications of future results, performances and achievements are based on reasonable assumptions and expectations, they 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 and from past results, performances or achievements. Further, actual events and financial outcomes may differ significantly from what is described in such statements as a result of the materialisation of risks and other factors affecting the Company’s operations. Such factors of a significant nature are mentioned in the section “*Risk Factors*”.

The Capital Securities may not be a suitable investment for all investors and 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 should (i) have 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 or incorporated by reference in this Prospectus or any applicable supplement; (ii) have 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 other Capital Securities will have on its overall investment portfolio; (iii) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Capital Securities; (iv) understand thoroughly the Terms and Conditions; and (v) be 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.

This Prospectus is governed by Swedish law and the courts of Sweden have exclusive jurisdiction to settle any dispute arising out of or in connection with this Prospectus. The District Court of Stockholm (Sw. *Stockholms tingsrätt*) shall be the court of first instance.

THIS PROSPECTUS HAS BEEN PRODUCED IN AN ENGLISH VERSION LANGUAGE ONLY.

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RISK FACTORS

In this section, material risk factors are illustrated and discussed, including risks relating to the Issuer as a separate entity, macroeconomic conditions, the Group's business operations, legal and regulatory risks, financial risks as well as risks relating to the Capital Securities. The Issuer's assessment of the materiality of each risk factor is based on the probability of their occurrence and the expected magnitude of their negative impact. The description of the risk factors below is based on information available and estimates made on the date of this Prospectus. The risk factors are presented in categories where the most material risk factors in a category are presented first under that category. Subsequent risk factors in the same category are not ranked in order of materiality or probability of occurrence. Where a risk factor may be categorised in more than one category, such risk factor appears only once and in the most relevant category for such risk factor.

The capitalised words and expressions in this section shall have the meanings defined in the Terms and Conditions.

Risks relating to the Issuer

Risks relating to the Issuer as a separate entity

Dependence on subsidiaries

A significant part of the Group's assets, revenues and cash flow relate to the Issuer's direct and indirect subsidiaries, and most significantly Heimstaden Bostad AB (publ) ("**Heimstaden Bostad**"). Accordingly, the Issuer is dependent upon receipt of sufficient income related to the operations of and the ownership in such entities to enable it to make payments under the Capital Securities. The subsidiaries, which to a large part are not wholly owned by the Issuer, are legally separate and distinct from the Issuer and have no obligation to pay amounts due with respect to the Issuer's obligations and commitments, including the Capital Securities, or to make funds available for such payments. The ability of the subsidiaries to make such payments to the Issuer is subject to, among other things, the availability of funds, corporate and tax restrictions, restrictions in shareholders' agreements and the terms of each entity's finance agreements. Should the value of the business conducted in the subsidiaries decrease, and/or should the Issuer not receive sufficient income from its subsidiaries, the Holders' ability to receive payment under the Terms and Conditions may be adversely affected.

According to the governance documents in place for some of the Issuer's subsidiaries which are not wholly-owned by the Issuer, the non-controlling interests are entitled to have an influence in certain matters. Hence, there is a risk that measures will be taken in these subsidiaries which are counteractive to the Issuer's interests. Such measures may adversely affect the Issuer's ability to act as planned in these non-wholly owned subsidiaries.

The Issuer's indirect subsidiary Heimstaden Bostad is jointly owned together with, mainly, pension funds, including Alecta pensionsförsäkring, ömsesidigt ("**Alecta**"). As at the date of this Prospectus, the Issuer holds, indirectly through Group Companies, approximately 50.3 per cent. of the votes and approximately 45.3 per cent. of the capital in Heimstaden Bostad. The economic rights in Heimstaden Bostad are governed by three types of share classes, one ordinary share class and two preferential share classes, among which the economic rights differ with respect to e.g. rights to payment of dividends and distribution of funds in case of a sale of all shares in Heimstaden Bostad, a liquidation or bankruptcy (the "**Distribution Waterfall**"), as further set out in the articles of association of Heimstaden Bostad. It follows from the Distribution Waterfall that the preferential shares have priority over the ordinary shares, i.e. dividends and other distributions to holders of ordinary shares are made only after such dividends or distributions have been made to holders of preferential shares (with preferential shares of series A, of which the Issuer owns 100 per cent., having the highest priority). The Issuer has a higher ratio of ordinary shares than preference shares, which means that the Issuer is more exposed to economic downturns of Heimstaden Bostad than shareholders holding a higher ratio of preference shares. Should such downturn result in there being limited amounts available in the Distribution Waterfall to holders of ordinary shares after payment has been made to holders of preference shares, it would have a material adverse effect on the Issuer's financial condition and future prospects. Furthermore, the

Issuer's holdings in Heimstaden Bostad may decrease in the future, which could reduce the Issuer's influence and economic participation in Heimstaden Bostad.

Structural subordination and insolvency of subsidiaries

As mentioned above, a significant part of the Group's assets and revenues relate to 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 and tax restrictions, restrictions in shareholders' agreements and the terms of each entity's finance agreements. In the event of insolvency, liquidation or a similar event relating to one or several of the Issuer's 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 such subsidiaries. Defaults by, or the insolvency of, certain subsidiaries may result in the obligation for the Issuer to make payments under financial or performance guarantees in respect of such subsidiaries' obligations or the occurrence of cross defaults on certain borrowings of the Group. There is a risk that the Issuer and its assets would not be protected from any actions by the creditors of a subsidiary, whether under bankruptcy law, by contract or otherwise.

Asset management agreement with Heimstaden Bostad

The Issuer has a group-wide asset management agreement in place with Heimstaden Bostad, whereby the Issuer provides head office functions such as legal, group accounting, group treasury, transaction team, HR, communication and senior management in all the countries in which Heimstaden Bostad operates. Wholly owned subsidiaries of the Issuer in such countries are responsible for providing property management and technical management to the Group. The asset management agreement is running until 10 October 2032. From 30 September 2026, Heimstaden Bostad will have the sole discretion to terminate the agreement by giving six months' notice. There is a risk that the asset management agreement may be terminated (either before or after 30 September 2026), which would have an adverse effect on the Issuer since the Issuer would not receive the fees stipulated in the agreement while still bearing parts of the costs related to the agreement.

Risks relating to macroeconomic conditions

Negative economic developments and conditions in the markets which the Group is present may affect the Group's operations and customers, as well as the prices of the Group's real property and tenant-owned apartments

The economies of the countries where the Group is present, have been adversely affected by the uncertain global economic and financial market conditions. An economic slowdown or a recession, regardless of its depth, or any other negative economic developments in these principal countries of operation and involvement may affect the Group's business in a number of ways, including, among other things, the income, wealth, liquidity, business and/or financial condition of the Group, its customers and other business partners. The Group may not be able to utilise the opportunities created by the economic fluctuations, the value of the real property owned by the Group may decrease, and the Group may not be able to adapt to a long-term economic recession or stagnation. Further, although historically economic slowdowns and recessions have increased the demand for rental apartments in these countries, there is a risk that the Group may experience declines in the demand for rental apartments during periods of economic slowdown or recession. The Group may also experience increased defaults on rent payments as a result of negative economic developments in several of the markets where the Group is present. The degree to which negative economic developments and conditions in such markets may affect the Group is uncertain, and present a material risk to the Group's operations and customers, as well as the prices of the Group's real property and tenant-owned apartments.

Risks relating to Covid-19

The Group conducts its business within the real estate market and is consequently affected by general economic trends. The occurrence of extraordinary events, such as the outbreak of disease epidemics, could have an adverse impact on the global economy as a whole and may lead to a global recession, or even depression. The outbreak of the Covid-19 pandemic ("Covid-19"), has led to a major slowdown in economic

growth during 2020 and the first half of 2021, partly due to the spread of Covid-19 itself, but even more so due to the governmental decisions enacted across different nations in order to try to contain Covid-19, such as quarantines, shut downs and restrictions on mobility. Whilst the direct and indirect impact of the Covid-19 outbreak remains uncertain, a number of central banks and governments have announced financial stimulus packages in anticipation of a very significant negative impact on GDP. A prolongation of the outbreak could significantly adversely affect economic growth, and impact business operations across the economy generally and, by extension, real estate markets, both as a result of weakened economic activity and in terms of the health and wellbeing of employees being affected.

In addition, the outbreak of Covid-19 may lead to investments being postponed or planned acquisitions and/or divestments possibly not being carried out as planned, which could have a material adverse effect on the Group's business and possibilities to continue its growth. The longer the Covid-19 crisis continues it may become more difficult to raise capital, obtain loans or other financings or service existing debt.

Since the Covid-19 outbreak, the pandemic has mainly affected the Group through a direct and indirect impact on the Group's tenants. This impact is particularly likely to affect the Group's commercial tenants, which as of 31 March 2021 accounted for 7.6 per cent of the Group's rental income. There is a risk that these adverse effects could increase the longer Covid-19 lasts. Consequently, Covid-19 may affect Heimstaden through demands on reduced rent levels and increased vacancy rates and tenants not paying rent at all, which would have a material adverse effect on the Group's earnings by reducing the Group's rental income.

The on-going uncertainty and volatility in the financial markets and the state of the global economic recovery may adversely affect the Group's operations

Global financial markets continue to experience disruptions, including increased volatility and diminished liquidity and credit availability. Concerns about credit risk (including that of sovereigns) and the Eurozone crisis have increased recently, especially with the presence of significant sovereign debts and/or fiscal deficits in a number of European countries and the United States. 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. Additionally, the developments surrounding the United Kingdom's exit from the European Union may have an adverse effect on European global economic or market conditions and the stability of European, foreign exchange and global financial markets, including the European markets served by the Group. The impact of these conditions could be detrimental to the Group and could adversely affect its solvency and the solvency of its counterparties and customers as well as the value and liquidity of its assets and liabilities.

Risks relating to the Group's business operations

Decrease in fair value of the Group's properties will result in revaluation losses

The Group's real estate properties are reported at fair value in the balance sheet and any change in the fair value of the Group's properties is recorded in the income statement for the period during which the revaluation of the Group's properties occurs. Fair value of investment properties represents the price in the local primary market taking into account a number of factors, some of which are real estate specific, such as the condition and location of the property as well as occupancy ratio and operative expenses whereas others are market-specific, such as yield requirements and cost of capital that are derived from comparable transactions on the real estate market.

Generally, the market value of a property is displayed in a value range of +/- 5-10 per cent. to reflect the uncertainty in the assumptions. The Group's reported property value as at 31 March 2021 amounts to SEK 179,519 million. With an uncertainty interval of +/-5 per cent., this value is affected by SEK 8,976 million and at +/-10 per cent., the value is affected by SEK 17,952 million. Decreases in the fair value of the Group's properties could thus have a material adverse effect on the Group's financial condition and results of operations. In addition, decreases in the fair value of the Group's properties would have negative effects on the Group's performance indicators, particularly the net asset value.

Variations in supply and demand on the residential market and the market for commercial premises may affect the value of properties and rental levels

The Group's income is affected by the occupancy rate of the properties, the possibility of charging market-related rents as well as customers' ability to pay rents. The occupancy rate and rental levels are largely determined by general and regional economic trends and, in relation to the markets in which the Group operates, the rental levels are in addition affected by applicable rent regulations (see “*Risk Factors - Rental regulations may restrict the group's ability to increase rents*”).

The residential market is sensitive to fluctuations in supply and demand. Residential prices in the markets where the Group is present have historically followed macroeconomic development in a cyclical manner, while the demand for rental apartments has historically been countercyclical. The value of properties and rental levels are affected by a number of factors, including events related to domestic and international politics, interest rates, economic growth, the availability of credit and taxation. Changes in supply and demand on the property market in specific areas within the countries where the Group is present, resulting from new construction, investor supply and demand and other factors, may also materially affect the values of properties regardless of the overall development in these residential markets. A decrease in the prices of apartments and commercial properties is likely to have a direct negative impact on the fair value of the Group's property portfolio.

An oversupply of rental apartments or commercial premises could lead to rent decreases, which could have an adverse effect on the Group's rental income. This, in turn, would adversely affect the fair value of the Group's property portfolio. As at 31 December 2020, a decrease in the Group's net operating income by 1 per cent. would adversely affect the fair value of the Group's properties by SEK 1,268 million.

Potential future acquisitions and recently completed acquisitions may contain inherent risks and could lead to overestimates and non-identification of all potential risks and liabilities

Acquisition of properties constitutes a central part of the Group's business model and are carried out both by the Issuer and Heimstaden Bostad AB. The acquisition of real estate requires, among other things, an analysis that is subject to a wide variety of factors, including subjective assessments and assumptions as to current and future prospect. There is a risk that the Group may overestimate the potential of a real estate asset when making acquisition decisions or may base its decision on inaccurate information or assumptions that turn out to be incorrect. The Group may also underestimate the likelihood that a newly acquired real estate asset will require substantial renovation or capital repairs. Such errors may only become apparent at a later stage and force the Group to recognise fair value losses on its statement of financial position and income statement.

Furthermore, the due diligence performed by the Group when acquiring a real estate asset may not uncover all the potential liabilities and risks related to the property (such as construction defects) and there is a risk that the Group will not have recourse to the seller of the property for the non-disclosure of such risks. Official information in the land register of some of the countries in which the Group has its operations or assets may not be accurate and complete. Thus, although the Group may have to rely upon the information contained in land registers, it may not have effective recourse against the government of the relevant country if the information upon which the Group relied in deciding whether or not to make an investment was inaccurate, misleading or incomplete.

Furthermore, the Group may acquire properties in new jurisdictions and it may not be as familiar with the commercial, legal or regulatory environment as its current geographical markets. As a result, the Group may not be able to accurately judge its potential return on investment and such returns may be lower than expected and materially impact the financial position and income statement of the Group.

Materialisation of any of the above risks could have a material adverse effect on the Group's business, profitability and financial condition. Additionally, material acquisitions for the Group may exacerbate any of the above risks given the large scale of the acquisitions relative to the size of the Group.

Property valuation is subjective and uncertain to a certain extent

The appropriateness of sources of information used by the Group when valuating its property and the credibility of the valuations are, to a certain extent, subjective and, thus, subject to risk. The Group's real estate properties are accounted for in the balance sheet at actual value and the changes in value are accounted for in the income statement. For valuations in Sweden, Denmark, the Netherlands, Germany and/or the Czech Republic, the yield/discounted cash flow method is used as the main method, and for valuations in Norway, the sales comparison method is used as the main method. Rental prices in the property portfolio are expected to follow inflation over time. Most commercial leases include indexation, which means that rent increases at the same rate as the Consumer Price Index (the "CPI") during the leasing period. Residential rent has historically developed slightly above the CPI, but in its valuations, the Group has assumed that the rent develops in line with inflation.

Assumptions have also been made regarding future operating and maintenance payments. These assumptions are based on historic outcomes and future projections as well as estimated standardised costs. Operating and maintenance costs are adjusted upwards each year by inflation. Yield requirements and the cost of capital used in the valuation model have been derived from comparable transactions in the property market. Important factors in choosing a yield requirement are location, rental rate, vacancy rate and the condition of the property. Housing valuations are based on historical housing purchase price data and certain assumptions at a specified date. In the event of significant and rapid market changes, such historical data may not accurately reflect the current market value of the Group's properties. Furthermore, the assumptions may prove to be inaccurate, and adverse market changes may cause significant declines in the value of the Group's properties. In addition, the use of different assumptions or valuation models would likely produce different valuation results.

As a result of the factors above, there is a risk that the valuations may not accurately reflect the current market value of the Group's properties and property-related assets. Incorrect assumptions or flawed assessments underlying the valuations could have a material adverse effect on the Group's financial condition and results of operations.

Decreases in the occupancy rate and increases in the tenant turnover may weaken the Group's results

Tenant turnover is an integral part of the residential investment business, and results in costs to the Group, for example, related to the signing of rental agreements and minor renovations typically made in connection with a tenant moving out of the apartment. In recent years, the Group has tried to reduce tenant turnover through, for example, repairs enhancing the attractiveness of the apartments that it owns.

The Group's occupancy rate and tenant turnover depend to a great extent on general economic factors and the level of new-build construction activity. The occupancy rate of the Group's properties has a significant impact on the Group's cash flow and if the vacancy rate increases, the Group will lose rental income while having to cover the maintenance costs which could have a material adverse effect on the Group's margins as well as the fair value of its properties.

Increasing refurbishment and maintenance costs may result in a decreased profit margin or increased rents and thus decreased demand for properties

The Group continuously carries out refurbishment and maintenance repairs in its properties, which mainly result from their condition and requirements for energy-efficiency. The costs related to the refurbishment and maintenance of properties are significant and relate mainly to plumbing, external walls and roofs, window and balcony renovations. Residential buildings must typically have their plumbing refurbished within certain time intervals, which usually covers renewal of both water and sewage pipes as well as new bathrooms and kitchens. External walls, roofs and balconies must also be renovated periodically.

The Group expects the cost for refurbishment and maintenance repairs in the future to remain at the present level in proportion to the size of the Group's property portfolio. However, increasing refurbishment and maintenance repair costs may arise, for example, from increasing legal requirements for energy-efficiency,

and therefore, there is a risk that the amount spent on repair and maintenance repair by the Group may significantly increase from the level currently expected by the Group and thus have an adverse effect on the Issuer's results of operation. For example, during 2020 the Group's property costs (in which refurbishment and maintenance costs are included) amounted to SEK 3,125 million in total. Hence, a change in the Group's property costs by +/- 1 per cent. would have an effect on the Group by approximately SEK+31/-31 million.

If repair and maintenance costs were to increase significantly, the profit margin of the Group's properties may decrease or the Group may be required to increase rents, which may, in turn, result in a decreased demand for the Group's properties. As a result, the Group may not be able to fully pass on the costs of refurbishment and maintenance to its customers and the Group's investments in refurbishment and maintenance may not generate the expected return. Any of these risks could have a material adverse effect on the Group's results of operations.

The Group's property development may give rise to liabilities that can have significant effects

The Group's property development may expose it to potential liabilities based on defects in the buildings, materials, design or the quality of the work. At the end of 2020, new construction of 4,600 apartments were in production. Standard form contracts that are used by construction designers limit the designer's liability to the value of the properties constructed, so the Group is liable for defects that exceed this amount. Materialisation of the Group's liabilities for construction defects, based on its own actions or based on the actions of the external designers or construction companies, could thus have a material adverse effect on the Group's financial condition and results of operations.

The Group is partially dependent on the "Heimstaden" brand and negative publicity may adversely affect the Group's future prospects

The Group's success and its ability to differentiate itself from other real estate companies in the markets where it operates are partially dependent on the value of the "Heimstaden" brand. The "Heimstaden" brand holds a great significance for both the Group's business operations, the Group's opportunities for external financing under favourable terms and the implementation of its strategies. The integrity of the "Heimstaden" brand is important in all parts of the Group's business and to its business partners, such as municipalities, construction companies and lenders, as well as its current and future employees. Corporate social responsibility forms part of the Group's customary long-term activities and, for example, many institutional investors impose stringent demands on the Group's sustainability efforts. Negative publicity or negative customer experience could have an adverse effect on the "Heimstaden" brand and its development. Should the "Heimstaden" brand lose value, regaining any lost brand value might prove impossible or require incurrence of significant costs.

The degree to which any harm to the "Heimstaden" brand, for example through negative publicity, may affect the Group is uncertain, and presents a risk to the Group's attractiveness as an employer and business partner, its opportunities for external financing under favourable terms and ultimately its future prospects.

Apartment renting and construction are highly competitive businesses

Renting apartments is a highly competitive business in the markets on which the Group operates. The Group's main competitors in the rental apartments business are private households, municipalities, parishes, foundations and corporate investors. The competition for attractive plots has led to a steep increase in plot prices. Furthermore, an upward trend in construction usually increases construction prices, which, in turn, decreases the profitability of construction projects and delays the commencement of new projects. The degree to which the increasing competition in the apartment renting business may affect the Group is uncertain, and presents a material risk to the Group's profitability and margins.

Loss of key personnel or failure in recruiting new key personnel may undermine the Group's operations

As the Group expands into new markets while also making new acquisitions in existing ones, numerous skilled employees are needed, and it will also be necessary for the Group to integrate them quickly into its operations. In 2020, the Group gained approximately 801 employees, with the biggest growth related to an

acquisition in the Czech Republic. At the end of 2020, the operations in the Czech Republic comprised 580 employees, compared to zero employees in the beginning of 2020. The Group's Danish operations had 126 employees, compared to 106 in the beginning of 2020. The Swedish organisation comprised 393 employees at year end 2020, compared to 332 employees in the beginning of 2020. In light of the above, the Group's success is, to a large extent, dependent on the Group's ability to recruit, motivate and retain key personnel and other highly skilled employees at every level of its organisation, and that they are allowed opportunities for growth and seek to stay with the Group and develop it. A potential failure by the Group in this respect would risk having an adverse effect on the Group's profitability and future prospects.

The Group is subject to competition for talented employees within several of the markets where it is active. This may lead to increased remuneration levels, which, in turn, would adversely affect the Group's results of operations. Conversely, if the Group were to offer excessively low remuneration levels, there is a risk that employees choose to terminate their employments, which would adversely affect the Group's competitiveness and business.

Ivar Tollefsen

Ivar Tollefsen holds, through his wholly owned company, Fredensborg AS, approximately 70.84 per cent. of the share capital and approximately 95.97 per cent. of the votes in the Issuer as at the date of this Prospectus. As the controlling shareholder, Ivar Tollefsen may be able to prevent or delay a change of control in respect of the Group, or take other actions that may be contrary to the interests of the Group's other stakeholders, including the Holders. Further, the personal connections and business relationships of Ivar Tollefsen are important to the conduct of the Group's business. There is a risk that he in the future may not be able to make his services available to the Group, which could have an adverse effect on the Group's business. The effect of this risk materialising is likely that the Group will lose momentum in its growth plans and become more stagnant. The Group does not maintain any "key-man" insurance on Ivar Tollefsen.

If the current controlling shareholder Fredensborg AS were to reduce its shareholding, this could lead to the control of the Issuer being transferred to another shareholder. In some of the Group's agreements (including certain financing agreements) there are provisions that will be triggered in the event of changes of the control of the Issuer, for example if Fredensborg AS, as applicable, would cease to control a majority of the shares or votes in the Issuer or directly or indirectly be able to appoint or dismiss all or a majority of the board of directors of the Issuer. The shareholders' agreement regarding Heimstaden Bostad also contains a change of control clause. In the event of such changes, certain rights for the counterparty, or obligations for the Group, may arise, which, among other things, may affect the Group's continued financing or, in the case of Heimstaden Bostad, may lead to the Issuer losing rights in relation to other shareholders in Heimstaden Bostad, which would have a material adverse effect on the Issuer's future prospects. Such change of control may also affect the market's view of the Group, including a change in creditworthiness, which could increase the Group's financing costs and thus have an adverse effect on the Group's earnings.

Risks related to climate change could adversely affect the Group's operations

Climate change presents the risk of damage to property caused over time by extreme weather conditions with intense downpours and storms, as well as rising sea levels and other changes in the physical environment that affect properties. As a real estate business, these risks could have a material adverse effect on the Group compared with other businesses as the Group relies on its physical infrastructure to produce its income. For example, the Group owns properties in Denmark (mainly the region of Greater Copenhagen) that are situated near to the sea and changes in the climate may cause damage to those buildings as a consequence of flooding. There is also a risk that certain construction materials may be unable to cope with the stresses that a changed climate involves. As the climate change is ongoing, these risks can be expected to increase in the long term. This could mean a greater need for investments in properties situated in vulnerable areas, which could entail higher operating expenses as well as capital expenditures for the Group. Investments in the wrong type of measures for properties may become unprofitable if risks related to climate change are not appropriately considered, and a possible failure to invest at all in mitigation measures could result in investments being written off. In addition, environmental-political decisions could affect the Group, not least in the form of higher taxes or necessary investments. Moreover, increased climate related requirements imposed by public

authorities, investors, tenants and other stakeholders, for example relating to reductions of the Group's gas emissions, could also affect the Group's business. The Group has portfolios concentrated in several cities across Europe (see "*Operations – Real Estate Portfolio*" below) and if climate change detrimentally impacts such cities then the value of such portfolios, and the earnings capacity from such portfolios, could reduce significantly.

Potential illiquidity of the property market could make it difficult for the Group to dispose of properties

In accordance with its strategy, the Group makes selective divestments of properties. Such divestments may be affected by, for example, the availability of bank financing to potential buyers, interest rates and the supply of and demand for properties. A possible lack of liquidity in the property market may limit the Group's ability to sell its properties or modify its property portfolio in a timely manner in response to changes in economic or other conditions. Should the Group be required to divest part of its properties due to, for example, its inability to obtain financing, such divestments may not be profitable or possible at all, in particular if the market functions inadequately or is illiquid. Unsuccessful divestments of properties could have a material adverse effect on the Group's profitability and future prospects.

Technical risks

The Group's operations are dependent on various information and that its IT systems are secure and reliable. Particularly, the Group is dependent on the ability to use its IT systems in its business in an efficient manner, including being able to introduce and implement new technologies and functions in such systems. The Group is also working to digitalise its operations, and has therefore, for example, entered into an agreement regarding the delivery of a product for digital administration of real estate, which gives rise to new technical risks. If any technical problems should arise concerning the Group's IT systems, these could result in loss of data and a failure to provide quality service, which would have an adverse effect on the efficiency in the Group's operating activities and thus also on the Group's earnings.

Consequently, the Group is exposed to risks related to disruptions and malfunctions in its IT systems, which may be caused by, among other things, power cuts, data viruses, defaults by IT suppliers, crime targeted at information systems or major disasters such as fires or natural disasters. If any such risk would materialise, the interruption or failure of the Group's IT systems could impair the Group's operations and may compromise its strategic initiatives. Technology failure or underperformance could also increase the Group's litigation and regulatory exposure or require it to incur higher administrative costs (including remediation costs). Further, an irrecoverable loss of any tenant database would be expensive and time-consuming to endeavour to retrieve or recreate and would have an adverse effect on the Group's operations and financial situation.

Furthermore, any intrusion into the Group's IT systems, for example, from increasingly sophisticated attacks by cybercrime groups, could disrupt its business, result in the disclosure of confidential information and/or create significant financial and/or legal exposure and the risk for damage to the Group's reputation and/or brand. Such an event could be impacted by the EU General Data Protection Regulation 2016/679/EU ("**GDPR**") (see also "*Incorrect or inadequate processing of sensitive information*" below). The degree to which IT failures and the materialisation of any cyber risk may affect the Group is uncertain and presents a significant risk to the Group's operations and financial situation.

Legal and regulatory risks

Rental regulations may restrict the group's ability to increase rents

If the residential occupancy ratio or rent levels fall, the Group's earnings will be adversely affected. The Group is dependent on tenants paying agreed rent on time and there is a risk that tenants do not pay their rents (when these become due or at all) or otherwise do not fulfil their obligations. During 2020, the Group's rental income amounted to SEK 6,992 million and, thus, a change by +/- 1 per cent. in the Group's rental income would have an effect on the Group's profit of approximately SEK +70/-70 million.

In the Swedish residential property market, there is restricted pricing for renting residential apartments. The Group is also subject to rent regulations and other restrictions such as the setting of rents in other geographies in which the Group operates. Such restrictions and rent regulations may lead to the Group not being able to increase rents as planned, in time, or at all or to compensate for renovations and other upgrades in the Group's property portfolio, which would have an adverse effect on the Group's earnings. In addition, stricter restrictions and rent regulations could lead to a reduction in the Group's property value which would have a material adverse effect on the Group's growth opportunities and financial position. The Group also has rental properties in geographical markets where the rent is market-based, for example in the geographic markets in Denmark in which the Group operates. There is also a risk that the development of the factors that affect the setting of rent will be negative, which could lead to decrease in rent levels. It could have an adverse effect on the Group's earnings should the rent levels decrease.

Changes in legislation may adversely affect the value of the Group's properties, increase its expenses and/or slow or halt the development of investments

The Group must comply with a wide variety of laws, regulations and provisions, including urban planning regulations, construction and operating permits, building standards, construction codes, health, safety, environmental, competition and labour laws, laws relating to rent levels and the rights of tenants as well as corporate, accounting and tax laws. Changes in such laws, regulations and provisions or their interpretations could require the Group to adapt its business operations, assets or strategy, potentially leading to a negative impact on the value of its properties or its results, an increase in its expenses and/or slowing or even halting of the development of certain investments. In particular, requirements for energy efficiency have become more stringent in recent years, which results, among other things, in increased construction prices.

In order for the Group's properties to be used and developed as desired, various permits and decisions can be required, including local plans and various kinds of property registrations, which are approved and given by, for instance, municipalities and authorities, and which are resolved on both a political and on an administrative level. There is a risk that the Group in the future may not be granted the permits or decisions necessary to conduct and develop its business as desired. Further, there is always a risk that decisions are challenged by third parties and, as a result thereof, are delayed significantly, or that the established decision making practice or the political will or direction are changed in the future in an adverse manner for the Group.

Materialisation of any of the above risks may adversely affect the value of the Group's properties, increase its expenses and/or slow or halt the development of the Group's investments.

The Group is subject to possible future changes in tax laws and regulations

Tax laws and regulations or their interpretation and application may be subject to change in the countries in which the Group operates. The Group has used tax optimisation arrangements, such as utilising tax losses from companies it purchases for this purpose, to reduce its tax burden; however, in the future the Group may not be able to continue to rely on tax losses carried forward as there could be changes in tax laws and regulation. This would mean that the Group could be liable to pay additional tax which would have a material adverse effect on the Group's cash flow.

Under the EU Directive 2016/1164 there is, for example, a general limitation for interest deductions by way of an EBITDA-rule under which net interest expenses should be deductible only up to a certain percentage of the taxpayer's EBITDA for tax purposes. Local legislation in the countries in which the Group operates has been or may be implemented, and may cause the Group's final tax allowance, attributable to interest, to decrease as a result of the reduced allowance cap, which would result in lower profits after tax.

Tax laws and regulations, or their interpretation and application, may also change in other ways in the countries in which the Group operates. It is uncertain to what extent such future changes may affect the Group. Such changes may, among other things, have an adverse effect on the Group's cash flow and profit after tax as well as its business and future prospects.

Legal or regulatory proceedings or claims and/or failures of regulatory compliance or business ethics could adversely affect the Group's reputation and operations

The Group may become involved in, or a subject of, legal or regulatory proceedings or claims relating to its operations. It is inherently difficult to predict the outcome of legal, regulatory and other adversarial proceedings or claims, and the outcome of such proceedings or claims, whether existing or arising in the future, may adversely affect the Group. In the normal course of its business operations, the Group could become involved in legal proceedings relating, for example, to alleged breaches of contract by the Group and employers' liabilities and be subject to tax and administrative audits. Any unfavourable judgment against the Group in relation to any legal or regulatory proceedings or claims, or the settlement thereof, could have a material adverse effect on the Group's reputation, business, financial condition, results of operations and future prospects.

Furthermore, the Group collaborates with a number of stakeholders (colleagues, customers, shareholders, partners, suppliers and contractors, etc.) and has broad customer and supplier bases. Many participants are involved within the Group's operations and the Group's services and products are procured through subcontractors at several levels. It is difficult for the Group to get an overview of its extended supply chain and there is a risk of activities occurring, either internally in the Group or at suppliers and partners who work on behalf of the Group, that violate the Group's values, breach its Code of Conduct, infringe human rights, involve corruption or breach regulations regarding, for example, health and safety. There is also a risk that employees will commit such violations in their interactions with colleagues, customers and other actors.

Any of the shortcomings described above relating to ethical standards and/or regulatory compliance could result in financial losses, sanctions from supervisory authorities, tarnished reputation and delisting of the Issuer's equity and/or the Group's debt securities.

Incorrect or inadequate processing of sensitive information

The Group processes and stores information and data of various kinds in both electronic and physical form, including data about tenants and, to the extent that it exists, insider information. Among other things, the Group processes personal data relating to employees, consultants and tenants. When the Group processes such data, it is of great importance that the processing takes place in accordance with, among other things, Swedish law and EU regulations, such as **GDPR**. For example, there are strict requirements for informing people about what personal data the Group processes and that this processing takes place in a manner that is consistent with the purpose for which the personal data was collected. If the Group processes this personal data inadequately, there is a risk that the Group will have to pay penalty fees for violations of, for example GDPR as caused by such events. In addition, there is a risk that the Group will fail in use of confidential or sensitive information or that such information will be disclosed or made available to others as a result of, for example, data breaches or so-called extortion viruses or extortion programs (*ransomware*). If the Group fails with processing personal data, is the subject for a breach of law, does not comply with provisions in completed agreements or if confidential or sensitive information is disclosed or made available to others, it may have a material adverse effect on the Group's reputation and earnings.

The Group's operations may contaminate the environment

The Group must comply with all local regulations in relation to the environment and health and safety in respect of its properties. The main environmental impacts caused by the Group's operations relate to contaminated soil. Soil contamination can cause substantial delays and increase the cost of construction projects (including new construction as well as conversions and extensions). As the owner of the properties and land, the Group could be held liable for deterioration, damage, encumbrance or other hazardous causes originating from the operation of the properties, which may not be known or recognisable at the time of the purchase or which may occur at a later date.

Under Swedish, Danish, Norwegian, German and Czech legislation, the party conducting an activity which has contributed to pollution is also responsible for treating it. If the party conducting the activity cannot carry out or pay for such treatment and the party acquiring the property was aware of, or should have discovered the pollution, then the acquirer is responsible for carrying out the treatment. Under Dutch legislation, the party conducting an activity which has contributed to pollution is responsible for treating it, along with any other person who is competent and actually able to prevent or limit a violation of the Dutch legislation (for example, the owner of a property on which polluting activities were carried out). Under certain circumstances, previous owners and the current owner can also be held liable for pollution.

The costs of any removal or clean up that may be necessary due to any deterioration, contamination, damage, encumbrance or hazardous materials may be higher than anticipated by the Group. Failure to comply with environmental regulations, or the need to comply with stricter new environmental regulations that may be introduced, could lead to higher costs or hinder the development of the Group's operations. There is also a risk that the Group may become liable for material environmental damage or other environmental liabilities in the future. The risks described above may damage the Heimstaden brand and the Group's reputation and could also have a material adverse effect on the Group's financial condition.

The Group could incur losses not covered by, or exceeding the coverage limits of, its insurance

The Group has insurance policies, for example, in respect of property, business interruption and liability for damages. However, it is difficult to obtain insurance policies for property that provide full coverage on various types of disasters, such as terrorist attacks, natural disasters and war. There are also other factors that may affect the chances of getting sufficient insurance compensation to make the Group whole following damage to insured properties, for example inflation, tax, changes in construction regulations and environmental concerns. The actual losses suffered by the Group could exceed its insurance coverage and could be material, which would have a material adverse effect on the Group's financial condition.

Financial risks

The Group may not receive financing at competitive terms or at all and may fail in repaying/refinancing its existing debt

Uncertainty in the financial markets or tightening regulation of banks could mean that the price of financing needed to carry out the Group's business, in particular its growth strategy, will increase and that such financing will be less readily available. As a result of the Group's intentions to raise additional debt from the capital markets, the Group is exposed to future adverse changes in those markets. The level of the Group's leverage may also affect its ability to refinance its existing debt, which, in turn, could also affect its competitiveness and limit its ability to react to market conditions and economic downturns.

From the unaudited figures, as at 31 March 2021, the Group's equity ratio was 47.2 per cent. based on the total assets.

As at 31 March 2021, the average period for which the capital is tied up in respect of the Group's interest-bearing liabilities was 11.1 years. The largest proportion of loan maturities within an individual year will occur in 2023 and will correspond to approximately 16 per cent. of the total loan portfolio as of 31 March 2021. The Group conducts continual discussions with banks and credit institutions aimed at securing its long-term financing. The Group cooperates closely with a handful of lenders in order to secure its long-term capital requirements. However, there is a risk that the Group may experience difficulties in raising new debt, repaying its existing debt or fulfilling its equity ratio target in the future. Any failure to repay the principal or pay interest in respect of the Group's existing debt, the inability to refinance existing debt, or to raise new debt at corresponding or more favourable financial and other terms than currently in force, could have a material adverse effect on the Group's business, financial condition, results of operations and future prospects.

Risks posed by the Group's financing model

The Group is financed through equity and interest-bearing debt as well as the cashflows from its operations. A large part of the Group's interest-bearing debt is borrowed by the Group's subsidiaries, which means that the financial risks in the Group is to a large extent attributable to its subsidiaries. A large part of such long-term financing on subsidiaries consists of bilateral credit facilities. There are certain obligations under such credit facilities on maintaining, for example, certain interest cover ratios, equity ratios and certain loan to value ratios. This means that the creditors of the subsidiaries could be entitled to demand repayment in advance of the creditors of the Issuer if the relevant Group subsidiaries do not fulfil such obligations. If such a demand is made, it could adversely affect the relevant Issuer's financial position. A minor portion of the Group's interest bearing debt is in the form of commercial papers, which in contrast to the Group's other more long-dated debt, may be the first to face liquidity constraints in the markets at the times of economic turmoil, which could result in there being no market for the Issuer to issue new commercial papers. If the market for commercial papers is negatively impacted and that coincides with insufficient liquidity in the banking sector to honor the back-up liquidity facilities commitments, the Group may not be able to refinance when due on acceptable terms, or at all.

The Group is dependent on Heimstaden Bostad's long-term credit rating to pursue its financing strategy

Heimstaden Bostad's strategy is to increase its presence on the international capital markets through issuing unsecured bonds and notes and currently the company has a long-term credit rating of BBB (stable outlook) from S&P Global Ratings Europe Limited ("S&P"). There is a risk that S&P will downgrade Heimstaden Bostad's long-term credit rating, for instance if Heimstaden Bostad were to fail to maintain a satisfactory indebtedness and/or liquidity profile. If such a risk were to be realised, it would be difficult for Heimstaden Bostad to pursue its current financial strategy, which would have an adverse effect on the Group's financial prospects and future opportunities.

The Group's financings/insurance arrangements involve counterparty risk

Financial institutions are counterparties to the Group's long-term bank loans and insurance arrangements. During the financial crisis starting in 2007-2008, many banks and insurance companies in the United States and Europe experienced financial difficulties, resulting in numerous mergers, acquisitions and bankruptcies among financial institutions, including government takeovers of certain financial institutions. The Group's principal counterparties in financing transactions are financial institutions which have avoided serious financial problems. However, there is no assurance that the Group's financing or insurance counterparties will not experience any financial difficulties in the future. If the Group's counterparties were to experience financial difficulties it could have a material adverse effect on the Group's business, financial condition, results of operations and future prospects. A prolongation of the outbreak of Covid-19 would accentuate this risk.

Fluctuations in interest rates may adversely affect the Group's business

Interest costs are one of the Group's largest cost items. Interest rate fluctuations affect the Group's profits through changes in interest expenses and the market values of interest rate hedging. From the unaudited figures, as at 31 March 2021, approximately 77 per cent. of the Group's loans were fixed interest rate loans or floating rate loans hedged with interest rate derivatives. Further, fluctuations in interest rates may affect the Group's rental apartment business and the valuation of its properties. Although a significant increase in interest rates may considerably affect house owners' ability to pay interest on housing loans, it may also affect private consumption and decrease the value of properties. In addition, an increase in the interest rates could have a material adverse effect on the cost of financing and the Group's current financing expenses.

As of 31 December 2020, an increase in Euribor, Stibor, Cibor or Nibor of one per cent at any given time would, all else being equal, increase the Group's interest expenses (adjusted for applicable interest deduction) on an annual basis by approximately SEK 191 million. Should the interest rate instead decrease by one per cent in such a scenario, the Group's interest expenses would decrease by approximately SEK 70 million. The

difference in sensitivity is explained by the fact that several of the Group's credit agreements contain interest rate floors that limit rate fluctuations on the downside by, for example, preventing the base rate from being negative, while the cost of outstanding and purchased interest rate derivatives may increase with negative market rates

The Group uses interest rate derivatives to manage the interest rate risk relating to its floating interest rates risk, but may fail in managing its interest rate risk properly. The interest rate derivatives are reported at fair value in the balance sheet and with changes in value in the profit and loss account. As the market interest rates change, a theoretical over or under value on the interest rate derivatives occur which, however, does not affect the cash flow. At the end of the term, the value of the derivatives is always zero. The derivative constitutes a hedging against higher interest rates, but it also means that the market value of the Issuer's interest rate derivatives decreases if the market interest rates decrease, which in turn has a negative impact on the Issuer's financial condition and results of operations. In case a negative value of a derivative needs to be, or is forced to be, realised it will have a negative effect on the liquidity of the Issuer.

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

The Group is exposed to indirect foreign exchange translation risk due to its investments in markets outside of Sweden. As of 31 March 2021 the Group owned properties at estimated values in Denmark in the amount of SEK 55.0 billion, in Norway in the amount of SEK 19.0 billion, in Germany in the amount of SEK 14.3 billion, in the Netherlands in the amount of SEK 23.7 billion and in the Czech Republic in the amount of SEK 14.9 billion. In addition, the Group has investments of SEK 0.5 billion in Poland according to the balance sheet as of 31 March 2021. The currency rate risk arises primarily when the Group's foreign subsidiaries' balance sheets are consolidated in the Group's balance sheet. The Group reports in SEK and all items in the balance sheet that are not denominated in SEK (including items for foreign properties as well as all income and expenses generated by them and liabilities in currencies other than SEK) are converted to SEK. Thus, it is when converting foreign items to SEK that a currency rate risk arises. Should these risks develop negatively, it could have a material adverse effect on the Group's financial position, earnings and future prospects.

Risks relating to the Capital Securities

The Capital Securities are subordinated to most of the Issuer's liabilities

The Capital Securities represent deeply subordinated debt obligations of the Issuer. This means that if the Issuer is subject to any dissolution, winding-up, liquidation, restructuring (Sw. *företagsrekonstruktion*), administrative or other bankruptcy or insolvency proceedings, the Holders normally receive payment after all other creditors have been paid in full.

Hence, in relation to an Issuer Winding-up or an Issuer Re-construction, Holders' claims for the principal amount of their Capital Securities and any accrued and unpaid interest thereon will rank junior in right of payment to any present or future claims of all unsubordinated obligations of the Issuer and all Subordinated Indebtedness, and such claims will rank *pari passu* with any present or future claims in respect of obligations of the Issuer in respect of Parity Securities. In addition, there is no restriction in the Terms and Conditions in relation to issuing or guaranteeing additional debt ranking senior to or *pari passu* with the Capital Securities. As the Holders only will have an unsecured claim against the Issuer the Holders may not recover any or all of their investment

Other than the remedies set out in Clause 15 (Default and Enforcement) of the Terms and Conditions, no remedies shall be available to the Holders, whether for the recovery of amounts owing in respect of the Capital Securities or in respect of any breach by the Issuer of any of its other obligations under or in respect of the

Capital Securities. Such remedies are limited to certain proceedings and enforcement following a default under the Terms and Conditions.

Any potential investor should therefore be aware of that an investment in the Capital Securities entails a risk that the investor loses all or part of its investment if the Issuer becomes liquidated, bankrupt, insolvent, carries out a restructuring or is wound-up.

Interest rate risks and benchmarks

The Capital Securities carry interest at a floating rate of STIBOR plus the applicable margin. Hence, the Capital Securities' value depends on several factors, one of the most significant over time being the level of market interest, which to a high degree is affected by the state of the Swedish and international economy and potential changes to the Benchmark Regulation (Regulation (EU) 2016/1011 of the European parliament and of the council of 8 June 2016 on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds and amending directives 2008/48/EC and 2014/17/EU and Regulation (EU) No 596/2014 (the "**BMR**") and how STIBOR will be determined and develop in the future. There is a risk that a decrease in the market interest will adversely affect the value of the Capital Securities. The process for determining STIBOR (and other interest-rate benchmarks) is subject to a number of statutory rules and other regulations. Some of these rules and regulations have already been implemented, whilst some are due to be implemented in the near future. The most extensive initiative in this respect is the BMR, which came into force on 1 January 2018. There is a risk that the BMR will affect how certain benchmarks are determined and how they develop in the future. This could, for example, lead to increased volatility in respect of some benchmarks. A further risk is that increased administrative requirements, and the resulting regulatory risk, may discourage stakeholders from participating in the production of benchmarks, or that some benchmarks cease to be provided. If this were to happen in respect of STIBOR, which is the benchmark that is used for the Capital Securities, the Terms and Conditions do not include any provisions regarding any replacement benchmark. Thus, if STIBOR would cease to be provided, it may result in the use of a replacement benchmark which may not be identical to the original, and therefore potentially result in a lower interest rate on the Capital Securities and could thus potentially be detrimental to the Holders.

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

The Holders' rights of enforcement in respect of payment under the Capital Securities are subject to significant limitations. 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 to most of the Issuer's liabilities*", accordingly, claims in respect of the Capital Securities would rank junior to claims in respect of unsubordinated obligation 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.

Accordingly, the Holders' rights of enforcement in respect of payments under the Capital Securities are very limited, thus presenting a significant risk for a single Holder.

The Capital Securities have no maturity date

The Capital Securities are perpetual meaning that the Capital Securities have no specified maturity date. The Issuer is not obliged to redeem the Capital Securities at any time and Holders have no option to redeem the

Capital Securities at any time. The Issuer may only redeem the Capital Securities in the circumstances described in Clause 12 (*Redemption and repurchase of the Capital Securities*) of the Terms and Conditions.

Holders are thus required to bear financial risks of the investment in the Capital Securities for a long period of time and may not recover their investment before a redemption of the Capital Securities (if any) at the discretion of the Issuer (in particular if there is no active trading on the secondary market). Accordingly, there is a risk that Holders may lose the whole, or parts of, their investment in the event the Issuer chooses not to redeem the Capital Securities.

The Issuer may defer interest payments

The Issuer may, at its sole discretion by giving notice to the Holders, the Agent and the Issuing Agent before the relevant Interest Payment Date, elect to defer any interest payment, in whole or in part, which would otherwise be due on any Interest Payment Date. If interest is deferred in accordance with the Terms and Conditions, the Issuer has no obligation to make such payment on the relevant Interest Payment Date and any such non-payment of interest does not constitute a default or any other breach of obligations under the Capital Securities.

Deferral of interest payments may have an adverse effect on the market price for the Capital Securities. In addition, the availability to defer interest may result in that the market price for the Capital Securities is more volatile than otherwise would be the case for market prices of other securities in respect of which interest accrues over pre-determined interest periods. Furthermore, the possibility to defer interest payments may expose the Holders to fluctuations in the Issuer's financial position and may result in that the yields from the Capital Securities are less foreseeable.

Liquidity risks

The Issuer intends that the Capital Securities are admitted to trading on the corporate bond list of Nasdaq Stockholm or, if such admission to trading is not possible to obtain or maintain, admitted to trading on another Regulated Market, within 30 days after the First Issue Date of the Capital Securities. There is a risk that the Capital Securities will not be admitted to trading within such time period (or at all), in which case a Holder will not be entitled to cancel, withdraw or otherwise rescind its investment in the Capital Securities, or claim compensation from any person, on the basis of an argument that the Capital Securities have not been listed on a Regulated Market. In addition, if the Capital Securities are not listed within a certain time after the Fourth Issue Date, there is a risk that the Capital Securities will not fulfil the requirements for being placed at an investment savings account (Sw. *investeringssparkonto*) which may have a material adverse effect on a Holder's tax position with respect to the Capital Securities.

Further, there is not always active trading in securities and there is a risk that there will not be a liquid market for trading in the Capital Securities or that this market will be maintained even if the Capital Securities are admitted to trading. This may result in that the Holders cannot sell their Capital Securities when desired or at a price level which allows for a profit comparable to similar investments with an active and functioning secondary market. Lack of liquidity in the market may have a negative impact on the market value of the Capital Securities. Furthermore, the nominal value of the Capital Securities may not be indicative compared to the market price of the Capital Securities if they are admitted for trading on Nasdaq Stockholm.

It should also be noted that during a given time period it may be difficult or impossible to sell the Capital Securities (at all or at reasonable terms) due to, for example, severe price fluctuations, close down of the relevant market or trade restrictions imposed on the market. There is currently significant uncertainty as to how the trading on financial markets may develop if there would be a significant prolongation of the outbreak of Covid-19, and potential consequences thereof include severe price fluctuations and lack of liquidity.

Risks relating to redemption and repurchase of Capital Securities

Upon the occurrence of an Accounting Event, a Rating Event, a Substantial Repurchase Event, a Tax Event, a Withholding Tax Event or a Change of Control, the Issuer may redeem the Capital Securities in whole, but not some only, at any time together with any Deferred Interest and any accrued and unpaid interest. Furthermore, the Issuer may elect to redeem the Capital Securities in whole, but not some only, at par on the

First Call Date or on any Interest Payment Date falling thereafter. If the Capital Securities are redeemed, Holders are entitled to receive a redemption amount, which may exceed the nominal amount of the Capital Securities. There is a risk that the market value of the Capital Securities is higher than the amount received at redemption and that it is not possible for Holders to reinvest such proceeds at an effective interest rate as high as the interest rate on the Capital Securities and may only be able to do so at a significantly lower rate. Accordingly, this presents a significant risk for a single Holder.

RESPONSIBILITY FOR THE INFORMATION IN THE PROSPECTUS

This Prospectus has been prepared in relation to the Company applying for admission to trading on the corporate bond list of Nasdaq Stockholm of the Subsequent Capital Securities of SEK 500,000,000, with ISIN SE0012455111, which were issued on 30 June 2021.

The Issuer has obtained all necessary resolutions, authorisations and approvals required in conjunction with the Capital Securities and the performance of its obligations relating thereto. The issuance of the Third Subsequent Capital Securities on 30 June 2021 was authorised by a resolution by the Board of Directors of the Issuer on 16 June 2021.

The Prospectus has been approved by the Swedish Financial Supervisory Authority (Sw: *Finansinspektionen*) (the “SFSA”) as competent authority under Regulation (EU) 2017/1129. The SFSA only approves this Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by Regulation (EU) 2017/1129. The SFSA’s approval should not be considered as an endorsement of the Issuer that is the subject of this Prospectus, nor should it be considered as an endorsement of the quality of the securities that are subject of this Prospectus. Investors should make their own assessment as to the suitability of investing in the securities.

The Issuer accepts responsibility for the information contained in this Prospectus and declares that, to the best of its knowledge, the information contained in this Prospectus is in accordance with the facts and the Prospectus makes no omission likely to affect its import. The Board of Directors of the Issuer is, to the extent provided by law, responsible for the information contained in this Prospectus and declares that, to the best of its knowledge, the information contained in this Prospectus is in accordance with the facts and the Prospectus makes no omission likely to affect its import.

The information in the tables on pages 42-44 has been sourced from the rating services Standard and Poor’s, Moody’s Investors Service Limited and Fitch Ratings Ltd as compiled by tradingeconomics.com, and from the OECD, Eurostat and Oxford Economics. This information has been accurately reproduced and, as far as the Issuer is aware and is able to ascertain from information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading.

Malmö on 7 July 2021

HEIMSTADEN AB (PUBL)

The board of directors

THE CAPITAL SECURITIES IN BRIEF

This section contains a general description of the Capital Securities. It does not claim to be comprehensive or cover all details of the Capital Securities. Potential investors should therefore carefully consider the Prospectus as a whole, including documents incorporated by reference (see below section “Financial reporting and documents incorporated by reference”) and the full Terms and Conditions, before a decision is made to invest in the Capital Securities. Terms defined in the Terms and Conditions shall have the same meaning when used in this section, unless otherwise defined in this Prospectus.

Initial and Subsequent Capital Securities

On 11 April 2019, the Company issued SEK 2,000,000,000 subordinated perpetual floating rate callable capital securities, with ISIN SE0012455111. A prospectus for the admission to trading on Nasdaq Stockholm was published on 6 May 2019.

Under the Terms and Conditions, the Company may, at one or more occasions, issue Subsequent Capital Securities amounting to in total up to no more than the difference of SEK 5,000,000,000 and the aggregate Nominal Amount of the Initial Capital Securities, unless consent from the Holders is obtained in accordance with the Terms and Conditions. Subsequent Capital Securities have been issued on 11 September 2019 and 5 February 2020 respectively, each issue of SEK 1,000,000,000. On 30 June 2021 (the “**Fourth Issue Date**”) the Company issued SEK 500,000,000 Subsequent Capital Securities (the “**Third Subsequent Capital Securities**”). This Prospectus for the admission to trading of the Third Subsequent Capital Securities on the corporate bond list of Nasdaq Stockholm was published on 7 July 2021.

This Prospectus is prepared solely for the admission to trading of the Third Subsequent Capital Securities on the corporate bond list of Nasdaq Stockholm. In case of issues of further Subsequent Capital Securities, a new prospectus will be prepared for the admission to trading of such Subsequent Capital Securities.

The Company may in the future issue further SEK Capital Securities with same ISIN or EUR Capital Securities with ISIN SE0012455129.

The Capital Securities are denominated in SEK and have been issued in accordance with Swedish law. Any EUR Capital Securities issued in the future will be denominated in EUR and will be issued in accordance with Swedish law. The Capital Securities are debt instruments (Sw. *skuldförbindelser*) of the type set forth in Chapter 1 section 3 of the Swedish Central Securities Depositories and Financial Instruments Accounts Act (Sw. *lagen (1998:1479) om värdepapperscentraler och kontoföring av finansiella instrument*) and are intended for public market trading.

Following a Positive Rating Event, no Subsequent Capital Securities may be issued. Subsequent Capital Securities shall benefit from, and be subject to, the Terms and Conditions and, for the avoidance of doubt, the relevant ISIN, the Interest Rate (except for issues of EUR Capital Securities which will have a different interest rate than the Interest Rate set at the Initial Issue, any subsequent issues of EUR Capital Securities after an initial issue of EUR Capital Securities shall, however, have the same Interest Rate applicable to the first issue of EUR Capital Securities), the Nominal Amount and the perpetual nature applicable to the Capital Securities shall apply also to Subsequent Capital Securities. The price of the Subsequent Capital Securities may be set at par, at a discount or at a higher price compared to the Nominal Amount.

Form of the Capital Securities

The Capital Securities are issued in dematerialised book-entry form and registered on a Securities Account (*värdepapperskonto*) on behalf of the relevant Holder. Hence, no physical securities have been issued. The Capital Securities are registered in accordance with the Central Securities Depositories and Financial Instruments Accounts Act (*lagen (1998:1479) om värdepapperscentraler och kontoföring av finansiella instrument*) and registration requests relating to the Capital Securities shall be directed to an Account Operator. The Capital Securities are governed by Swedish law and are unilateral debt instruments intended for public trading (*ensidig skuldförbindelse avsedd för allmän omsättning*) as set out in Chapter 1, section 3 of the Central Securities Depositories and Financial Instruments Accounts Act.

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

Status of the Capital Securities

The Capital Securities, including the obligation to pay interest thereon, constitute direct, general, unconditional, unsecured and subordinated obligations of the Company. The rights and claims of the Holders in respect of the Capital Securities against the Company are subordinated as described in Clause 3.2 of the Terms and Conditions. In short, this means that (i) in the event of an Issuer Winding-up, the rights of the Holders to receive payments in respect of the Capital Securities will rank equally in insolvency alongside the Parity Securities, and (ii) in the event of a company reconstruction (Sw. *företagsrekonstruktion*), the rights of the Holders to receive payments in respect of the Capital Securities will rank *pari passu* among themselves and with any present or future claims in respect of obligations of the Company in respect of Parity Securities, but junior to any present or future claims in respect of all unsubordinated obligations of the Company and all Subordinated Indebtedness.

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 Company in respect of or arising under or in connection with the Capital Securities and each Holder shall, by virtue of its holding of any Capital Security, be deemed to have waived all such rights of set-off, compensation or retention.

See further in Clause 3.2 of the Terms and Conditions.

Issuance, repurchase, redemption and cancellation

Fourth Issue Date and no maturity

The Third Subsequent Capital Securities were issued on 30 June 2021. The Capital Securities are perpetual and have no specified maturity date. The Capital Securities are redeemed and repaid at the Company's discretion upon the First Call Date, on any Interest Payment Date thereafter or upon a Special Event (see below under sections "*The Company's call option*" and "*Redemption due to a Special Event*"). The Capital Securities are not redeemable at the option of the Holders at any time.

Purchase of the Capital Securities by Group Companies

The Company or any Group Company may, subject to applicable law, at any time and at any price purchase Capital Securities on the market or in any other way. Capital Securities held by a Group Company may at such Group Company's discretion be retained or sold or, if held by the Company, cancelled by the Company.

The Company's call option

The Company may, by giving not less than 30 but not more than 60 Business Days' prior notice to the Issuing Agent, the Agent and 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 the First Call Date or on any Interest Payment Date thereafter at their principal amount together with any Deferred Interest and any other accrued and unpaid interest up to (and including) the Redemption Date. Upon the expiry of such notice, the Company is bound to redeem the Capital Securities.

Redemption due to a Special Event

If an Accounting Event, a Rating Event, a Substantial Repurchase Event, a Tax Event or a Withholding Tax Event has occurred and is continuing, the Company may, by giving not less than 30 not more than 60 days' prior notice to the Issuing Agent, the Agent and the Holders (which notice shall be irrevocable and shall specify the date fixed for redemption) and subject to Clause 13 (*Preconditions to Special Event Redemption or Change of Control Redemption*) of the Terms and Conditions, redeem all, but not some only, of the Capital Securities at any time at an amount equal to:

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

in each case together with any Deferred Interest and any interest accrued from (but excluding) the immediately preceding Interest Payment Date to (and including) the Redemption Date.

Upon the expiry of such notice, the Company is bound to redeem the Capital Securities.

Repurchase upon a Change of Control

Upon a Change of Control and, if a Positive Rating Event has occurred prior to the Change of Control, a Rating Downgrade occurs in respect of that Change of Control within the Change of Control Period, the Company may, no later than the date falling six months after the date on which the Change of Control has occurred, and upon giving not less than 30 but not more than 60 days' prior notice to the Holders (which notice shall be irrevocable and shall specify the date fixed for redemption) and subject to Clause 13 (*Preconditions to Special Event Redemption or Change of Control Redemption*) of the Terms and Conditions, redeem all, but not some only, of the Capital Securities at an amount equal to:

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

in each case together with any Deferred Interest and any interest accrued from (but excluding) the immediately preceding Interest Payment Date to (and including) the Redemption Date.

Immediately upon the Company becoming aware that a Change of Control has occurred, the Company shall give notice to the Agent, the Issuing Agent and the Holders specifying the nature of the Change of Control.

Cancellation of the Capital Securities

All Capital Securities which are redeemed or purchased and elected to be cancelled pursuant to the provisions of the Terms and Conditions will be cancelled and may not be reissued or resold. The Company shall promptly inform the Holders, the Agent and the Issuing Agent of any such cancellation and for so long as the Capital Securities are admitted to trading on Nasdaq Stockholm and the rules of such exchange so require, the Company shall promptly inform Nasdaq Stockholm (or any other relevant Regulated Market on which the Capital Securities are admitted to trading) of the cancellation of any Capital Securities.

Payments in respect of the Capital Securities

Any payment or repayment under the Terms and Conditions, or any amount due in respect of a repurchase of any Capital Securities, shall be made to such person who is registered as a Holder on the Record Date prior to an Interest Payment Date or other relevant due date, or to such other person who is registered with the CSD on such date as being entitled to receive the relevant payment, repayment or repurchase amount.

The Company is not liable to gross-up any payments under the Terms and Conditions by virtue of any withholding tax, public levy or similar.

Interest, deferred interest and default interest

Interest rate

Subject to the right to defer interest payments (as described in section "*Optional deferral of interest payments*" below), each Initial Capital Security carries Interest at the Interest Rate from (but excluding) the First Issue Date up to (and including) the relevant Redemption Date and any Subsequent Capital Security will carry Interest at the Interest Rate from (but excluding) the Interest Payment Date falling immediately prior to its issuance up to (and including) the relevant Redemption Date.

Subject to a Step-up Interest Rate becoming applicable as set out in section “*Step-up Interest Rate*” below and a step-up becoming applicable after a Change of Control (as set out below):

- (a) each SEK Capital Security carries interest at a floating rate of STIBOR (3 months) plus:
 - (i) a margin of 5.90 per cent. *per annum* from (but excluding) the First Issue Date up to (and including) the date falling ten and a half (10.5) years after the First Issue Date;
 - (ii) a margin of 6.15 per cent. *per annum* from (but excluding) the date falling ten and a half (10.5) years after the First Issue Date to (and including) the date falling twenty five and a half (25.5) years after the First Issue Date; and
 - (iii) a margin of 6.90 per cent. *per annum* from (but excluding) the date falling twenty five and a half (25.5) years after the First Issue Date to (and including) the Redemption Date, and
- (b) each EUR Capital Security carries interest at a floating rate of EURIBOR (3 months) plus:
 - (i) the Initial EUR Margin (as determined at the first issue of EUR Capital Securities) from (but excluding) the First Issue Date up to (and including) the date falling ten and a half (10.5) years after the First Issue Date;
 - (ii) the Initial EUR Margin plus 0.25 per cent. *per annum* from (but excluding) the date falling ten and a half (10.5) years after the First Issue Date to (and including) the date falling twenty five and a half (25.5) years after the First Issue Date; and
 - (iii) the Initial EUR Margin plus 1.00 per cent. *per annum* from (but excluding) the date falling twenty five and a half (25.5) years after the First Issue Date to (and including) the Redemption Date.

Notwithstanding the above, if the Company does not elect to redeem the Capital Securities in accordance with the Terms and Conditions following the occurrence of a Change of Control, the then prevailing Interest Rate on each Capital Security will be increased by 5.00 per cent. *per annum* with effect from (but excluding) the date falling six months after the date on which the Change of Control has occurred.

Interest shall be calculated on the basis of the actual number of days in the Interest Period in respect of which payment is being made divided by 360 (actual/360-days basis).

Step-up Interest Rate

Subject to a step-up becoming applicable after a Change of Control (as described in section “*Interest rate*” above) and provided a Positive Rating Event has not occurred prior to the First Call Date, commencing from (but excluding) the First Call Date, the Interest Rate in respect of each Interest Period shall be the aggregate of the applicable:

- (a) in relation to SEK Capital Securities, STIBOR (3 months) and:
 - (i) a margin of 8.40 per cent. *per annum* from (but excluding) the First Call Date up to (and including) the date falling ten and a half (10.5) years after the First Issue Date;
 - (ii) a margin of 8.65 per cent. *per annum* from (but excluding) the date falling ten and a half (10.5) years after the First Issue Date to (and including) the date falling twenty five and a half (25.5) years after the First Issue Date; and
 - (iii) a margin of 9.40 per cent. *per annum* from (but excluding) the date falling twenty five and a half (25.5) years after the First Issue Date to (and including) the Redemption Date, and

(b) in relation to EUR Capital Securities, EURIBOR (3 months) and:

- (i) the Initial EUR Margin plus 2.50 per cent. *per annum* from (but excluding) the First Call Date up to (and including) the date falling ten and a half (10.5) years after the First Issue Date;
- (ii) the Initial EUR Margin plus 2.75 per cent. *per annum* from (but excluding) the date falling ten and a half (10.5) years after the First Issue Date to (and including) the date falling twenty five and a half (25.5) years after the First Issue Date; and
- (iii) the Initial EUR Margin plus 3.50 per cent. *per annum* from (but excluding) the date falling twenty five and a half (25.5) years after the First Issue Date to (and including) the Redemption Date.

For an illustration of the Step-up Interest Rate, please see the Appendix of the Terms and Conditions (*Table of step-up interest rate*) at page 116 of this Prospectus.

Interest payment dates

Subject to Optional Interest Deferral, interest is payable on the Capital Securities quarterly in arrear on 11 January, 11 April, 11 July and 11 October of each calendar year, or to the extent such day is not a Business Day, the Business Day following from an application of the Business Day Convention. The first Interest Payment Date for the Capital Securities will be 11 July 2021 and the last Interest Payment Date will be the relevant Redemption Date.

Optional deferral of interest payments

The Company may, at any time and at its sole discretion, elect to defer any Interest Payment, in whole or 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 of such election to the Holders, the Issuing Agent and the Agent not less than seven Business Days prior to the relevant Interest Payment Date. Notwithstanding the foregoing, failure to give such notice shall not prejudice the right of the Company to defer any Interest Payment as described above.

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

The deferral of an Interest Payment as described above shall not constitute a default pursuant to Clause 15 (*Default and Enforcement*) of the Terms and Conditions by the Company under the Capital Securities or for any other purpose.

Repurchase upon a Change of Control Settlement of deferred interest

Deferred Interest may be paid, in whole or in part, at any time at the option of the Company following delivery of a notice to such effect given by the Company to the Holders, the Issuing Agent and the Agent not less than seven Business Days prior to the date (to be specified in such notice) on which the Company will pay such Deferred Interest.

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

- (a) the tenth Business Day following the date on which a Deferred Interest Payment Event occurs;

- (b) any Interest Payment Date in respect of which the Company does not elect to defer all of the interest accrued in respect of the relevant Interest Period; and
- (c) the date on which the Capital Securities are redeemed or repaid in accordance with the Terms and Conditions.

The Company shall give notice of any Deferred Interest Payment Event to the Holders, the Issuing Agent and the Agent within three Business Days of such event.

Default interest

If the Company fails to pay any amount payable by it pursuant to the Terms and Conditions on its due date, default interest shall accrue on the overdue amount from (but excluding) the due date up to (and including) the date of actual payment at a rate of 2.00 per cent. *per annum*. Accrued default interest shall not be capitalised. No default interest shall accrue where the failure to pay was solely attributable to the Agent or the CSD.

Admission to trading

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

The number of Third Subsequent Capital Securities being admitted to trading if the application is approved by Nasdaq Stockholm is 400 (making a total of 3,600 Capital Securities). The earliest date for admitting the Capital Securities to trading on Nasdaq Stockholm is expected to be on or about the first date after which this Prospectus is approved by the SFSA. It is estimated that the Company's costs in conjunction with the admission to trading will be no higher than SEK 300,000.

Decisions by Holders

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

Only a person who is, or who has been provided with a power of attorney in accordance with the Terms and Conditions from a person who is, registered as a Holder:

- (a) on the Business Day specified in the notice pursuant to Clause 17.3 of the Terms and Conditions, in respect of a Holders' Meeting; or
- (b) on the Business Day specified in the communication pursuant to Clause 18.3, in respect of a Written Procedure;

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

A matter decided at a duly convened and held Holders' Meeting or by way of Written Procedure is binding on all Holders, irrespective of them being present or represented at the Holders' Meeting or responding in the Written Procedure. The Holders that have not adopted or voted for a decision shall not be liable for any damages that this may cause other Holders.

Information about decisions taken at a Holders' Meeting or by way of a Written Procedure shall promptly be sent by notice to each person registered Holder and also be published on the websites of the Company and the Agent, provided that a failure to do so shall not invalidate any decision made or voting result achieved. The Company or the Agent, as applicable, shall at the request of a Holder send the minutes from the relevant Holders' Meeting or Written Procedure to the Holder.

No direct action by Holders

Subject to certain exemptions set out in the Terms and Conditions, a Holder may not take any steps whatsoever against the Company to enforce or recover any amount due or owing to it pursuant to the Terms and Conditions, or to initiate, support or procure the winding-up, dissolution, liquidation, company reorganisation (*företagsrekonstruktion*) or bankruptcy (*konkurs*) (or its equivalent in any other jurisdiction) of the Company in relation to any of the obligations and liabilities of the Company under the Terms and Conditions.

Time-bar

The right to receive repayment of the principal of the Capital Securities shall be time-barred and become void ten (10) years from the Redemption Date. The right to receive payment of interest (excluding any capitalised interest) shall be time-barred and become void three (3) years from the relevant due date for payment. The Company is entitled to any funds set aside for payments in respect of which the Holders' right to receive payment has been time-barred and has become void.

Governing law

The Terms and Conditions of the Capital Securities and any non-contractual obligations arising out of or in connection therewith shall be governed by and construed in accordance with the laws of Sweden. The Company submits to the non-exclusive jurisdiction of the City Court of Stockholm (Sw. *Stockholms tingsrätt*).

The CSD

Euroclear Sweden, Swedish Corporate ID No. 556112-8074, P.O. Box 191, SE-101 23 Stockholm, Sweden, is initially acting as Central Securities Depository (CSD) and registrar in respect of the Capital Securities.

The Agent

Intertrust (Sweden) AB, reg. no. 556625-5476, Sveavägen 9, P.O. Box 162 85, SE-103 25 Stockholm, Sweden, acts as the Agent for the Holders in relation to the Capital Securities, and, if relevant, any other matter within its authority or duty in accordance with the Terms and Conditions. An agreement was entered into between the Agent and the Company on or about the First Issue Date regarding, *inter alia*, the remuneration payable to the Agent. The rights, obligations of the Agent are set forth in the Terms and Conditions.

The Issuing Agent

Nordea Bank Abp, Smålandsgatan 17, SE-105 71 Stockholm, Sweden is acting as Issuing Agent in respect of the Third Subsequent Capital Securities in accordance with the Terms and Conditions of the Capital Securities.

Use of proceeds

The Company shall use the Net Proceeds from any Subsequent Issue towards general corporate purposes of the Group, including investments and financing acquisitions.

HEIMSTADEN

Company description

The Group was established in 1998 and the Company, Heimstaden AB (publ), reg. no. 556670-0455, was incorporated on 31 July 2004 in Sweden. Its trade name (*i.e.* the name used for marketing purposes) is Heimstaden. The Company's LEI code is 549300WD2QBD89VBPV88. The Company is a public limited liability company and is governed 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 registered office of the Company is in Malmö and the Company's registered address is Östra Promenaden 7 A, SE-211 28 Malmö, Sweden, telephone number +46 (0)770 111 040. The Company's website is heimstaden.com. The information on the website or any other website is not part of this Prospectus and has not been scrutinized or approved by the SFSA unless that information is incorporated by reference into this Prospectus.

According to the Company's articles of association the Company shall own and administrate real property and real estate companies, and conduct business pertaining thereto.

Share capital, shares, ownership structure and governance

According to its articles of association, the Company's share capital shall be no less than SEK 60,000,000 and not more than SEK 240,000,000 divided into no less than 60,000,000 shares and not more than 240,000,000 shares. As of the date of this Prospectus, the number of shares in the Company was 190,633,750 shares, divided among 132,040,000 ordinary shares and 58,593,750 preference shares.

The Company's preference shares are listed at Nasdaq First North Premier under the ticker HEIM PREF. All ordinary shares of the Company are owned by the Company's largest shareholder, Fredensborg AS, which is in turn ultimately controlled by Ivar Tollefsen with approximately 98 per cent. of the shares and 100 per cent. of the votes. Ivar Tollefsen is thereby holding approximately 71 per cent. of the share capital and 96 per cent. of the votes in the Company.

The shareholders exercise their voting rights at general meetings, *e.g.* with regard to the composition of the board of directors and election of external auditors. The main shareholder's influence is limited by the provisions of the Swedish Companies Act on minority rights. The Company's governance is based on its articles of association, the Swedish Companies Act, the listing rules of Nasdaq Stockholm, policies regarding diversity and non-discrimination and other relevant Swedish and international regulations. In addition, the Company acts in accordance with the rules of procedure of the board of directors and the instructions for the managing director adopted by the Company.

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

The Company owns, directly and indirectly, several partly and wholly-owned subsidiaries as well as associated entities (Sw. *intressebolag*) through which the Company's operations are conducted and through which the Company's properties are owned. The Company is dependent on its subsidiaries and associated entities in order to generate profit and cash flow and, thus, to be able to meet its obligations under the Capital Securities. In addition, the Company is dependent on companies within the Group for certain aspects of its operations and administration.

As at 31 March 2021, the Group, in total, consists of 855 Group Companies (including the Company), of which 404 Group Companies are incorporated in Sweden, 252 Group Companies are incorporated in Denmark, 110 Group Companies are incorporated in Norway, 54 Group Companies are incorporated in the Netherlands, 14 Group Companies are incorporated in Germany, 8 Group Companies are incorporated in Czech Republic, 10 Group Companies are incorporated in Poland and 3 Group Companies are incorporated in the United Kingdom.

Introduction to Heimstaden AB

Heimstaden AB is an industrial investor and owns Heimstaden Bostad AB together with long-term institutional investors who share Heimstaden AB's philosophy for evergreen and sustainable investments. Heimstaden is the investment, asset, property and facility manager of Heimstaden Bostad AB. All employees are employed by Heimstaden AB, with the exception of employees in the Czech Republic, which are employed by Heimstaden Bostad AB. The property companies are fully owned by Heimstaden Bostad AB.

The Company is currently present in several European markets, where Denmark is the largest. Heimstaden is the parent company of the Group. A significant part of the Company's and the Group's operations, assets and income concerns the subsidiary Heimstaden Bostad AB, which is owned by the Company together with various investors, namely Alecta, Folksam Group, Sandvik Pension Fund, Ericsson Pension Fund and the Swedish Pension Agency. As at 31 March 2021, the Company owned approximately 50.3 per cent. of the votes and approximately 45.3 per cent. of the total number of shares in Heimstaden Bostad AB. The Company has an asset management agreement with Heimstaden Bostad AB, whereby the Company provides Heimstaden Bostad AB with among other things, accounting functions, transaction teams, HR function, and senior executives.

In October 2019, a revised shareholders agreement was signed for Heimstaden Bostad AB which enabled the company to bring in several institutional owners. In December 2019, Folksam Group became the second largest institutional owner of Heimstaden Bostad AB through its companies Folksam Sak and Folksam Livs as well as KPA Pension. In March 2021, the Swedish Pension Agency became an institutional investor in Heimstaden Bostad AB. Institutional owners strengthen the capital base and provide a seal of quality for the operations conducted in Heimstaden when value-driven and long-term actors choose to become owners of Heimstaden Bostad AB.

The combination of having a fully committed and knowledgeable industrial owner supported by long-term institutional partners, provides Heimstaden Bostad AB with access to the expertise and financial strength needed to identify and capitalise on attractive investment opportunities.

Selected key performance indicators

Alternative performance measures

Heimstaden applies the European Securities and Markets Authority ("**ESMA**") Guidelines on the Alternative Performance Measures (issued on 5 October 2015) (the "**ESMA guidelines**"). Heimstaden presents certain financial measures that are not defined in accordance with International Financial Reporting Standards as adopted in the European Union ("**IFRS**"). Heimstaden believes that these measures provide valuable additional information to investors and management as they enable assessment of the Group's performance. Since not all companies calculate financial measures in the same way, these are not always comparable to measurements used by other companies. Accordingly, these financial measures should not be considered as a replacement for measures defined in accordance with IFRS. Further details are provided below in respect of alternative performance measures used in this Prospectus.

*) These specific key data are operational and are not considered to be key data in accordance with the ESMA guidelines.

Heimstaden AB as an isolated entity

Below are key performance indicators viewing Heimstaden AB as an isolated entity, consisting mainly of the shares in Heimstaden Bostad AB and a sole investment property and excluding the properties, debt and cash position of Heimstaden Bostad. This information has been sourced from Heimstaden AB's internal accounting systems.

Share of Heimstaden Bostad's net asset value

Shares of Heimstaden Bostad's net asset value is a measure of the value of the shares in Heimstaden Bostad held by Heimstaden AB. This is relevant to show the value of parts of the assets held by Heimstaden AB as an isolated entity.

Relevant assets

Relevant assets is a measure of the value of the shares in Heimstaden Bostad held by Heimstaden AB, including the investment properties owned by Heimstaden AB. This is relevant to show the value of the assets held by Heimstaden AB as an isolated entity.

Net interest-bearing debt

Net interest-bearing debt is a measure of the indebtedness less the cash position of Heimstaden AB as an isolated entity. Heimstaden considers net interest-bearing debt to be relevant to measure its indebtedness.

Loan-to-Value (per cent.)

The loan-to-value ratio compares net debt against assets and is a key performance measure that Heimstaden considers to be relevant for assessing the indebtedness of Heimstaden AB as an isolated entity in relation to its assets.

Net interest-bearing debt, including hybrid bonds

Net interest-bearing debt, including hybrid bonds is a measure of the indebtedness, including hybrid bonds, less the cash position of Heimstaden AB as an isolated entity. Heimstaden considers net interest-bearing debt, including hybrid bonds to be relevant to measure the indebtedness of Heimstaden AB as an isolated entity if the hybrid bonds were to be viewed as 100 per cent. debt.

Loan-to-Value, including hybrid bonds (per cent.)

The loan-to-value ratio, including hybrid bonds compares net debt, including hybrid bonds, against assets and is a key performance measure that Heimstaden considers to be relevant for assessing the indebtedness of Heimstaden AB as an isolated entity in relation to its assets if the hybrid bonds were to be viewed as 100 per cent. debt.

Operating profit/loss

The operating profit/loss shows the income for Heimstaden AB as an isolated entity. Operating income minus operating costs. The operating profit/loss is included in adjusted earnings.

Adjusted earnings

Income is a key performance measure that shows the income for Heimstaden AB as an isolated entity used to pay for interest costs and other costs related to the ongoing business of Heimstaden AB as an isolated entity and consists of income from its investment properties, the income from the management of Heimstaden Bostad's assets and the cash dividend from the shares in Heimstaden Bostad, held by Heimstaden AB. Heimstaden considers this to be relevant for assessing the ability of Heimstaden AB as an isolated entity to pay the interest costs on its debt.

Financial costs

Financial costs is a key performance measure that shows the costs related to the indebtedness of Heimstaden AB as an isolated entity including interest-bearing debt and hybrid bonds. Heimstaden considers this key performance measure to be relevant to assess the funding costs related to the assets in Heimstaden AB as an isolated entity.

Interest coverage ratio (rolling 12 months) (multiple)

Adjusted earnings divided by financial costs. Interest coverage ratio is a key performance measure that Heimstaden considers to be relevant for assessing the ability of Heimstaden AB as an isolated entity to pay interest on interest-bearing liabilities, make strategic investments and to fulfil its commitments under financing agreements.

Interest coverage ratio, including hybrid costs (rolling 12 months) (multiple)

Adjusted earnings divided by financial costs including hybrid costs. Interest coverage ratio is a key performance measure that Heimstaden considers to be relevant for assessing the ability of Heimstaden AB as an isolated entity to pay interest on interest-bearing liabilities, make strategic investments and to fulfil its commitments under financing agreements.

	31 March 2021 (unaudited)	31 March 2020 (unaudited)	2020 (audited)	2019¹ (audited)
<i>(SEK millions, unless otherwise stated)</i>				
Relevant assets				
Shares of Heimstaden Bostad's net asset value	37,525	27,201	30,402	23,101
Investment properties.....	622	388	622	388
Relevant assets	38,147	27,589	31,024	23,489
Net interest-bearing debt				
Interest-bearing secured liabilities	198	200	301	200
Interest-bearing unsecured liabilities	7,733	3,000	4,000	3,000
Interest-bearing liabilities	7,931	3,200	4,301	3,200
Cash and cash equivalents	-3,640	-3,684	-3,270	-6,342
Net interest-bearing debt.....	4,292	-484	1,031	-3,142
Loan-to-Value (per cent.)				
Net interest-bearing debt.....	4,292	-484	1,031	-3,142
Relevant assets.....	38,147	27,589	31,024	23,489

	31 March 2021 (unaudited)	31 March 2020 (unaudited)	2020 (audited)	2019 ¹ (audited)
Loan-to-Value (per cent.).....	11.3	-1.8	3.3	-13.4

Net interest-bearing debt, including hybrid bonds

Interest-bearing liabilities	7,931	3,200	4,301	3,200
Hybrid bonds	3,867	3,867	3,867	2,975
Cash and cash equivalents	-3,640	-3,684	-3,270	-6,342
Net interest-bearing debt, including hybrid bonds.....	8,159	3,383	4,898	-167

Loan-to-Value, including hybrid bonds (per cent.)

Net interest-bearing debt, including hybrid bonds ..	8,159	3,383	4,898	-167
Relevant assets.....	38,147	27,589	31,024	23,489
Loan-to-Value, including hybrid bonds (per cent.).....	21.4	12.3	15.8	-7.0

	As at 31 March		As at 31 December	
	2021 (unaudited)	2020 (unaudited)	2020 (audited)	2019 ¹ (audited)
Operating profit/loss				
Operating income	287	181	262	147
Operating cost.....	-240	-158	-218	-135
Operating profit/loss.....	47	24	44	12

Adjusted earnings

Operating profit/loss	47	24	44	12
Pref A dividends	277	184	184	127
Common dividends.....	1,636	400	400	0
Pref B dividends	553	349	349	246
Adjusted earnings	2,512	957	977	384

Financial costs

	As at 31 March		As at 31 December	
	2021 (unaudited)	2020 (unaudited)	2020 (audited)	2019 ¹ (audited)
Interest expenses.....	-141	-102	-113	-97
Hybrid cost	-244	-120	-222	-45
Financial costs	-384	-222	-334	-142

**Interest Coverage Ratio (rolling 12 months)
(multiple)**

Adjusted earnings	2,512	957	977	384
Interest expenses.....	-141	-102	-113	-97
Interest Coverage Ratio (rolling 12 months) (multiple)	17.9	9.4	8.7	4.0

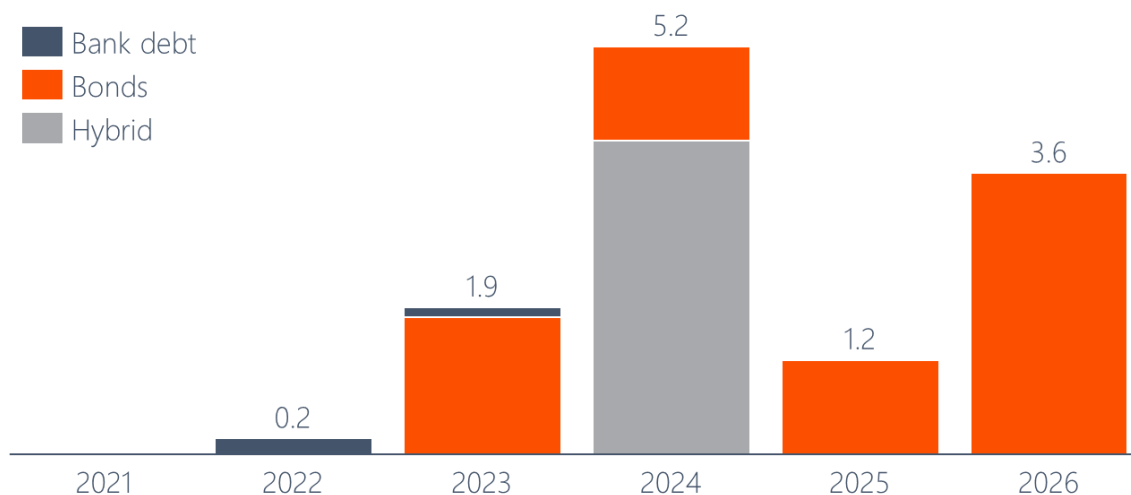
**Interest Coverage Ratio, including hybrid costs
(rolling 12 months) (multiple)**

Adjusted earnings	2,512	957	977	38
Financial costs	-384	-222	-334	-142
Interest Coverage Ratio, including hybrid costs (rolling 12 months) (multiple)	6.5	4.3	2.9	2.7

Note: 2019¹ refers to Heimstaden AB as an isolated entity as of 31 December 2019 where the properties sold to Heimstaden Bostad during the year are excluded. Note that there has been no assumption of increased dividend or management fee in Heimstaden AB related to the increased Gross Asset Value in Heimstaden Bostad.

The chart below shows an overview of the isolated entity's debt maturity profile from the unaudited figures as at 31 March 2021.

SEK billion



Recent events, trend information and significant changes

Poland

In December 2020, Heimstaden made its first investment in Poland, with two turnkey newbuild projects for 640 residential units in Warsaw.

In May 2021, Heimstaden acquired a newbuild portfolio with 2,496 homes in Poland for SEK 3.1 billion from leading Polish residential development company, Budimex. The portfolio is located in five of the largest cities in Poland: Warsaw, Krakow, Wroclaw, Poznan and Gdansk, economic hubs in their regions, encompassing Poland's most populated and prosperous areas. The portfolio consists of 13 projects to develop 2,496 apartments (131,806 sqm), 5,202 sqm of retail space, and accompanying parking spaces.

Sweden

On 6 May 2021, Heimstaden agreed to acquire 1,118 residential units in Linköping for SEK 2.5 billion from municipal housing company Stångåstaden. The transaction is expected to close in July 2021 and is expected to be financed through debt and equity.

United Kingdom

On 21 May 2021, Heimstaden announced that it will enter a new market, the United Kingdom, by acquiring the "Soho Wharf" newbuild project in Birmingham for GBP 160 million (SEK 1.9 billion as at 21 May 2021) from Apsley House Capital and Galliard Homes. The project consists of 752 homes, three commercial units and 300 parking spaces. It has a total lettable area of 48,710 square metres. The transaction is structured as a turnkey forward funding project with Galliard Homes as developer and contractor. Heimstaden will fund the development based on construction milestones but does not take on direct development risk. Construction has started on site and is expected to be completed between the first quarter of 2023 and the first quarter of 2024.

Trend information

There has been no material adverse change in the prospects of the Issuer since 31 December 2020, being the end of the last financial period for which an audited financial report has been published.

Significant changes since 31 March 2021

There has been no significant change in the financial performance or financial position of the Group since 31 March 2021, being the end of the last financial period for which financial information has been published.

Material contracts

Neither the Issuer nor any other Group Company has concluded any material contracts that are not entered into in the ordinary course of its business which could result in any Group Company being under an obligation or entitlement that is material to the Issuer's ability to meet its obligations to Holders.

Credit rating

Neither the Company nor the Capital Securities have a credit rating from an international credit rating institute.

Legal and arbitration proceedings

The Group has not been party to any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware) during the previous 12 months from the date of this Prospectus which may have, or have had in the recent past, significant effects on the Issuer's and/or the Group's financial position or profitability.

HEIMSTADEN BOSTAD

Group structure, shareholders and dividend distribution in Heimstaden Bostad

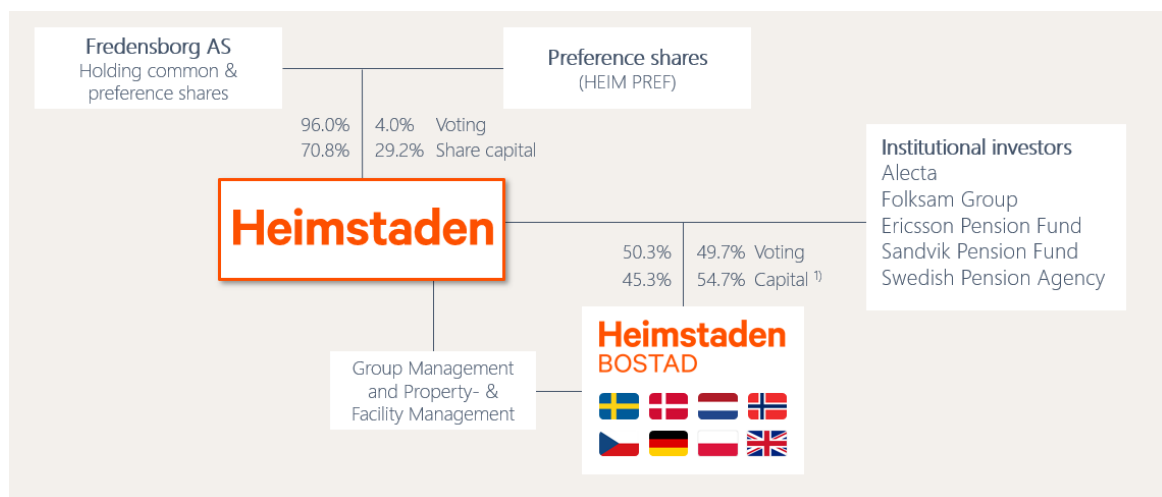
Group structure

Heimstaden Bostad's ownership structure (based on voting rights) is as follows as at 31 March 2021:

- Heimstaden AB (publ) (through subsidiary), 50.3 per cent.;
- Alecta, 41.2 per cent.;
- Folksam Group, 5.5 per cent.;
- Ericsson Pension Fund, 1.7 per cent.;
- Sandvik Pension Fund, 0.6 per cent.;
- Swedish Pensions Agency, 0.6 per cent.; and
- Heimstaden AB (publ) management, 0.1 per cent.

Heimstaden AB (publ)'s majority owner is Fredensborg AS, a Norwegian residential real estate group wholly owned by Ivar Tollefsen.

The diagram below shows an overview of the ownership of Heimstaden Bostad based on voting rights and total capital as the date of this Prospectus.



Note:

⁽¹⁾ Capital means Heimstaden Bostad's net asset value excluding non-controlling interest and hybrid bonds with accrued interest.

Shareholders

Equity

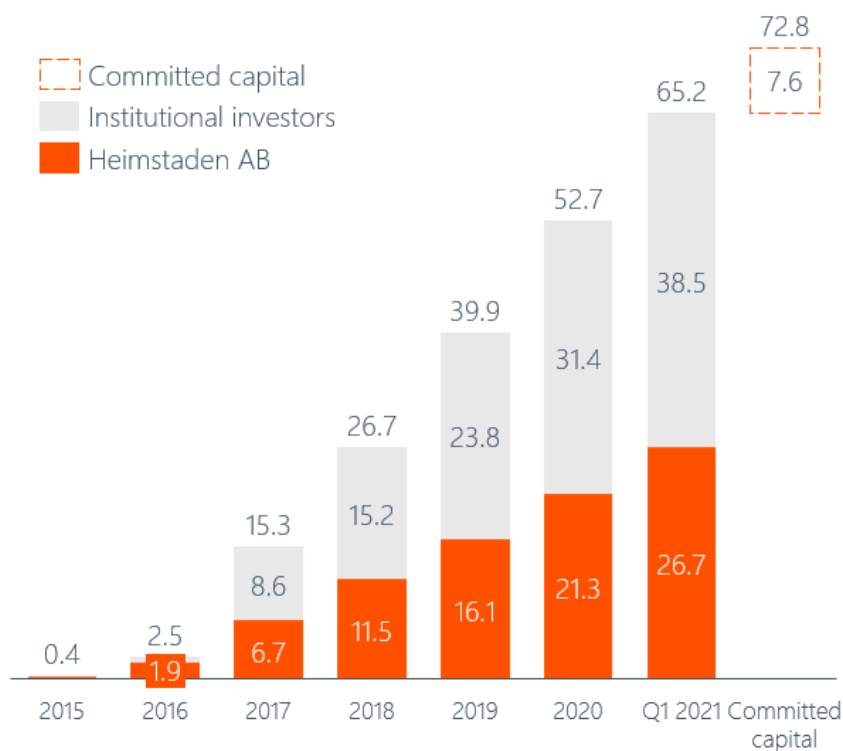
Heimstaden Bostad's shares are privately held and comprise of three classes of shares (class A preference shares, class B preferences shares, and common shares). All shareholders (except management) have holdings

in both common shares and class B preference shares. Heimstaden AB (publ) (through its subsidiaries) is the only holder of the Class A preference shares.

Heimstaden Bostad also benefits from capital commitments from Alecta and the Swedish Pensions Agency in an amount of SEK 7.6 billion as at 31 March 2021, which it can utilise for future acquisitions (subject to certain conditions).

The graph below shows the unaudited cumulative historical equity investment (in SEK, billions) made by the Group's institutional investors and Heimstaden AB during the period from the year ending 31 December 2015 to the three months ending 31 March 2021.

Cumulative equity injections and committed capital (2015 – 31 March 2021, unaudited)



Capital distribution

The total capital (unaudited) of Heimstaden Bostad and its distribution between its shareholders is presented in the table below as at 31 March 2021:

Shareholders	Total capital (SEK, billion)	Proportion of total capital (per cent.)	Proportion of voting rights (per cent.)
Heimstaden AB (publ) (through subsidiary).....	37.5	45.3	50.3
Alecta	37.6	45.4	41.2
Folksam Group.....	5.0	6.0	5.5
Ericsson Pension Fund	1.6	2.0	1.7

Shareholders	Total capital	Proportion of total capital	Proportion of voting rights
	(SEK, billion)	(per cent.)	(per cent.)
Sandvik Pension Fund	0.6	0.7	0.6
Swedish Pensions Agency	0.5	0.6	0.6
Heimstaden management.....	0.0	0.1	0.1
Total	82.9	100.0	100.0

Note:

⁽¹⁾ Total capital means Heimstaden Bostad's net asset value excluding non-controlling interest and hybrid bonds with accrued interest.

Dividend distribution model

The shareholders have agreed on certain principles and rules governing the dividend distribution reflected in the shareholders' agreement of Heimstaden Bostad, whereby, in short:

- overarching principle that 100 per cent. of Heimstaden Bostad's funds from operations, after any deduction necessary to fulfil agreed liquidity reserve, shall be paid out;
- shareholders representing more than 10 per cent. ownership of either Class B preference shares or common shares can demand dividend distribution in accordance with the Distribution Waterfall;
- minimum dividend is Class A preference shares and Class B preference shares, whereby non-executed preferential dividend amounts roll over to following financial year according to the articles of association;
- dividend amounts from Class B preference shares are reinvested by way of subscription of new Class B preference shares if necessary to meet agreed balance between the share classes (see below under "Rebalancing"); and
- dividends on common shares are the residual between funds from operations and preferential dividends according to the Distribution Waterfall but are conditional on Heimstaden Bostad maintaining its credit worthiness.

According to the Distribution Waterfall set forth in Heimstaden Bostad's articles of association, the preferential shares have priority over the ordinary shares, i.e. dividends and other distributions to holders of ordinary shares are made only after such dividends or distributions have been made to holders of preferential shares. Moreover, Class A preference shares have priority over Class B preference shares.

Class A preference shares, of which the Issuer owns 100 per cent., have the highest priority), whereby the dividend for such share is calculated quarterly. Each Class A preference shares is entitled to a *pro rata* share of an aggregate amount equal to 0.05 per cent. of the market value of Heimstaden Bostad's properties, whereby such market value is determined based on the annual average market value on the basis of the quarterly reporting during the relevant financial year. When the Class A preference shares have received such average market value, the Class A preference shares shall not be entitled to any further dividends. If the Class A preference shares do not receive dividend in an amount equal to 0,05 of the average market value for a financial year, such dividend shall be distributed during a subsequent financial year before any other dividend is made.

The Class B preference shares are entitled to receive dividend on basis of the following:

- LTV based dividend
- ROE based dividend

The LTV based dividends shall be calculated on the Acquisition Cost per each series of Class B preference shares, as a percentage between 3.5 and 4.5 percent per year. 3.5 per cent. shall be received when LTV is 40 per cent. or lower and 4.5 per cent. shall be received when LTV is 65 per cent. or higher. The LTV based dividend shall be linearly adjusted between 3.5 per cent. and 4.5 per cent. in relation to LTV. LTV is calculated at the end of each quarter-end and the LTV based dividends are based on an average of such LTV during the relevant financial year.

The ROE based dividend shall be calculated on the Acquisition Cost per each series of Class B preference shares and be based on the ROE. In the event the ROE during a financial year (only calculated on an annual basis, based on the annual report) exceeds 5 per cent., the dividend percentage per Class B preference share for such financial year shall be increased with ROE (specified as percentage) less 5 percentage points multiplied with 0.25.

Acquisition Cost: average subscription price for each class of Class B preference share (1-100) plus capitalized dividends in the event of a deficit in dividends.

LTV: aggregate loan-to-value ratios in the group (consolidated), calculated as the group's external loans by each quarter-end, divided by the aggregate market value of the group's properties by each quarter-end.

ROE: the consolidated year-end result of the group according to the annual report, divided by the total equity (consolidate) at the end of the relevant financial year (any resolved but unpaid dividends for the current financial year shall be added back).

When the preference return for each financial year attributable to the Class B preference share has been distributed, the Class B preference share shall not be entitled to any further dividends.

Rebalancing

According to Heimstaden Bostad's shareholders' agreement, the dividend split between the share classes are subject to a rebalancing mechanism that has the purpose to maintain a maximum of 35 per cent. of common shares and a minimum of 65 per cent. of preference shares. Therefore, if the adjusted net asset (as defined in the shareholders' agreement) value is greater than 35 per cent. of the adjusted equity value (as defined in the shareholders' agreement) as at the end of a financial year or quarter end prior to the date when a general meeting of the shareholders resolves to make a profit distribution in cash on Class B preference shares, the rebalancing mechanism in the shareholders' agreement is triggered.

The rebalancing mechanism entails that the shareholders shall reinvest all or part of (but not more than) the dividend on Class B preference shares by subscription of newly issued Class B preference shares equal to the subscriber's proportionate ownership of Class B preference shares prior to the reinvestment and Heimstaden Bostad shall to the maximum extent permitted by applicable law use the proceeds from the issue of Class B preference shares to redeem common shares in a proportion equal to each subscriber's ownership of common shares prior to the reinvestment for the purpose of achieving desired relations between common shares and preference shares.

Distribution in the event of bankruptcy or liquidation

The distribution model in the event of bankruptcy or liquidation largely mirrors the Distribution Waterfall. Available funds remaining after Heimstaden Bostad's creditors have been paid shall be distributed according to the following.

Firstly, the Class A preference shares shall, *pro rata*, be entitled to distributions until such Class A preference shares in aggregate have received an amount equal to the subscription price for the Class A preference share plus any deficit from previous dividend distributions plus 0.05 percent of the market value of Heimstaden Bostad's properties, as determined in the respective quarterly report during the latest financial year or the latest accounting period for which dividends have not yet been allocated.

Secondly, the Class B preference share shall, *pro rata*, be entitled to distribution until such Class B preference shares in aggregate have received an amount equal to the Acquisition Cost plus the preference return attributable to such Class B preference share.

Thirdly, the Class C preference shares shall, *pro rata*, be entitled to distribution until such Class C preference shares in aggregate have received an amount equal to the subscription price for each Class C preference share.

Fourthly, to the common shares *pro rata*.

In the event the funds available for distribution are not sufficient for Class B preference shares to receive full payment in accordance with the above, the funds available for distribution shall be allocated between the Class B preference shares in proportion to the Acquisition Cost plus the preference return for the respective series of Class B preference shares.

Acquisition Cost: average subscription price for each class of Class B preference share (1-100) plus capitalised dividends in the event of a deficit in dividends.

Heimstaden Bostad's strategy and ambitions

Our Core Ambitions

- Excellence in happiness and life quality at home for customers
- Excellence in happiness and life quality at work for employees
- Societal contribution, inspiration and enrichment
- Commercially outstanding

Quantum Leap Strategy

To fulfil our vision and achieve our high ambitions, Heimstaden Bostad has developed a strategy to continue taking quantum leaps throughout the organisation. Our values make up the foundation on which we build our concept of Friendly Homes and shape everything we do, including how we operate, communicate and interact. Achieving efficient and innovative operations is what residential real estate is really about, enabling us to outperform and execute efficiently and successfully on our four strategic pillars: Customer Centred, Friendly Workplace, Sustainable Mindset and Financial Strength. Together, these pillars are essential to fulfil our vision of Friendly Homes.

Efficient and Innovative Operations

Heimstaden Bostad has contracted Heimstaden to run a fully integrated platform across the property life cycle, which is key to achieving efficient and innovative operations. Heimstaden's competent in-house management ensures a top performing and agile way of working, which combines resources and know-how in a lean and flexible organisation. By constantly sharing best practices, we ensure a common experience in all markets – for customers, employees and partners. Always seeking technical and digital improvements, we are continuously working to build a modern digital ecosystem with high-quality platforms as a key enabler for scalability, decision-making, quality reporting and excellent customer service. Owning the entire value chain ensures control of value creation and the customer journey:

- Investments: High capacity and dedicated in-house team that handles all investments. Governance structure optimising agility and execution.
- Finance: Responsible for all financing and refinancing activities. Structured monitoring of debt portfolio and capital markets, maintaining and expanding lending relationships.

- **Asset Management:** Detailed analysis, execution and follow-up of value-added potential at unit and property level. Renovation and maintenance done continuously with tenant churn, focused on quality improvements while acting socially responsibly.
- **Property Management:** By having in-house property management, Heimstaden Bostad ensures an excellent service, quality and oversight throughout the value chain, creating value to customers, communities and the company.
- **Facility Management:** Service and support to meet the needs of our customers, including proactive maintenance and cleaning.

Our Strategic Pillars

- **Customer Centred:** Heimstaden Bostad's customer centred mindset is important to attract new customers and retain them long-term. We offer a diverse range of quality homes for every stage of life, always with a human touch. With our own staff in "every home-every day", we deliver a customer experience beyond expectations where we empower our customers with smart physical and digital solutions for a better and more sustainable everyday life. We regularly measure customer satisfaction, and our scores continue to improve. Our customers are our ambassadors, and as a top performer in our industry, we are transparent in what our customers think of our homes and services.
- **Friendly Workplace:** Through dedication, a long-term horizon and collaboration, we create happiness and life quality at work. An honest and passionate culture, where caring and driven people have the freedom and resources to apply their skills and ideas, which encourages a diverse work environment with an inspiring and inclusive leadership. A safe and secure workplace is always our top priority. A fair and competitive offering with a sustainable work-life balance is important for the well-being of the people working for us and to fulfil our vision, live our values and reach our goals.
- **Sustainable Mindset:** Our daily sustainability work is about caring and creating value for people: customers, employees and society in general. An integrated part of our operations is to improve our social and environmental impact across the entire value chain, contributing with solutions to face the many challenges in our society, such as climate change, socio-economic differences and housing shortages. By sharing our knowledge and expertise, we seek to inspire others to contribute and make a positive difference for the enrichment of our industry and society.
- **Financial Strength:** Heimstaden Bostad has industrial and institutional owners, which are operating an evergreen and sustainable platform of attractive residential units. Our broad experience with investments and finance provides great advantages and opportunities for sustainable and responsible growth. Heimstaden Bostad adheres to conservative financial policies and maintains a robust balance sheet and liquidity position. This enables responsible and stable operations and provides capacity and flexibility to act on opportunities in the transaction market.

Sustainability strategy

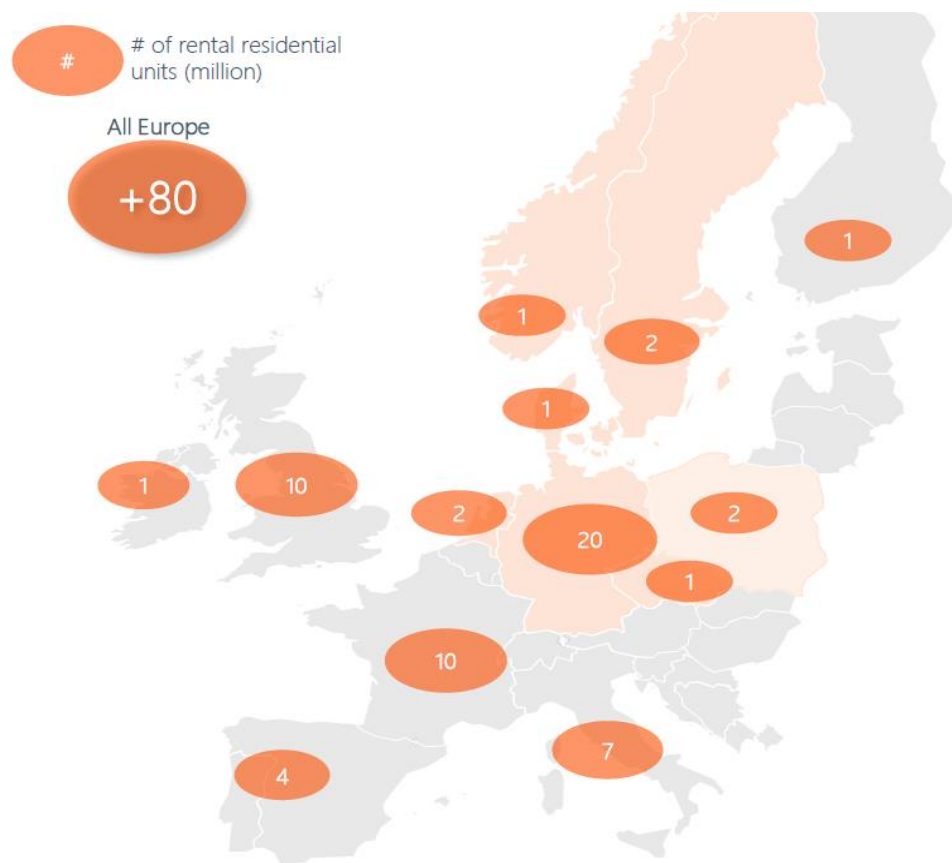
Heimstaden's focus:

- Improve Energy Performance Certificates (EPC)
- Energy-efficiency measures

- Optimisation & technical investments
- Transition to fossil-free energy solutions
- Investments in photovoltaics & e-mobility
- Biodiversity measures
- Various partnerships
- Customer nudging projects









Market overview

The charts and tables below have been sourced from the OECD, Eurostat and Oxford Economics.



*The information in the chart above has been sourced from Eurostat
https://ec.europa.eu/eurostat/databrowser/view/ilc_lvho02/default/table?lang=en*

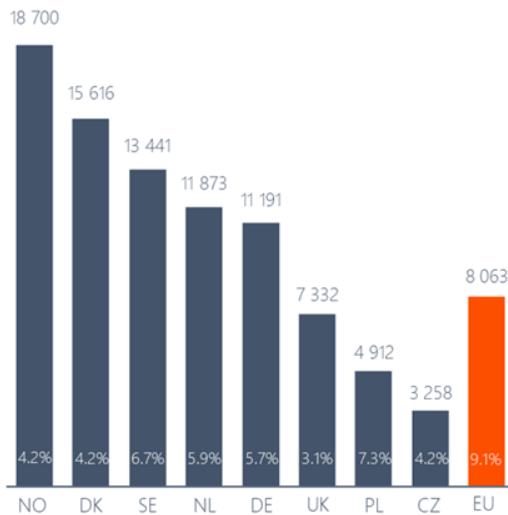
Strong markets

	S&P Global Ratings	Moody's	Fitch Ratings
	AAA	Aaa	AAA
	AAA	Aaa	AAA
	AAA	Aaa	AAA
	AAA	Aaa	AAA
	AAA	Aaa	AAA
	AA	Aa3	AA-
	AA-	Aa3	AA-
	A-	A2	A-

Considerable social support

Social benefits spending, EUR per capita, 2017

% Unemployment rate



The information in the chart above (Strong markets) has been sourced from Standard & Poor's Rating Services, Moody's Investors Service Limited and Fitch Ratings Ltd via Trading Economics as per the links below. The ratings refer to long-term debt liabilities for the respective countries.

<https://tradingeconomics.com/sweden/rating>

<https://tradingeconomics.com/denmark/rating>

<https://tradingeconomics.com/poland/rating>

<https://tradingeconomics.com/germany/rating>

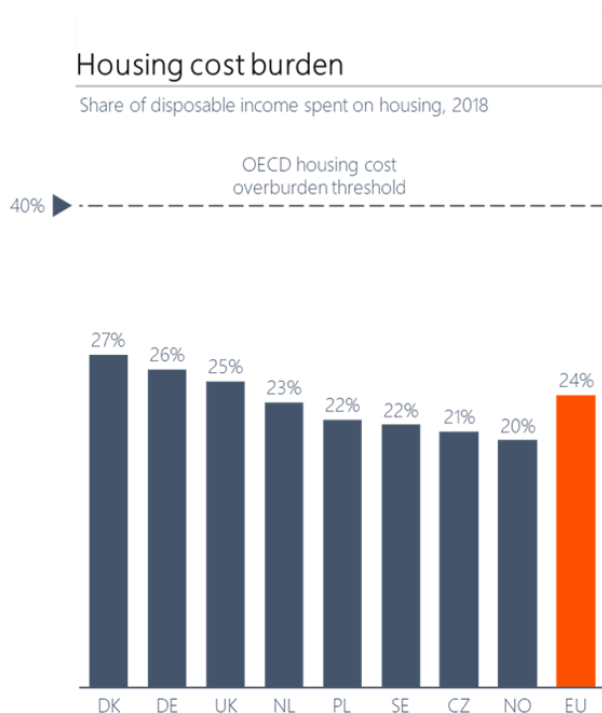
<https://tradingeconomics.com/norway/rating>

<https://tradingeconomics.com/netherlands/rating>

<https://tradingeconomics.com/czech-republic/rating>

<https://tradingeconomics.com/united-kingdom/rating>

The information in the chart above (Considerable social support) has been sourced from Eurostat via Oxford Economics (2017)



The information in this chart (Housing cost burden) has been sourced from OECD, <https://www.oecd.org/els/family/HCI-2-Housing-costs-over-income.pdf>

Property portfolio of Heimstaden Bostad

Heimstaden Bostad has a relatively geographically diversified property portfolio across European markets.

2021¹

From the unaudited figures as at 31 March 2021, Heimstaden Bostad's property portfolio had a fair value of investment properties (i.e. market value reflected in Heimstaden Bostad's accounts) of SEK 178,897 million, split between SEK 55,032 million in Denmark, SEK 51,470 million in Sweden, SEK 14,347 million in Germany, SEK 23,686 million in the Netherlands, SEK 14,913 million in the Czech Republic, SEK 18,998 million in Norway and SEK 450 million in Poland.

2020²

From the unaudited figures as at 31 December 2020, Heimstaden Bostad's property portfolio had a fair value of investment properties (i.e. market value reflected in Heimstaden Bostad's accounts) of SEK 143,806 million, split between SEK 49,690 million in Sweden, SEK 36,199 million in Denmark, SEK 3,716 million in Germany, SEK 23,365 million in the Netherlands, SEK 13,826 million in the Czech Republic and SEK 17,009 million in Norway.

From the unaudited figures as at 31 December 2020, Heimstaden Bostad's property portfolio comprised 103,345 homes with a lettable area of 7,030 thousand square metres, of which 6,546 thousand square metres (93.1 per cent.) were residential.

¹ The financial information in this section has been sourced from Heimstaden Bostad's consolidated Q1 report of 2021.

² The financial information in this section has been sourced from Heimstaden Bostad's consolidated year-end report of 2020.

From the unaudited figures, during the twelve months ending 31 December 2020, 93 per cent. of Heimstaden Bostad's total rental income derived from residential, 6 per cent. from commercial premises and the remainder from parking. The real economic occupancy ratio for existing residential premises amounted to 97.5 per cent. at 31 December 2020.

From the unaudited figures, during the twelve months ending 31 December 2020, properties were acquired at a fair value of SEK 25,445 million.

2019

As at 31 December 2019, Heimstaden Bostad's property portfolio had a fair value of investment properties of SEK 113,331 million, split between Sweden SEK 41,241 million, Denmark SEK 34,645 million, Norway SEK 17,372 million, Germany SEK 2,292 million and the Netherlands SEK 17,781 million.

As at 31 December 2019, Heimstaden Bostad's property portfolio comprised 54,863 homes with a lettable area of 4,013,270 thousand square metres, of which 3,660,839 thousand square metres (91.2 per cent.) were residential.

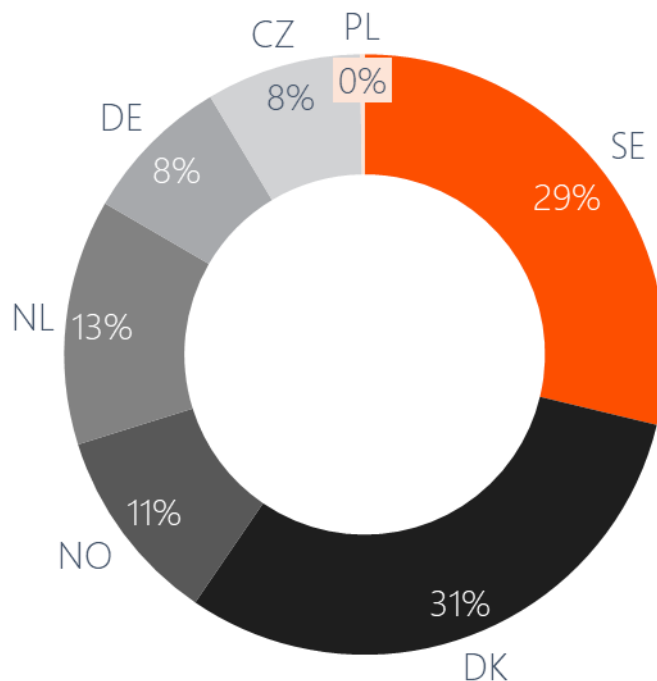
During the year ending 31 December 2019, 91 per cent. of Heimstaden Bostad's total rental income derived from residential premises and 9 per cent. from commercial premises. The real economic occupancy ratio for existing residential premises amounted to 98.8 per cent as at 31 December 2019.

During the year ending 31 December 2019, properties were acquired at a fair value of SEK 33,261 million.

Fair value of investment properties

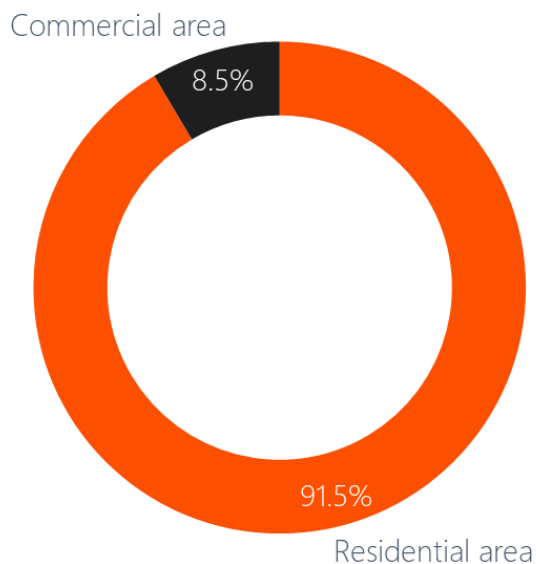
The chart below shows the unaudited fair value of investment properties in the markets where the Group operates as a percentage of the unaudited total fair value of investment properties of the Group as at 31 March 2021.

Geographic distribution of fair value of investment properties (SEK 178,897 million) as at 31 March 2021 (unaudited) (per cent.)



Residential and commercial distribution as at 31 March 2021 (unaudited) (by lettable area)

The chart below shows the distribution of Heimstaden Bostad's property portfolio between commercial and residential area.



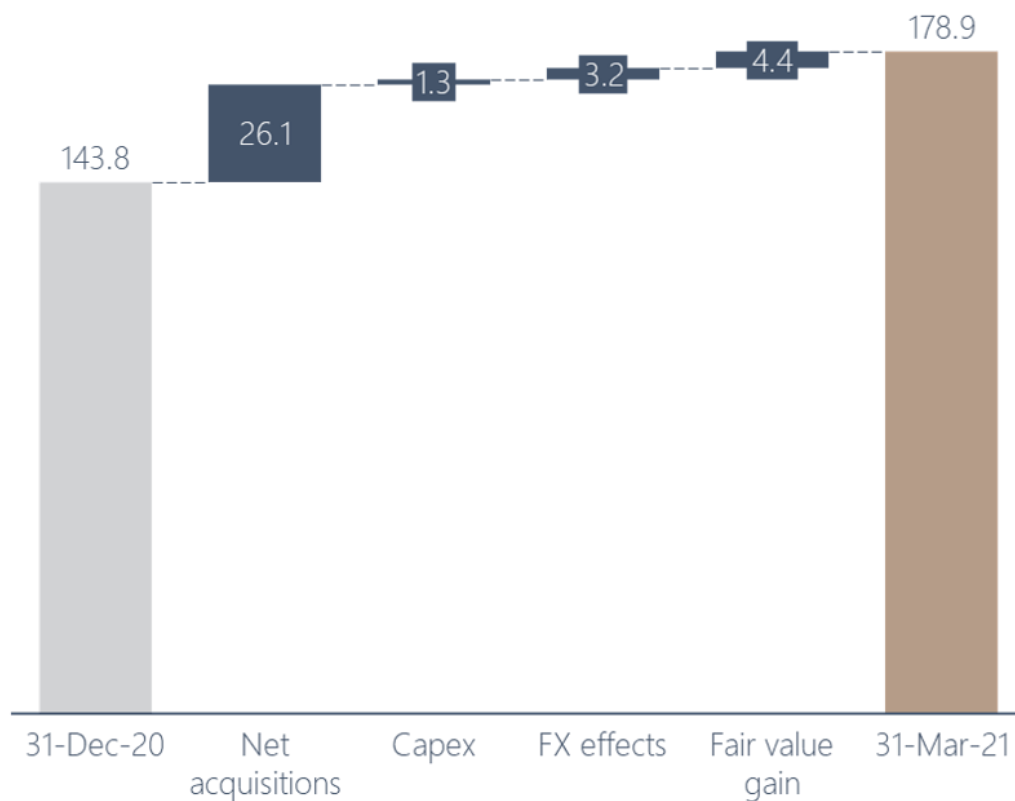
Real Estate Portfolio

The table below shows Heimstaden Bostad's property portfolio per market as at 31 March 2021 (unaudited).³

Country	Fair Value (SEK millions)	Fair Value (per square metres)	Homes (Units)	Regulated income (per cent.)	Economic occupancy (per cent.)
Denmark	55,032	33,571	16,048	11.0	95.5
Sweden	51,470	23,896	31,559	100.0	97.9
The Netherlands.	23,686	22,456	13,338	61.6	96.6
Norway	18,998	85,514	4,590	0.0	92.1
Czech Republic..	14,913	5,682	42,800	34.9	92.3
Germany	14,348	34,233	5,706	100.0	96.8
Poland.....	450	-	-	-	-
Total.....	178,897	22,048	114,041	51.2	95.7

The chart show the fair value development from the twelve months ending 31 December 2020 to the three months ending 31 March 2021 in SEK billion.

³ The financial information in this section has been sourced from Heimstaden Bostad's consolidated Q1 report of 2021.



The table below shows the unrealized value development in per cent. and the yield requirement in per cent. per market as at 31 March 2021.

Country	Unrealized value development	Yield requirement
	(per cent.)	
Denmark	2.0	3.3
Sweden	3.4	3.9
Norway	4.1	2.7
Germany	4.5	2.0
The Netherlands.	-1.0	3.5
Czech Republic..	3.2	5.2
Total	2.5	3.5

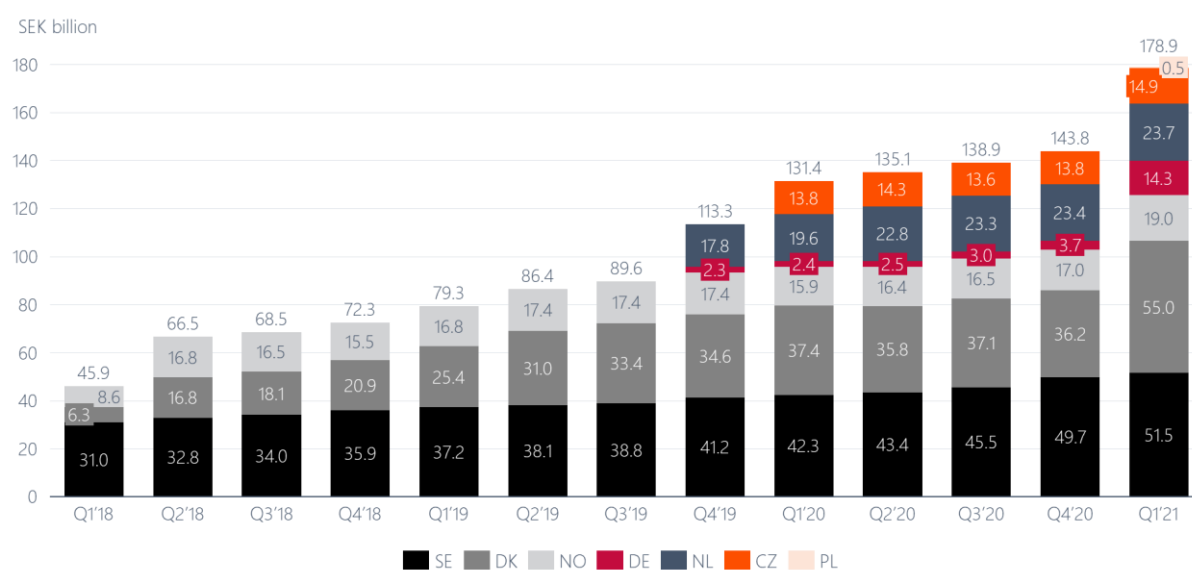
The tables below shows a comparison of the value and income measures of the Group's property portfolio across the markets on which the Group operates, with Denmark as the largest market. From the unaudited figures as at 31 March 2021, the portfolio is well diversified between the markets on which the Group operates.

	Three months ending 31 March 2021						Total
	DK	SE	NL	NO	CZ	DE	
Rental income (SEK millions).....	595	661	279	163	270	87	2,014
Net operating income (SEK million).....	403	301	165	116	197	47	1,232
Net operating income margin (per cent.)	67.7	45.5	59.3	71.2	72.8	53.7	61.2

Like-for-like rental income growth (<i>per cent.</i>).....	1.0	2.4	2.7	-1.3	-	-13.0	1.6
Economic occupancy.....	95.5	97.9	96.6	92.1	92.3	96.8	97.6
Capital expenditures.....	358	402	115	45	61	0	1,308
Average valuation yield requirement.....	3.9	3.3	3.5	2.7	5.2	2.0	3.5

Portfolio growth over time

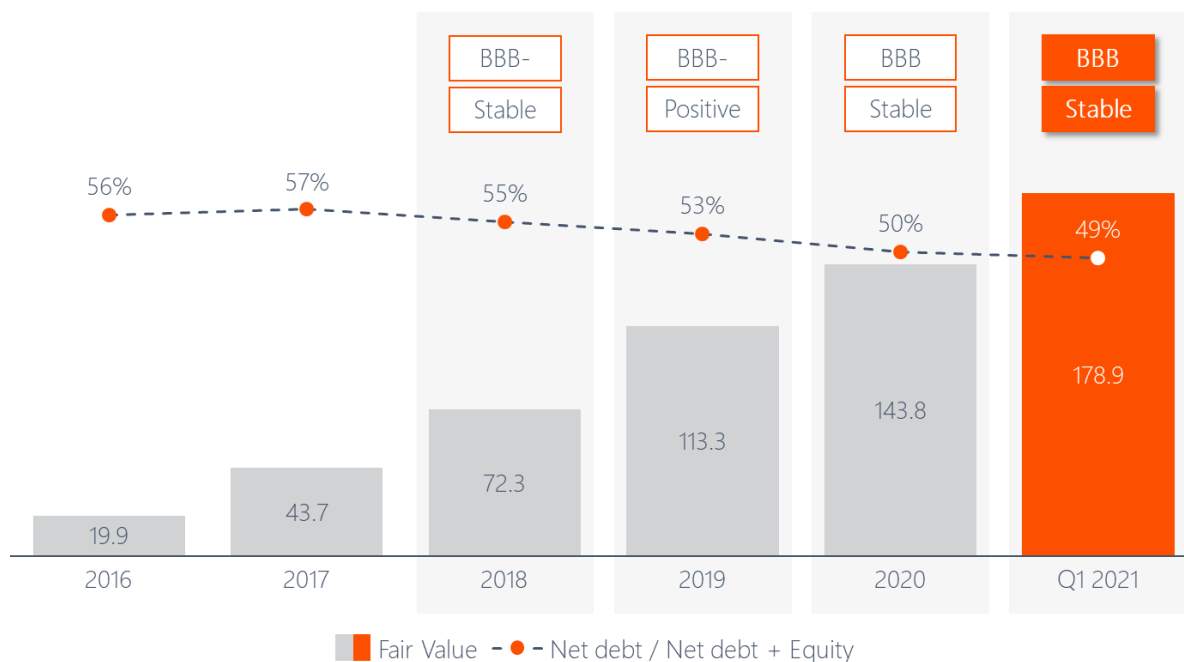
The stacked column chart below shows Heimstaden Bostad's unaudited fair value of investment properties over time from the three months ending 31 March 2018 until as at 31 March 2021, as well as the proportional share between Heimstaden Bostad's markets.⁴



⁴ The financial information in this section has been sourced from Heimstaden Bostad's consolidated Q1 report of 2021.

Historical fair value of investment properties (from 2015 until as at 31 March 2021, unaudited)

The graph below shows Heimstaden Bostad's unaudited historical loan-to-value ratio including 50 per cent. debt for hybrid capital (in the plotted trendline) and gross asset value (in the columns) from 2016 until as at 31 March 2021.



Income

The table below shows the Group's rental income by property type for the years ending 31 December 2019 and 31 December 2020 and for the three months ending 31 March 2020 and 31 March 2021.

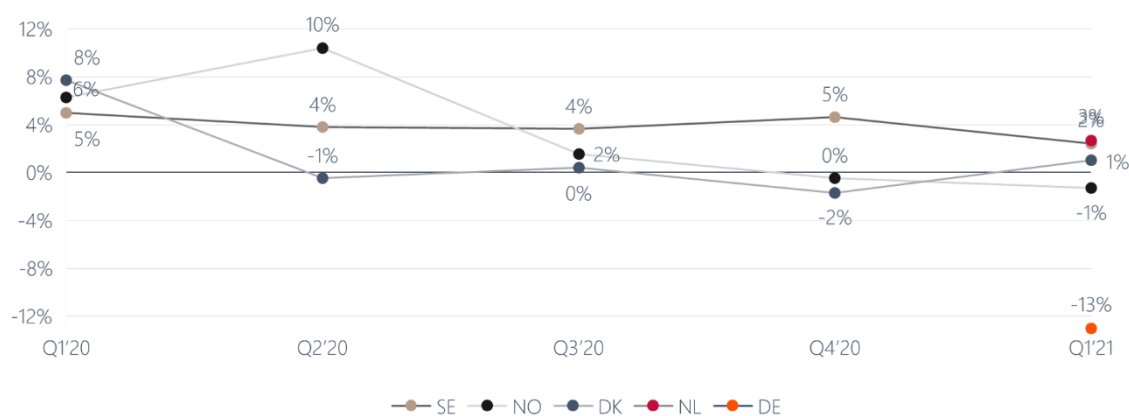
Rental income	Three months ending 31 March		Year ending 31 December	
	2021 (unaudited)	2020 (unaudited)	2020	2019
	(SEK millions)			
Residential.....	1,868	1,343	6,159	3,180
Commercial	124	69	480	265
Parking	22	18	82	60
Total rental income.....	2,014	1,430	6,721	4,135

Service income	Three months ending 31 March		Year ending 31 December	
	2021 (unaudited)	2020 (unaudited)	2020	2019
	(SEK millions)			
Residential.....	176	62	-	-
Commercial	9	6	-	-

Rental income	Three months ending 31 March		Year ending 31 December	
	2021 (unaudited)	2020 (unaudited)	2020	2019
	(SEK millions)			
Total rental income.....	185	68	-	-

Historical like-for-like (from 31 March 2020 until as at 31 March 2021, unaudited)

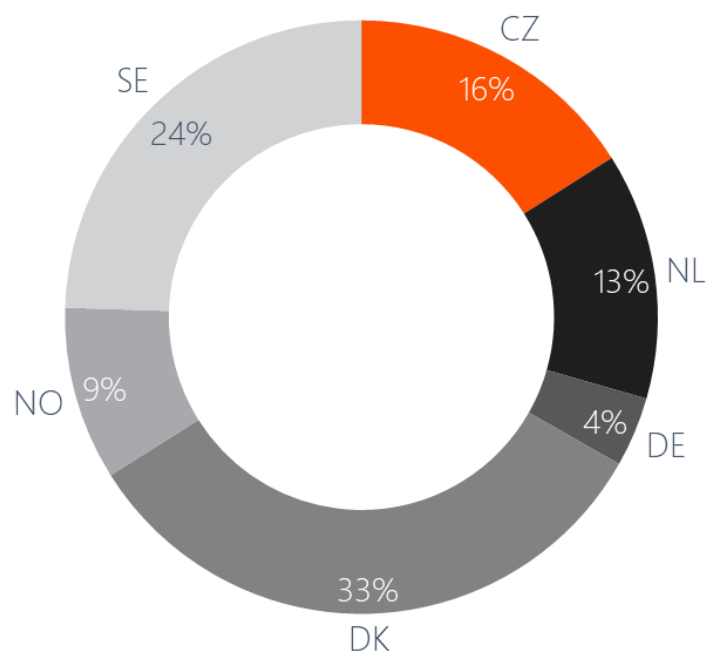
The chart below shows the Group's unaudited like-for-like rental income growth by market from the three months ending 31 March 2020 to the three months ending 31 March 2021.



	Three months ending 31 March 2021						Total
	DK	SE	NL	NO	CZ	DE	
Rental income, comparing period (SEK millions)	350	601	212	173	-	5	1,341
Rental income, reporting period (SEK million).....	354	616	218	171	-	5	1,363
Like-for-like rental income growth (per cent.)	1.0	2.4	2.7	-1.3	-	-13	1.6

Net operating income distribution, actual (twelve months ending 31 March 2021, unaudited)⁵

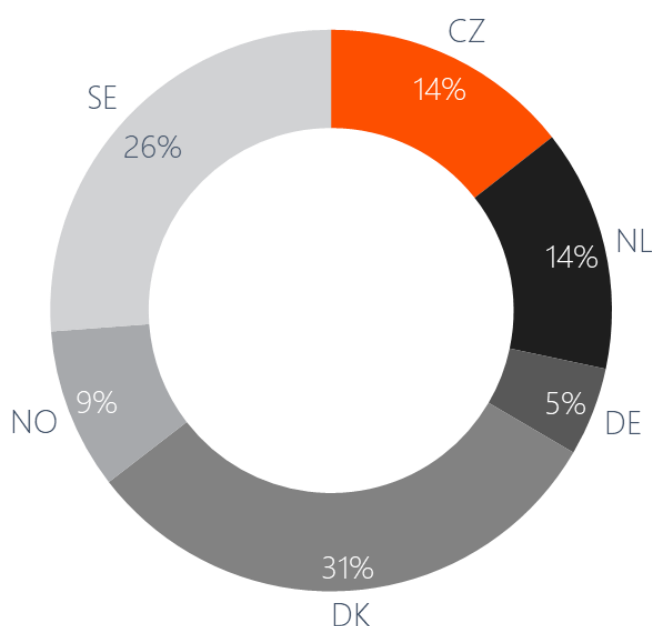
The chart below shows the Group's unaudited actual net operating income by market as share of total actual net operating income as at 31 March 2021.



Net operating income distribution, earnings capacity (twelve months ending 31 March 2021, unaudited)⁶

⁵ The financial information in this section has been sourced from Heimstaden Bostad's consolidated Q1 report of 2021.

⁶ The information in this chart has been sourced from Heimstaden's internal accounts.



Heimstaden Bostad's operational data⁷

Potential earnings capacity

The earnings capacity represents annualised earnings calculated on the basis of the contracted rental income, current property expenses and administrative expenses of the property portfolio as of 31 March 2021. Announced property acquisitions that closed after the balance sheet date are not included in the calculation. The earnings capacity does not include any adjustment for development trends in rent levels, vacancy rates, property expenses or interest rates, nor does the earnings capacity provide any adjustment for expected changes in the fair value of properties, foreign exchange rates, acquisitions or disposals. The earnings capacity should not be considered a forecast for the current year or for the next 12-month period.

The following table sets out the unaudited earnings capacity as at 31 March 2021.

Earnings capacity	As at 31 March 2021 (unaudited) (SEK millions)
Current earning capacity	
Rental income.....	8,333
Service income.....	575
Property expenses.....	-3,616
Net operating income	5,292
Corporate administrative expenses	-447
Profit before financial items	4,854
Financial income	-
Financial costs – interest-bearing liabilities.....	-1,291

⁷ The information in this section has been sourced from Heimstaden Bostad's consolidated year-end report for 2020.

Earnings capacity		As at 31 March 2021
		(unaudited)
Profit.....		3,554
Key data		
Net operating income margin (<i>per cent.</i>).....		63.5
Interest coverage ratio (ICR), multiple		3.8

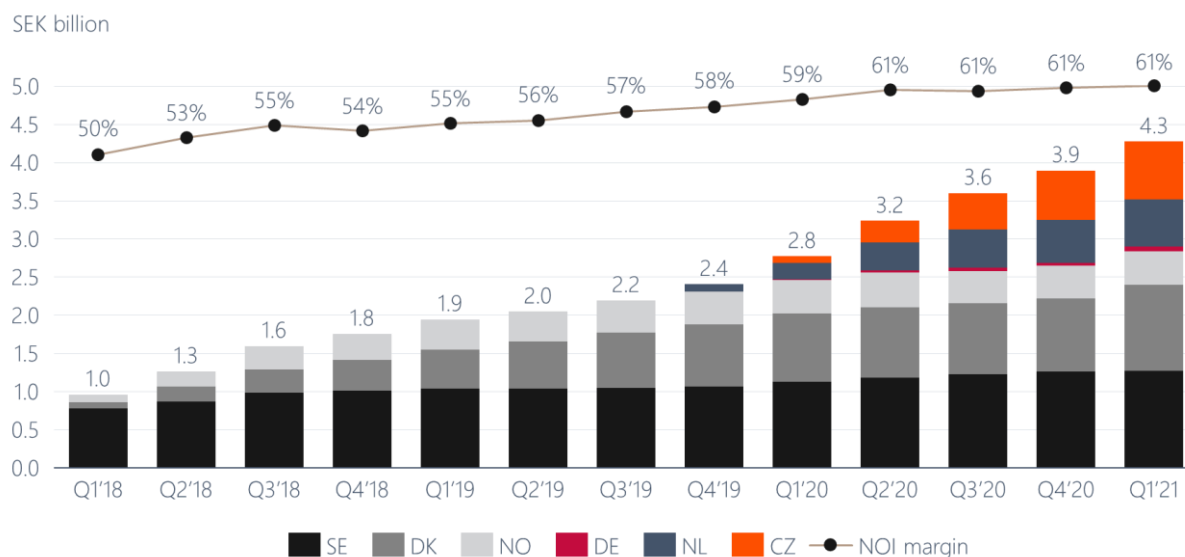
Property expenses

The following table sets out the property expenses for the Group's portfolio in the three months ending 31 March 2020 (unaudited) and the three months ending 31 March 2021 (unaudited).

	Three months ending 31 March	
	2021	2020
	<i>(unaudited)</i>	
	<i>(SEK millions)</i>	
Property expenses		
Utility	343	207
Repair and maintenance.....	144	129
Property tax	85	61
Other	56	52
Property management.....	339	194
Total property expenses	967	642

Net operating income

The column chart below shows Heimstaden Bostad's unaudited twelve months rolling net operating income over the period from the three months ending 31 March 2018 until the three months ending 31 March 2021. In addition, the line value shows Heimstaden Bostad's total unaudited twelve months rolling surplus ratio from 2018 until as at 31 March 2021.



The net operating income for Heimstaden Bostad amounted to SEK 1,232 million for the three months ending 31 March 2021, and to SEK 3,893 million for the twelve months ending 31 December 2020.

Valuations of properties

Heimstaden's properties in Sweden, Denmark, Germany, the Netherlands, the Czech Republic and Poland, are valued by external valuers on a quarterly basis, with the last valuation taking place as of 31 March 2021. For all valuations we have instructed an acknowledged global real estate advisory company, who are professionally qualified, suitably experienced and have the appropriate competence to carry out the valuation in accordance with the required international standards. As of 31 March 2021, external valuations were conducted by Newsec (part of portfolio) and Forum (part of portfolio) for Sweden, CBRE for Denmark, Cushman & Wakefield for the Netherlands, CBRE for Germany, CBRE in Poland and JLL (Jones Long LaSalle) in the Czech Republic.

Heimstaden's investment properties in Norway, are valued by external valuers on an annual basis for the residential part of the portfolio and on a quarterly basis for the commercial, parking and development potential part of the portfolio, with the last annual valuation taking place as of 31 December 2020 and the last quarterly valuation as of 31 March 2021.

In addition, Heimstaden has a dedicated competent in-house valuation team ensuring quality control of all external valuations and setting up standardised structures and processes across markets.

The valuation methodology is based on best market practice in each respective country. In Sweden, Denmark, Germany, the Netherlands, the Czech Republic and Poland the valuation is performed using cash flow analysis based on each property's net operating income, with an assumption of re-letting the units at market terms upon tenant fluctuation. Based on the estimated net operating income, a simulation is performed for the ensuing budget periods earnings capacity. Based on the stabilised net operating income at the end of the cash flow period a terminal value is calculated. The present value is calculated using a discounted cash flow model (DCF), where the discount rate and exit return requirement are based on local yield analysis of completed transactions, as well as individual assessments of the risk level and the property's market position. The sum of the calculated net present values represents the estimated market value of the property. The values are sanity checked, by comparing the valuations with capital values on other similar transactions in the market. For Denmark and the Netherlands, in addition to the re-letting scenario a divestment scenario is also considered. In the divestment scenario the market value is based on a cash flow generated by successively divesting the property units as owner-occupied units upon tenant fluctuation. The valuations are hereafter based on 'highest-and-best use' based on the highest value from the re-letting and divestment scenario. In Norway the properties are valued using a sum of all parts method. In the valuation each unit is valued separately. The residential units are valued with VPV by Aktiv Eiendomsmegling, Nyverdi AS, Eie Eiendomsmegling and Heimstaden – the average of those four valuations are used. Cushman & Wakefield are valuating the commercial areas, parking spots and development potential. The sum of all these valuations is equivalent to the market value. Quarter-by-quarter, Cushman & Wakefield provides Heimstaden with an updated valuations of the commercial, parking and development part or all properties. Residential valuations are adjusted with the NEF-index (official residential real estate price index) each quarter during the year.

The Group's Tenants

The Group has a diversified tenant group. The Group does not hold any properties that are exclusively for commercial use, and most of the commercial tenants are businesses (such as restaurants, offices and related) located on the ground floor of residential buildings. The Group's ten largest tenants account for less than 1 per cent. of the Group's total rental income.

Lease Activities

Denmark

Two different rent regimes depending on construction year of the property.

Regarding BRL § 5, stk. 2 tenancy agreements, if the property was built before 31st December 1991, the rent is regulated in addition to a modernization increase. The rent is not allowed to be more than the value of the leased apartment.

Regulated rent based on operating expenses ("OPEX") +7 per cent. return based on public value. Annual increases allowed if OPEX or public value increases.

Through investments, the rents can be increased as follows:

- Small investment: Increase by a theoretical financing cost for funding the investment
- Large investment: Increase to a utility value-based rent

Residential contracts run without a fixed maturity

Sweden

The rent of each apartment is negotiated between the property owner and the Swedish Union of Tenants on an annual basis based on the Swedish rental system of utility value.

The utility value principle implies that apartments in the same micro location with the same characteristics such as standard, size, equipment, etc. but also property specific characteristics such as quality of common areas shall have the same rent.

Since 2006, to stimulate new developments, there is an option to deviate from the utility value principal and to charge "presumtionshyra". This is a negotiated rent between the property owner and the Union of Tenants but taking the construction costs into account which allows for rent levels above the general utility value.

Residential contracts run without a fixed maturity.

The Netherlands

All rental properties fall under the "housing evaluation system", which determines if a unit is classified as "liberalized" (free market rent) or "regulated" (rent control).

If a unit is classified as liberalized or regulated depends on the number of points (WWS-points) the unit is scoring. Each unit gets points based on various factors such as: size, energy label, appliances in the kitchen, standard, etc.

The number of points determines the maximum rent that can be charged. If a unit has 143 or more points, it is classified as a liberalized unit meaning the landlord can let out at market rents. If below 143 points the rent is pre-determined by the point system.

Regulated contracts are generally linked to CPI and each year the authorities determine a catch up for rents that can be utilized if the rent is below the maximum allowed point system rent, while liberalized contracts can be increased in accordance with rental contract provisions, in NL a customary clause is CPI + 5% but for the years 2021, 2022 and 2023 government has introduced legislation that caps this at CPI + 1%.

Norway

Liberal market and residential contracts are based on free market rent.

The market practice in Norway is residential contracts with a three-year lease duration, where the contracts can be renewed at market rent after three years. Contracts are adjusted by yearly with CPI.

As the first private residential company in Norway, Heimstaden has, as an ESG initiative, implemented open-end contracts as a standard. The objective is to enable our customers to plan long-term when renting a Heimstaden home and lower the churn in the portfolio.

Contracts will annually be CPI-adjusted and every third year the contracts are adjusted to the utility rent¹. The utility rent is the average rent for comparable units in the same area and are typically slightly lower than market rent.

Germany

Germany first introduced a rent regulation system, the so-called “rental break” in 2015. Though initially set to expire after 5 years, the law has been prolonged until 2025 and is widely expected to be made permanent in some form after the next federal elections which occur in fall 2021.

As a federal law, the “rental break” principally has nationwide applicability. However, it is up to the 16 state governments to decide which municipalities the law is triggered for. At current (June 2021), it is in force in most larger German cities of 200,000 inhabitants upwards.

Similar to Sweden and Denmark, re-letting rents are anchored to comparables as defined by year of construction, standard, equipment, location, etc. Most municipalities publish a biennial rental survey with a lookback period of 6 years to create transparency around this process and to slow the pace of rent inflation.

The “rental break” allows for two important exceptions:

- Buildings completed after October 2014 are generally exempt
- The first re-letting upon extensive refurbishment (> 650 EUR/sqm) is exempt

In general, residential contracts must have an indefinite lease term. CPI-indexation can be contractually agreed upon but is rarely used by landlords in practice.

Czech Republic

The rent regulation system in most municipalities ended on 31 December 2010. After this the market was fully liberalized and landlords have contractual freedom with tenants as for the length of tenancy and rental rate.

The new civil code in 2014 contained rules for rent increases driven by market trends in case that no rental uplift is agreed in the contract (rent increase then cannot exceed 20 per cent. over 3 consecutive years). 3-year lease contracts included yearly consecutive increase of rent up to 4 per cent. yearly (together min. 12 per cent. in 3 years), agreed as fixed increase in contract (in case inflation is higher than 4 per cent., the rent increase should be same as inflation amount).

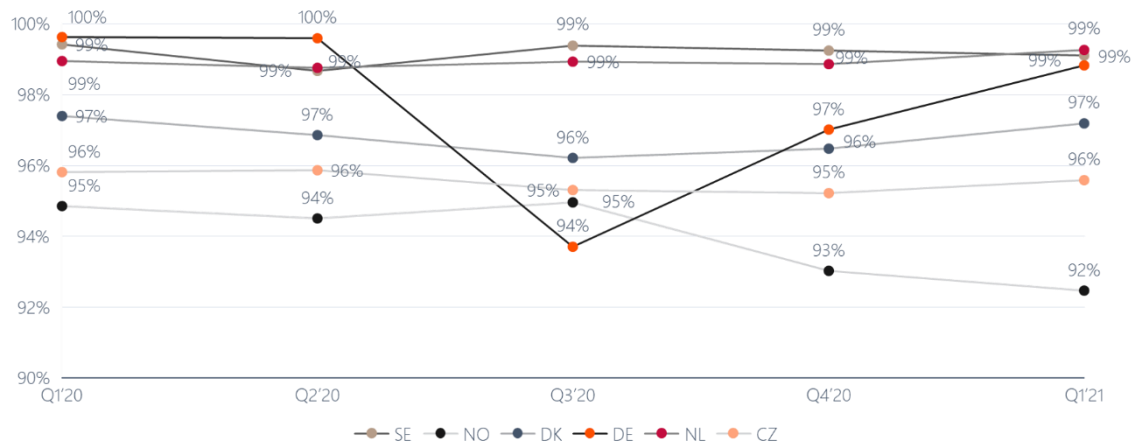
There are still legacy tenancy agreements that were signed prior to deregulation (before 2010) with typically indefinite terms and lower rental rates. In such cases, landlord and tenant had to agree on new rental rate or ask the court to set a new rental rate for them based on location benchmark.

Market rent, mostly 12 months amendments, rent increase based on market pricing development in location. in addition to the per cent. amount equal to rent prices according to market pricing map, for each location.

Most of the tenants are generally required a deposit amounting to 1 month rent plus services related to apartment.

Real economic occupancy ratio (Q1 2020 – 31 March 2021, unaudited)

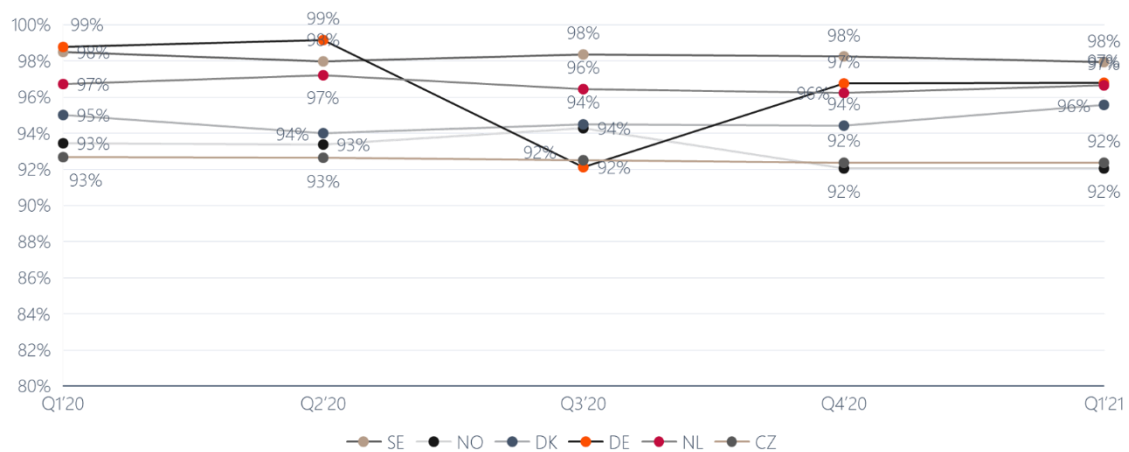
The column chart below shows Heimstaden Bostad’s unaudited twelve months real economic occupancy ratio over the period from the three months ending 31 March 2020 until the three months ending 31 March 2021.



	Three months ending 31 March 2021						
	DK	SE	NL	NO	CZ	DE	Total
Theoretical rental income on residential units (<i>SEK millions</i>)	598	604	291	167	307	96	2,061
Adjusted for non-market vacancy (<i>SEK million</i>)	9	7	7	1	9	2	37
Adjusted theoretical rental income (<i>SEK million</i>)	588	597	284	166	297	94	2,024
Real economic occupancy ratio (<i>per cent.</i>)	97.2	99.1	99.3	92.5	95.6	98.8	97.6

Economic occupancy ratio (Q1 2020 – 31 March 2021, unaudited)

The column chart below shows Heimstaden Bostad's unaudited twelve months economic occupancy ratio over the period from the three months ending 31 March 2020 until the three months ending 31 March 2021.



The table below shows a breakdown of the economic occupancy ratio per market as at 31 March 2021.

	Three months ending 31 March 2021						
	DK	SE	NL	NO	CZ	DE	Total
Rental income, from residential units (<i>SEK millions</i>)	572	591	282	154	285	93	1,977
Theoretical rental income on vacant units (<i>SEK million</i>)	26	12	9	12	22	3	84

Theoretical rental income on residential units (SEK million).....	598	604	291	167	307	96	2,061
Economic occupancy ratio (per cent.)..	95.5	97.9	96.6	92.1	92.3	96.8	95.7

Share of regulated/unregulated total rental income of Group's total portfolio, as at 31 March 2021 (unaudited)

Rental System	Market	Share of total rental income (per cent.)
Residential – unregulated	NO / DK / DE / NL / CZ	49
Residential – regulated	SE / DK / DE / NL / CZ	51
Total		100

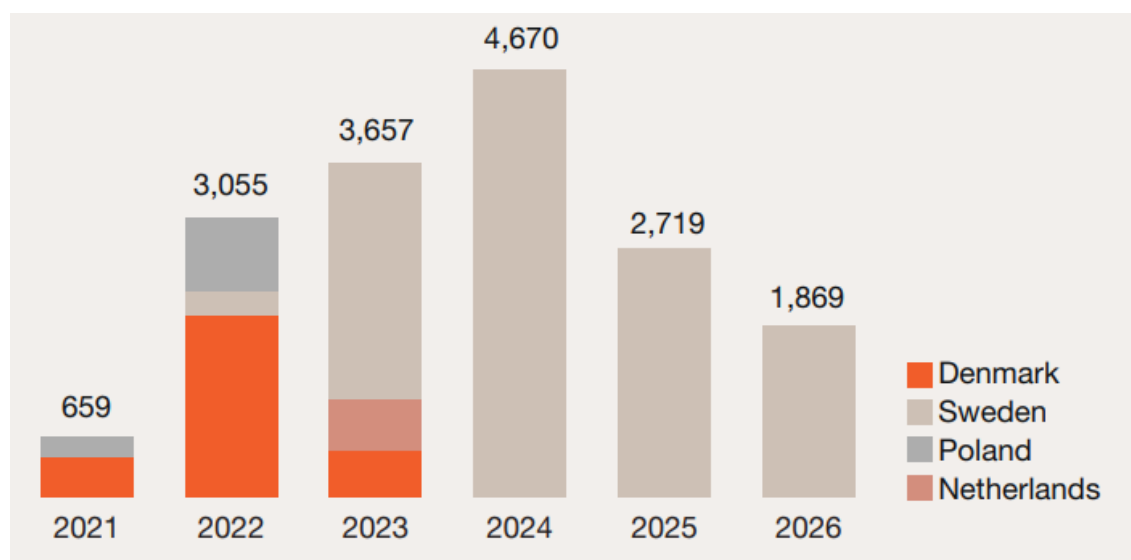
Signed acquisitions

Heimstaden Bostad expands and improves its portfolio through acquisitions of standing assets and newbuilds. The pipeline of signed acquisitions amounts to SEK 16.6 billion and comprises 8.750 residential units as at 31 March 2021. Newbuild investments are structured either as forward purchase or forward funding.

Heimstaden Bostad has forward funding contracts with a total capital expenditure commitment of SEK 6.0 billion as at 31 March 2021. The total pipeline of signed acquisitions, including standing assets and newbuilds, amounts to SEK 16.6 billion as at 31 March 2021.

The graph below shows the signed acquisitions by the Group in SEK million as at 31 March 2021.

Signed acquisitions (SEK 16.6) as at 31 March 2021, unaudited)



Capital expenditures and Repair & Maintenance

Heimstaden Bostad invest in refurbishments and the construction of new investment properties. Investments in standing assets increased to SEK 801 million, corresponding to 0.45 per cent. of fair value, while investments in properties under construction increased 0.39 per cent. of fair value, due to a larger amount of forward funding acquisitions as at 31 March 2021.

Capital expenditures and Repair & Maintenance	Three months ending 31 March	
	2021 (unaudited)	2020 (unaudited)
	(SEK millions)	
Income statement items		
Expenses for repair & maintenance	183	150
Balance sheet items		
Capitalised repair & maintenance	417	236
Tenant improvements	201	157
Investment properties under construction	691	220
Capital expenditures	1,308	613

Investments in Associates and Joint Ventures

The table below shows investment in associates and joint ventures by the Group as at 31 March 2021.

Investment in Associates and Joint Ventures	Share, per cent.	Rental income	Property expenses	Financial items, net	Changes in value	Profit for the period	Heimstaden Bostad's holding of profit for the period
	(per cent.)			(SEK, millions)			
Fastighets AB Rosengård	25	37	-29	-2	0	4	1
Gamlebro AB	50	4	-4	0	0	-1	-1
Upplands Bro Brogråds etapp 2	50	0	0	-5	0	-5	-3
A Place To A/S	50	0	0	-1	0	-1	-1
Magnolia Projekt 5222 AB	50	0	0	0	0	0	0
Byggrätt Norr AB	19	0	0	0	0	0	0
Total Investments in Associates and Joint ventures		41	33	8	0	-3	-3

Note:

⁽¹⁾ Amounts shown for joint ventures reflect the total estimated cost for the joint venture and the element the Group is responsible for is up to 50 per cent. of the committed amount.

Finance and capital structure

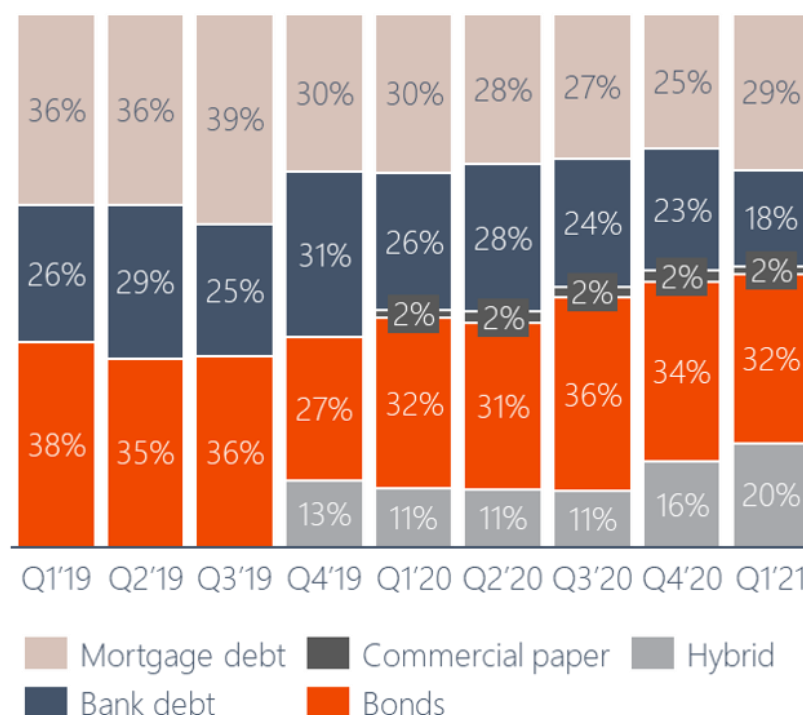
Funding strategy

Owning and operating residential real estate requires stable and favourable access to capital. Heimstaden Bostad adheres to conservative financial policies that support the Group's long-term strategy and maintains a well-diversified financing structure with a robust balance sheet and strong credit metrics. Operations are funded using a combination of shareholders' equity, interest-bearing liabilities and other liabilities and cash flow.

Funding

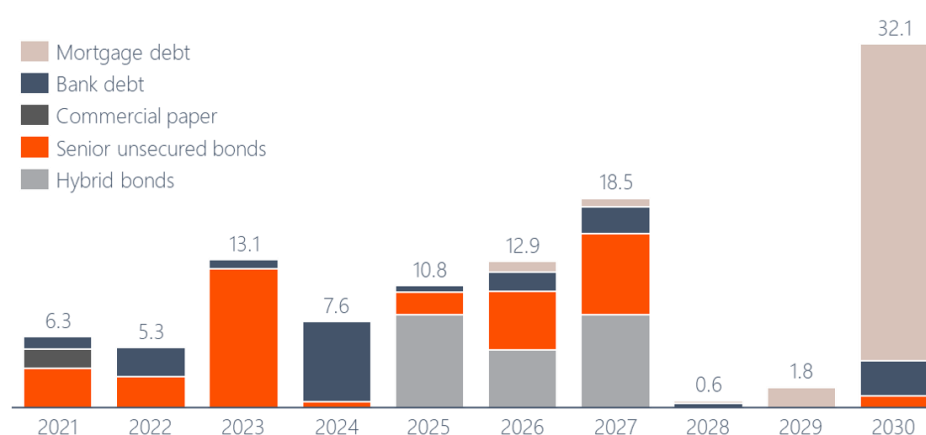
The chart below shows an overview of the Group's funding distribution from the three months ending 31 March 2019 to the three months ending 31 March 2021.

Funding distribution, per cent. (Q1 2019 – 31 March 2021, unaudited)



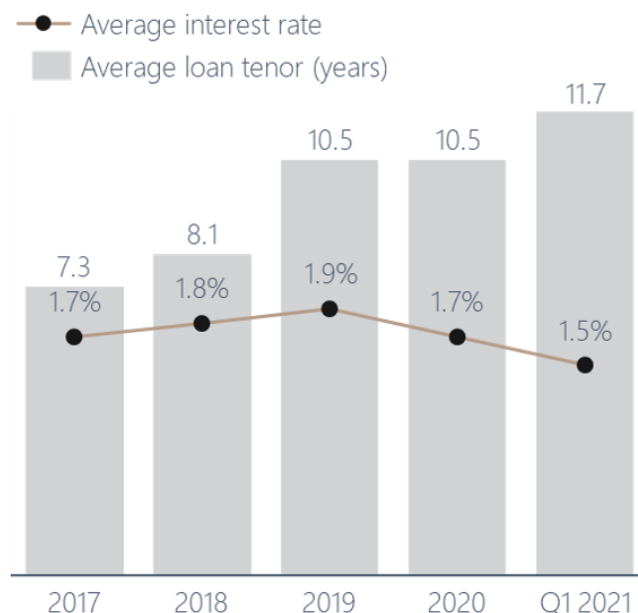
The chart below shows an overview of the Group's funding maturity profile from the unaudited figures as at 31 March 2021.

Funding Maturity Profile (as at 31 March 2021, unaudited)



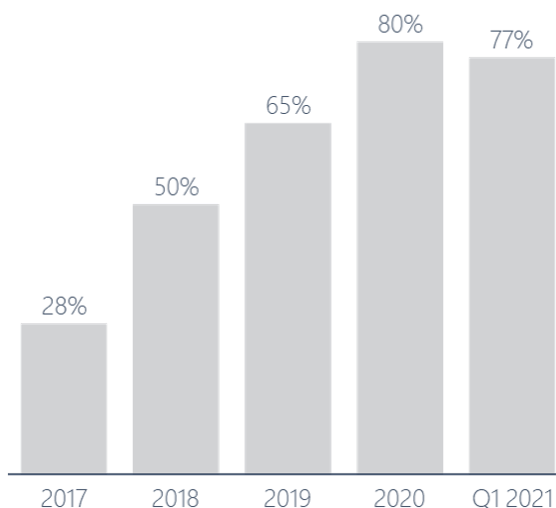
The chart below shows an overview of the Group's average interest rate and average loan tenor (years) from the unaudited figures from the year ending 31 December 2017 to the three months ending 31 March 2021.

Average interest rate and average loan tenor (years) (2017 – 31 March 2021, unaudited)



The chart below shows an overview of the Group's interest rate hedge (“**hedge ratio**”) from the unaudited figures from the year ending 31 December 2017 to the three months ending 31 March 2021.

Hedge ratio (2017 – 31 March 2021, unaudited)



The table below shows the Group's interest-bearing liabilities and whether the financing is secured by the Group's assets as at 31 March 2021.

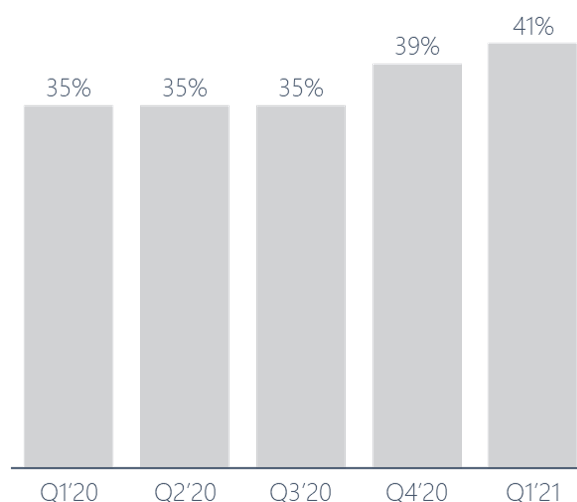
	Interest-bearing liabilities	Secured loans	Share	Unutilised credit commitments
	(SEK, millions)	(per cent.)	(per cent.)	(SEK, millions)
Bonds.....	36,000	-	41	-
Mortgages	31,526	100	36	-
Bank loans	19,919	100	23	15,728
Total	87,445	59	100	15,728
Deferred charges.....	-262	-	-	-
Total	87,183	-	-	-

The table below shows the Group's unencumbered assets by country as at 31 March 2021.

Country	Unencumbered Assets
	(per cent.)
Sweden.....	48.7
Denmark.....	3.7
Norway.....	94.2
The Netherlands	10.2
Germany.....	100.0
Czech Republic	100.0
Total	40.6

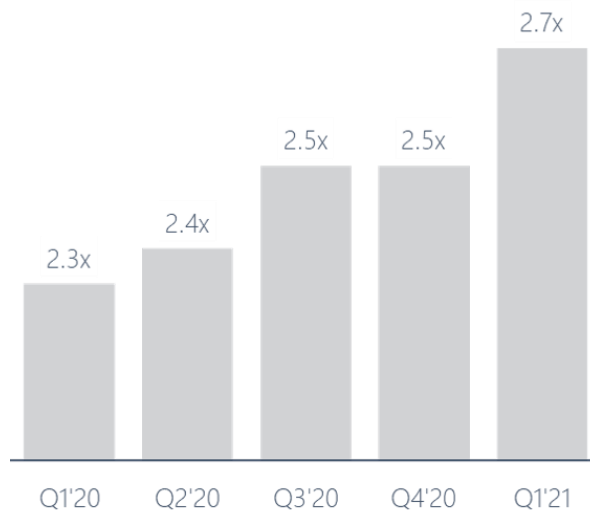
The chart below shows the Group's unencumbered assets from the three months ending 31 March 2020 to the three months ending 31 March 2021.

Unencumbered assets (Q1 2020 – 31 March 2021, unaudited)



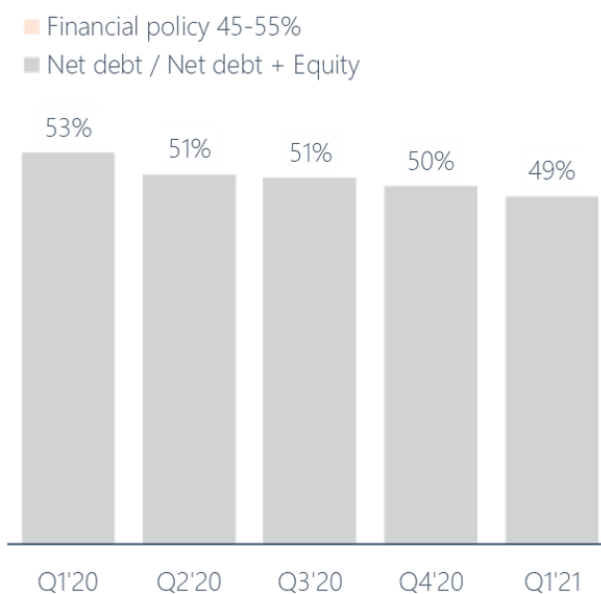
The chart below shows the Group's Interest coverage ratio (S&P method) from the three months ending 31 March 2020 to the three months ending 31 March 2021.

Interest coverage ratio (S&P method) (Q1 2020 – 31 March 2021, unaudited)



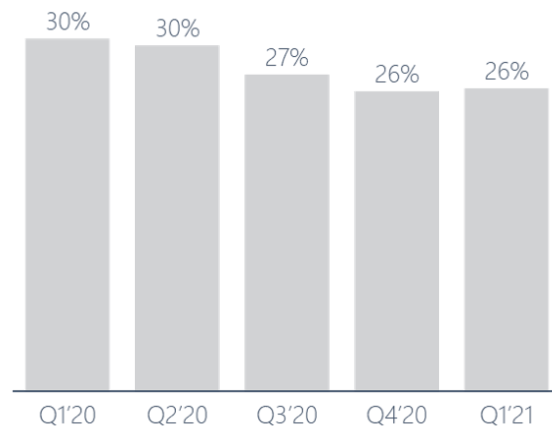
The chart below shows the Group's Net debt / Net debt + Equity (S&P method) and in relation to the financial policy from the three months ending 31 March 2020 to the three months ending 31 March 2021.

Net debt / Net debt + Equity (S&P method) (Q1 2020 – 31 March 2021, unaudited)



The chart below shows the Group's secured loan-to-value ratio from the three months ending 31 March 2020 to the three months ending 31 March 2021.

Secured loan-to-value ratio (Q1 2020 – 31 March 2021, unaudited)



Selected key performance indicators for Heimstaden Bostad

Alternative performance measures

Heimstaden Bostad applies the European Securities and Markets Authority ("**ESMA**") Guidelines on the Alternative Performance Measures (issued on 5 October 2015) (the "**ESMA guidelines**"). Heimstaden Bostad presents certain financial measures that are not defined in accordance with International Financial Reporting Standards as adopted in the European Union ("**IFRS**"). Heimstaden Bostad believes that these measures provide valuable additional information to investors and management as they enable assessment of the Group's performance. Since not all companies calculate financial measures in the same way, these are not always comparable to measurements used by other companies. Accordingly, these financial measures should not be considered as a replacement for measures defined in accordance with IFRS. Further details are provided below in respect of alternative performance measures used in this Prospectus.

*) These specific key data are operational and are not considered to be key data in accordance with the ESMA guidelines.

*Net operating income margin (per cent.)**

Net operating income for the period as a percentage of rental and service income for the period. This key performance indicator shows the profitability of the properties.

Interest coverage ratio (rolling 12 months) (multiple)

Profit before financial items plus financial income divided by financial costs attributable to interest-bearing liabilities. The interest coverage ratio is an industry standard ratio used to determine the extent to which Heimstaden's interest and debt servicing expenses are covered by operating profits. In addition, this ratio provides additional transparency on cash flow that is available after servicing debt obligations.

Interest coverage ratio, (S&P method) (rolling 12 months) (multiple)

EBITDA (adjusted) divided by Interest Expense (adjusted). EBITDA (adjusted) means operating profit before inventory properties and fair value adjustments, less share of net profits of associates and joint ventures (S&P adjusted). Adjusted Interest Expense means interest expenses on interest-bearing liabilities and 50 per cent. interim-equity hybrid dividend annual (S&P) as financial costs. The inclusion of 50 per cent. of the hybrid dividend reflects S&P's classification of Heimstaden Bostad's outstanding hybrid capital as being 50 per cent. debt and 50 per cent. equity (rather than the IFRS classification of the same instrument being 100 per cent. equity).

Net Loan-to-value ratio (per cent.)

Interest-bearing secured liabilities and interest-bearing unsecured liabilities subtracted with cash and cash equivalents divided by fair value of investment properties. LTV is an acknowledged measure of leverage and risk in the real estate industry. This ratio highlights Heimstaden Bostad's ability to manage financial liabilities given its fair value real estate portfolio.

Secured loan-to-value (per cent.)

Interest-bearing secured liabilities divided by total assets.

Net interest-bearing liabilities (SEK millions)

Net of interest-bearing liabilities less financial assets, cash and cash equivalents.

Net debt to total assets (per cent.)

Net interest-bearing liabilities divided by total assets.

Net debt / Net debt + Equity (S&P method) (per cent.)

Equity adjusted is computed as equity plus 50 per cent. of hybrid equity as debt (S&P adjusted). Net interest-bearing liabilities adjusted (Net debt) is computed as the sum of total interest-bearing liabilities, right-of-use liabilities, 10 per. cent decrease for cash and cash equivalents (S&P adjusted), 50 per cent. of hybrid equity as debt (S&P adjusted) subtracted with cash and cash equivalents. Net debt plus equity is computed as net interest-bearing liabilities adjusted (Net debt) plus equity adjusted. Net debt / (Net debt + Equity) is computed as net interest-bearing liabilities adjusted (Net debt) divided by net interest-bearing liabilities adjusted (Net debt) plus equity adjusted. This metric is calculated according to S&P's rating methodology, with 50% of hybrid bonds classified as debt.

Equity ratio (per cent.)

Equity as a percentage of total assets. This key performance indicator shows financial risk.

Average interest rate (per cent.)*

Average interest on the balance sheet date for interest-bearing liabilities with interest rate derivatives taken into account.

The average remaining term of fixed interest in the loan portfolio, including derivatives (years)*

Average remaining maturity on the interest settlement date of all credits and derivatives in the debt portfolio.

Average loan tenor (years)*

Average remaining period until final maturity of all credits in the debt portfolio.

Net asset value on the balance sheet date (SEK millions)

Equity plus deferred tax liability.

Long-term asset value (EPRA NAV) on the balance sheet date (SEK millions)

Equity with deferred tax liability and interest rate derivatives reversed.

Debt / EBITDA (rolling 12 months) (multiple)

Time-weighted interest-bearing liabilities divided by profit before financial items with reversal of depreciation. Due to seasonality in EBITDA, this key performance indicator is calculated using the last 12 months' rolling data.

Economic occupancy ratio, residential (per cent.)

Rental income from residential units divided by rental income including estimated rent for vacant apartments. Rent is estimated for a vacant apartment based on the most recent contracted rent for such apartment.

Real occupancy ratio, residential (per cent.)

Rental income from residential units divided by rental income including estimated rent for vacant apartments adjusted for voluntary vacancies due to standard improvements.

Operating profit before inventory properties and fair value adjustments (SEK millions)

Profit excluding changes in value and tax. Operating profit before inventory properties and fair value adjustments is a key performance measure that Heimstaden Bostad considers to be relevant for assessing the earnings generation of the underlying operations.

The table below lists each of the above Key Performance Indicators for Heimstaden Bostad as at year end 2019 and 2020, and as at and for the three months ending 31 March 2020 and 31 March 2021 (unaudited).

Key performance indicators

	Three months ending 31 March		Year ending 31 December	
	2021 (unaudited)	2020 (unaudited)	2020	2019
Property-related key data				
Net operating income margin (<i>per cent.</i>)	61.2	59.7	61.3	58.1
Economic occupancy, residential (<i>per cent.</i>)	95.7	96.3	95.8	96.9
Real economic occupancy, residential (<i>per cent.</i>)	97.6	98.0	97.5	99.3
Financial key data				
Cash flow from operating activities before changes in working capital (<i>SEK millions</i>)	669	339	1,924	1,032
Operating profit (<i>SEK millions</i>)	5,534	2,690	2,889 ¹⁾	980 ¹⁾
Interest coverage ratio (rolling 12 months) (<i>multiple</i>)	3.2	2.6	2.9	2.5
Interest coverage ratio, (S&P method) (rolling 12 months) (<i>multiple</i>)	2.7	2.4	2.5	2.3
Net loan-to-value ratio (<i>per cent.</i>)	41.1	48.7	43.9	48.0
Secured loan-to-value ratio (<i>per cent.</i>)	26.0	30.3	25.8	33.5
Net debt / Net debt + Equity (S&P method) (<i>per cent.</i>)	49.3	52.9	50.1	52.9
Net debt to total assets (<i>per cent.</i>)	37.3	45.8	40.2	44.8
Equity ratio (<i>per cent.</i>)	50.6	47.1	49.5	47.3
Average interest rate (<i>per cent.</i>)	1.5	1.7	1.7	1.9
The average remaining term of fixed interest in the loan portfolio, including derivatives (<i>years</i>)	3.0	2.6	3.0	2.7
Average loan tenor (<i>years</i>)	11.7	10.7	10.5	10.5
Net asset value on the balance sheet date (<i>SEK millions</i>)	104,761	57,306	81,953	60,074
Debt / EBITDA (rolling 12 month) (<i>multiple</i>)	19.1	22.1	19.4	22.2
Operating profit before inventory properties and fair value adjustments (<i>SEK millions</i>)	3,910	2,589	3,589	2,263

1) Before 31 March 2021, reported as profit from property management

The table below sets out the financial guidelines that are relevant to Heimstaden Bostad, as contained in internal guidelines and financial agreements with third parties as at year end 2020 and 31 March 2021 (unaudited).

Financial Guidelines	Heimstaden Bostad's Internal Guideline	31	
		31 March 2021	December 2020
Interest coverage ratio (<i>multiple</i>)	≥ 1.5	3.2	2.9
Equity ratio (<i>per cent.</i>)	≥ 30	50.6	49.5
Average loan tenor	≥ 15	140	126
			13 (3-4 years)
Loan maturity in individual year (<i>per cent.</i>)	≤ 40	17 (2027)	
Share of loans from individual lender (<i>per cent.</i>)	≤ 40	13	12
Interest rate hedge (<i>per cent.</i>)	≥ 75 ¹⁾	77	80
Net Debt / Net Debt + Equity, S&P method (<i>per cent.</i>) ²⁾	45-55	49.3	50.1
Quick ratio ³⁾	≥ 125	761	149

Notes:

¹⁾ on 31 March 2020 Heimstaden Bostad implemented a target of ≥75 per cent.

²⁾ the Net debt to capitalisation ratio is calculated on the basis of the S&P classification of Heimstaden Bostad's outstanding hybrid capital as being 50 per cent. debt and 50 per cent. equity, rather than the IFRS classification of the same instrument as being 100 per cent. equity

³⁾ the quick ratio is calculated as cash and bank balance, including available credit facilities divided by forecast net liquidity needs over the ensuing 12 months, in accordance with S&P's guidelines.

The table below sets out the ways in which certain key data, which is considered "alternative" according to the ESMA guidelines, is derived as at 31 March 2020 and 2021 (unaudited).

Derivation of key data considered alternative according to the ESMA guidelines

	As at 31 March		As at 31 December	
	2021	2020	2020	2019
<i>(SEK millions unless otherwise stated)</i>	<i>(unaudited)</i>			
Economic occupancy ratio, residential (per cent.)				
Rental income from residential units.....	1,977	1,405	6,322	4,107
Theoretical rental income on vacant units.....	84	52	269	126
Theoretical rental income on residential units.....	2,061	1,457	6,590	4,233
Economic occupancy ratio, residential (per cent.)	95.7	96.3	95.8	96.9
Real economic occupancy ratio, residential (per cent.)				
Theoretical rental income on residential units.....	2,061	1,457	6,590	4,233
Adj. for non-market vacancy.....	-37	-29	-113	-97
Adj. Theoretical rental income	2,024	1,428	6,477	4,137
Real economic occupancy ratio, residential (per cent.)	97.6	98.0	97.5	99.3
Net operating income margin (per cent.)				
Net operating income	1,232	855	3,893	2,403
Rental income	2,014	1,430	6,347	4,321
Net operating income margin (per cent.)	61.2	59.7	61.3	55.6
Profit before financial items plus financial income				
Profit before financial items	3,910	2,589	3,589	2,263
Financial income	87	48	81	35
Profit before financial items plus financial income	3,996	2,637	3,670	2,298
Interest coverage ratio (ICR) (rolling 12 months) multiple				
Profit before financial items plus financial income	3,996	2,637	3,670	2,298
Financial costs – Interest-bearing liabilities	1,266	1,023	1,269	923
Interest coverage ratio (ICR) (rolling 12 months) multiple	3.2	2.6	2.9	2.5
Interest coverage ratio including 50 per cent. hybrid dividend as interest costs (S&P method) (rolling 12 months) multiple				
Operating profit before inventory properties and fair value adjustments.....	3,910	2,589	3,589	2,263
Depreciation and amortisation.....	12	1	11	0
Share of net profits of associates and joint ventures (S&P adj.)	-31	-87	-32	88
EBITDA, adj.	3,890	2,503	3,567	2,174
Interest expenses on interest-bearing liabilities.....	1,266	1,023	1,269	923
50% interim-equity hybrid dividend annual (S&P)	194	54	157	19
Interest expenses, adj.....	1,459	1,077	1,425	942
Interest coverage ratio including 50 per cent. hybrid dividend as interest costs (S&P method) (rolling 12 months) multiple	2.7	2.3	2.5	2.3
Equity ratio (per cent.)				
Equity	99,597	65,750	77,741	57,548

	As at 31 March		As at 31 December	
	2021	2020	2020	2019
Interest-bearing subordinated shareholder loans	-	-	-	-
Equity including interest-bearing shareholder loans	99,597	65,750	77,741	57,548
Total assets	196,857	139,530	156,926	121,564
Equity ratio (per cent.)	50.6	47.1	49.5	47.3
Net interest-bearing liabilities				
Interest-bearing secured liabilities.....	51,183	42,321	40,463	40,680
Interest-bearing unsecured liabilities.....	36,000	25,484	30,317	18,066
Cash and cash equivalents.....	-13,702	-3,843	-7,636	4,345
Net interest-bearing liabilities	73,480	63,962	63,143	54,401
Net debt / total assets				
Net interest-bearing liabilities	73,480	63,962	63,143	54,401
Total assets	196,857	139,530	156,926	121,564
Net debt / total assets (per cent.)	37.3	45.8	40.2	44.8
Loan-to-value ratio (LTV) (per cent.)				
Net interest-bearing liabilities	73,480	63,962	63,143	54,401
Fair value of investment properties	178,897	131,358	143,806	113,331
Loan-to-value ratio (LTV) (per cent.)	41.1	48.7	43.9	48.0
Loan-to-value ratio, secured loans (LTV) (per cent.)				
Interest-bearing secured liabilities.....	51,183	42,321	40,463	40,680
Total assets	196,857	139,530	156,926	121,564
Loan-to-value ratio, secured loans (LTV) (per cent.).....	26.0	30.3	25.8	33.5
Net debt / net debt + equity (S&P method) (rolling 12 months) (per cent.)				
Equity	99,597	65,750	77,741	57,548
50% of hybrid equity as debt (S&P adj.).....	10,829	4,257	6,818	4,257
Equity adj.	88,768	61,493	70,923	53,291
Total interest-bearing liabilities.....	87,183	67,805	70,780	58,746
Right-of-use liabilities	603	571	531	818
Cash and cash equivalents	-13,702	-3,843	-7,636	4,345
10% decrease for cash and cash equivalents (S&P adj.)	1,370	384	764	434
50% of hybrid equity as debt (S&P adj.).....	10,829	4,257	6,818	4,257
Net interest-bearing liabilities, adj. (Net debt)	86,282	69,175	71,256	59,911
Net debt + Equity	175,051	130,668	142,179	113,202
Net debt / net debt + equity (S&P method) (rolling 12 months) (per cent.)	49.3	52.9	50.1	52.9
Net asset value on the balance sheet date				
Equity	99,597	65,750	77,741	57,548
Deferred tax liability	5,163	3,094	4,212	2,526
Net asset value on the balance sheet date	104,761	68,844	81,953	60,074
Debt (rolling 12 months)				
Time weighted interest-bearing liabilities	74,799	57,306	69,954	50,281
Debt (rolling 12 months)	74,799	57,306	69,954	50,281
EBITDA				
Operating profit before inventory properties and fair value adjustments.....	3,910	2,589	3,589	2,263
Amortisation and depreciation	12	1	11	0
EBITDA (rolling 12 months)	3,921	2,590	3,599	2,263

	As at 31 March		As at 31 December	
	2021	2020	2020	2019
Debt/EBITDA (<i>multiple</i>)				
Debt (rolling 12 months)	74,799	57,306	69,954	50,281
EBITDA	3,921	2,590	3,599	2,263
Debt/EBITDA (<i>multiple</i>)	19.1	22.1	19.4	22.2

BOARD OF DIRECTORS, MANAGEMENT AND AUDITOR

Board of directors

The Company's board of directors consists of four ordinary board members, including the chairman, appointed on a one year's basis for the period until the end of the next annual general meeting. The members of the board of directors, their position, the year of their initial election and other relevant assignments are set forth below. All board members can be contacted through the Company's registered address, Östra Promenaden 7 A, SE-211 28 Malmö, Sweden.

Name	Position	Board Member of Heimstaden since
Ivar Tollefsen	Chairman of the Board	2005
John Giverholt	Board Member	2018
Fredrik Reinfeldt	Board Member	2021
Vibeke Krag	Board Member	2021

Information is presented below about Board Members regarding date of birth, position and what year they were elected onto the Board of Directors for the first time, main education, previous assignments in the last five years and shareholding in Heimstaden. Assignments in subsidiaries within the Group have been excluded. All members' shareholdings relate to holdings as of the date of the Prospectus.



Ivar Tollefsen

Born: 1961

Position: Chairman of the Board (since 2005).

Main education: -

Current assignments: Owner and Chairman of the Board of Fredensborg 1994 AS as well as Chairman of the Board or Board member of subsidiaries of Fredensborg 1994 AS. Board member of Båtgutta AS. Part-owner with full responsibility of Dacapo Eiendom ANS and Rosenlundkvartalet 1 ANS. Holding by Ivar Tollefsen.

Previous assignments in the last five years: Chairman, Board member or signatory of Fredensborg 1994 AS (as well as subsidiaries of Fredensborg 1994 AS).

Shareholding in Heimstaden: Indirect via company 13,204,000 ordinary shares and 200,000 Preference Shares.



John Giverholt

Born: 1952

Position: Board member (since 2018).

Main education: BSc in Business Administration, University of Manchester. State authorised auditor, NHH Norwegian School of Economics.

Current assignments: Chairman of the Board of Gammel Nok Holding AS (with assignments in Group companies) and Ortomedic AS. Board member of Formica Capital AB, Awilhelmsen AS, Fredensborg 1994 AS and Fredensborg AS, Carucel AS, Scatec ASA, Aars AS and Ferd Sosiale Entreprenører AS. Deputy Board member of Søylen Næringseiendom AS, Søylen Eiendom AS and Bogstadveien Invest AS.

Previous assignments in the last five years: Board-member of Gjensidige Forsikring ASA, Ferd AS and Elopak AS.

Shareholding in Heimstaden: -



Fredrik Reinfeldt

Born: 1965

Position: Board member (since 2021).

Main education: BSc in Business and Economics, Stockholm University.

Current assignments: Owner of Fredrik Reinfeldt AB. Chairman of the Board of Centrum for AMP. Political advisor to Nordic Capital. Advisor to Mastercard.

Previous assignments in last five years: Chairman of the Board of EITI. Board member of Max Matthiessen. Senior advisor to Bank of America Merrill Lynch.

Shareholding in Heimstaden: -



Vibeke Krag

Born: 1962

Position: Board member (since 2021).

Main education: Candidate of Law, University of Copenhagen.

Current assignments: Board Member of Nykredit A/S, Nykredit Realkredit A/S, Gjensidige ASA, ATP and Konkurrence og Forbrugerstyrelsen. Editor of Karnov, Erhvervsjuridisk Tidsskrift. Nomination Committee member at University of Copenhagen.

Previous assignments in the last five years: Board Member of Norlys Energi A/S (and subsidiaries of Norlys Energi A/S) and Forenet Kredit.

Shareholding in Heimstaden: -

Executive Management

Heimstaden's Executive Management currently consist of 14 people. Information is presented below on the Executive Management regarding year of birth, position, the year when the position was taken up and year of employment, main education, current assignments, previous assignments in the last five years and shareholding in Heimstaden. Assignments in subsidiaries within the Group have been excluded. All Executive Management's shareholdings relate to current holdings on the date of the Prospectus.



Patrik Hall

Born: 1965

Position: Chief Executive Officer (since 2003; employed since 2001).

Main education: Army Officer – Lieutenant, Swedish Military Academy, Skövde and Stockholm.

Current assignments: Owner and Chairman of the Board of Halwad Invest AB.

Previous assignments in the last five years: -

Shareholding in Heimstaden: 900 Preference Shares.



Magnus Nordholm

Born: 1974

Position: Deputy Chief Executive Officer (since 2018; employed since 2008).

Main education: MSc in Economics, School of Business, Economics and Law, University of Gothenburg.

Current assignments: CEO and Board member of Fredensborg Investment AS. Owner and Board Member of North Island Reim AB. Chairman of the Board of Udviklingsselskabet as of 31 Oktober 2017 A/S, A Place to A/S (and subsidiaries of A Place to A/S), Fjellhvil Utvikling AS, Estatia Resort Holding AS, Estatia Resort Nor AS and Romania Invest AS. Board member of Storsand Utvikling AS, Probond AS, Nordic Depository Services (Sweden) AB and Atriet A/S. Deputy Board member of Norefjell Arena AS and Estatia Resort Hotels AS.

Previous assignments in last five years: Diverse board positions, etc. of Fredensborg 1994 AS (and subsidiaries of Fredensborg 1994 AS).

Shareholding in Heimstaden: -



Helge Krogsbøl

Born: 1968

Position: Chief Operating Officer (since 2018; employed since 2018).

Main education: BSc in Marketing, The Norwegian School of Marketing, Oslo.

Current assignments: Owner and Chairman of the Board of Krog Forvaltning AS. Chairman of the Board of Grefsenveien 55 AS. Board member of Bankveien 10 Borettslag, Sjømannsveien 1 Tomteselskap AS and Sjømannsveien 1 Utvikling AS.

Previous assignments in last five years: Senior VP Business area of Pandox AB. Partner/part-owner of Room2Room.

Shareholding in Heimstaden: -



Arve Regland

Born: 1972

Position: Chief Financial Officer (since 2019; employed since 2019).

Main education: MSc in Economics, BI Norwegian Business School, and MBA, Norwegian School of Economics.

Current assignments: Chairman of the Board of Taxus Holding AS, Bjerke Eiendom AS, Simsan AS and K9 Invest AS. Chief Financial Officer of Fredensborg AS.

Previous assignments in the last five years: CEO of Entra ASA and Chairman of the Board or Board member of subsidiaries of Entra ASA.

Shareholding in Heimstaden: -



Karmen Mandic

Born: 1971

Position: Chief Marketing & Communications Officer (since 2015; employed since 2015).

Main education: BSc in Business Administration, Lund University.

Current assignments: -

Previous assignments in the last five years: -

Shareholding in Heimstaden: -



Suzanna Malmgren

Born: 1971

Position: Chief Human Resources Officer (since 2017; employed since 2017).

Main education: MSc in Business Administration, Uppsala University.

Current assignments: Deputy Board member of Kortirion 2 AB.

Previous assignments in the last five years: -
Shareholding in Heimstaden: -



Katarina Skalare

Born: 1963

Position: Chief Sustainability Officer (since 2018; employed since 2018).

Main education: BA in Social Sciences, Malmö University.

Current assignments: Board Member of Brf Östbo. Owner and Board Member of Hållbart by Skalare AB. Chairman of the Steering Group for Sustainability Forum, Lund University

Previous assignments in the last five years: Sustainability Manager/Strategist, Kraftringen AB. Participant in reference group research programme Women on Boards and Measures for Energy & Climate Efficiency, KTH. Member of Committee on Corporate Responsibility & Anti-Corruption, ICC Sweden. Member of Swedish Red Cross – Malmö district.

Shareholding in Heimstaden: -



Christian Winther Fladeland

Born: 1986

Position: Co-chief Investment Officer (since 2020; employed since 2019).

Main education: MSC in Economics, University of Copenhagen.

Current assignments: Chief Executive Officer of Fladeland Invest ApS. Chairman of the Board of Atriet A/S, Udviklingselskabet af 31. oktober 2017 A/S and Hvidovre Bolig ApS. Board member of Core Advise AS and A Place to A/S (and subsidiaries of A Place to A/S).

Previous assignments in the last five years:

-

Shareholding in Heimstaden: -



Søren Vendelbo Jacobsen

Born: 1980

Position: Co-Chief Investment Officer (since 2020; employed since 2020).

Main education: MSc in Economics, University of Copenhagen.

Current assignments: Board Member of Ventec Invest Aps and Hvidovre Bolig ApS.

Previous assignments in the last five years: Chairman of the Board of Sampension Student Housing II A/S (with assignments in group companies), Komplementarselskabet Opp Vejle ApS, Bernstorffsvej 135 ApS, Opp vildbjerg skole A/S, Opp Hobro tinglysningsret A/S, Opp Ørstedskolen A/S, Opp Randers p-hus A/A, Lyngby Søpark ApS, Opp Vejle P/S, Komplementarselskabet Opp Retten i Svendborg ApS, Opp Retten i Svendborg P/S, Komplementarselskabet Slagelse Sygehus ApS, Opp Slagelse Sygehus P/S, K/S Strømmen, Aalborg, Ejendomsselskabet Frederiksholms Kanal 6 P/S, Ejendomsselskabet Hedeager Holding P/S, Ejendomsselskabet Hedeager 42 P/S, Ejendomsselskabet Hedeager 44 P/S, K/S Kristensen Partners V and K/S Teknikerbyen, Virum. Chief Executive Officer and Board Member of Arkitekternes Ejendomsselskab P/S, Sorte Hest Ejendomspartnerselskab. Chief Executive Officer of Bondön Wind ApS, Ulvemosen Wind Park ApS, Sampension Renewables GP ApS, Board member of K/S Kristensen Partners, Britannia Invest A/S, Deas Invest I Holding A/S, Deas Invest I A/S, Core German

Residential II Kommanditaktieselskab,
Ejendomsselskabet Vodroffsvej 26 P/S and NGF
Denmark Holding ApS (with assignments in group
companies).

Shareholding in Heimstaden: -



Roger Reksten Stølsnes

Born: 1974

Position: Chief Risk Officer (since 2021;
employed since 2021).

Main education: PhD in Risk Assessment
and Crisis Management and MSc in
Offshore Technology, Stavanger University.
BSc in Building and Construction, Bergen
University

Current assignments: Owner and Board
member of Risklite AS. Owner, Board
member and CEO of Stølsnes Eiendom AS.
Deputy Board member of Brødrene Stølsnes
Byggmesterforretning AS.

**Previous assignments in the last five
years:** VP and Head of Group Risk
Management at Telenor AS.

Shareholding in Heimstaden: -



Christian Vammervold Dreyer

Born: 1974

Position: Chief Communications Officer (since 2020; employed since 2020).

Main education: Economy and real estate, BI Norwegian Business School.

Current assignments: Chief Communications Officer of Fredensborg AS. Owner and Chairman of the Board of Vammervold Holding AS.

Previous assignments in the last five years: Chief Executive Officer for Real Estate Norway. Board member of Eiendomsmeglerskolen AS and Reklamasjonsnemnda for Eiendomsmeglingstjenester.

Shareholding in Heimstaden: -



Anders Thorsson

Born: 1967

Position: Chief Procurement Officer (since 2020; employed since 2019).

Main education: MSc in Civil Engineering, Road and Water, Lund University.

Current assignments: -

Previous assignments in last five years: Chief Procurement Officer, Lindab AB.

Shareholding in Heimstaden: 125 Preference Shares.



Rodin Lie

Born: 1970

Position: Chief Technology Officer (since 2020; employed since 2020).

Main education: MSc in Computer Science, University of Bergen.

Current assignments: Owner and Chief Executive Officer and Chairman of the Board of Rodin Lie Invest.

Previous assignments in the last five years: Chief Digital Officer, Innovation Norway. Chief Digital Officer, Advokatselskapet Selmer.

Shareholding in Heimstaden: -



Paul Spina

Born: 1987

Position: Chief Asset Management & Development Officer (since 2020; employed since 2020).

Main education: BA in Economics, Fordham University.

Current assignments: -

Previous assignments in the last five years: Head of Project Delivery at WeWork International. Development Director, Tri-State at WeWork.

Shareholding in Heimstaden: -

Auditor

The Company's auditors are, since 8 April 2021, Jonas Svensson at the auditing company Ernst & Young Aktiebolag and, since 15 April 2015, the auditing company Ernst & Young Aktiebolag, with Peter von Knorring as Chief Auditor since 15 April 2015. Jonas Svensson was elected and the auditing company Ernst & Young Aktiebolag was re-elected at the Annual General Meeting of 2021 for the period until the end of the Annual General Meeting of 2022. The address to Ernst & Young AB is Hamngatan 26, våning 11, 111 47 Stockholm. Jonas Svensson and Peter von Knorring are authorised auditors and members of the professional association FAR. The auditing company Ernst & Young Aktiebolag is a registered auditing company. Ingemar Rindstig of the auditing company Ernst & Young Aktiebolag was one of the Company's

two auditors during the period of 15 April 2015–8 April 2021. Unless otherwise explicitly stated, no information contained in this Prospectus has been audited or reviewed by the Company's auditor.

Conflicts of interest

As described above in section "*Share capital, shares, ownership structure and governance*", all ordinary shares of the Company are owned by the Company's largest shareholder, Fredensborg AS, which is in turn ultimately controlled by Ivar Tollefsen with approximately 98 per cent. of the shares and 100 per cent. of the votes. Ivar Tollefsen is thereby holding approximately 71 per cent. of the share capital and 96 per cent. of the votes in the Company. Such indirect ownership may entail conflict of interests.

Furthermore, Magnus Nordholm and Patrik Hall are direct shareholders in Heimstaden Bostad and John Giverholt is a board member of Fredensborg AS.

Apart from the above, there are no potential conflicts of interests between any duties to the issuer and the private interests or other duties of the members of the Company's board of directors and management.

The Bookrunner and/or its affiliates may have engaged in, and may in the future engage in, investment banking and/or other services for the Group in the ordinary course of business. Accordingly, conflicts of interest may exist or may arise as a result of the Bookrunner and/or its affiliates having previously engaged, or will in the future engage, in transactions with other parties, having multiple roles or carrying out other transactions for third parties with conflicting interests.

FINANCIAL REPORTING AND DOCUMENTS INCORPORATED BY REFERENCE

The accounting principles applied in the preparation of the Company's financial statements are set out below and have been consistently applied to all the years presented, unless otherwise stated.

The financial information for the financial years ending 31 December 2020 and 31 December 2019 have been prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), interpretations of these standards (IFRICs) issued by the IFRS Interpretations Committee, RFR 1 (Sw. *Kompletterande redovisningsregler för koncerner*) and the Swedish Annual Accounts Act.

The Company's consolidated financial statements for the financial years ended 31 December 2019 and 31 December 2020 have been audited by the Company's auditor and are incorporated in this Prospectus by reference, together with the audit report for respective year.

In this Prospectus the following documents are incorporated by reference.

Reference	Document	Page(s)
Financial information regarding Heimstaden and its business for the financial year ended 31 December 2019	Heimstaden's annual and consolidated annual report for the financial year ended 31 December 2019	<ul style="list-style-type: none"> - 98 (Group's consolidated statement of comprehensive income) - 100 and 102 (Group's consolidated statements of financial position) - 102 (Group's consolidated statement of changes in equity) - 104 (Group's consolidated cash flow statement) - 106–129 (Group's accounting principles and notes) - 130 (Company's income statement) - 131 and 132 (Company's balance sheet) - 132 (Company's statement of changes in equity) - 133 (Company's cash flow statement) - 134–139 (Company's accounting principles and notes) - 142–145 (Auditor's report)
Auditor's report for the financial year ended 31 December 2019	Auditor's report for the financial year ended 31 December 2019	
Financial information regarding Heimstaden and its business for the financial year ended 31 December 2020	Heimstaden's annual and consolidated annual report for the financial year ended 31 December 2020	<ul style="list-style-type: none"> - 90 (Group's consolidated statement of comprehensive income) - 92 and 94 (Group's consolidated statements of financial position) - 95 (Group's consolidated statement of changes in equity) - 97 (Group's consolidated cash flow statement)

Auditor's report for the financial year ended 31 December 2020	Auditor's report for the financial year ended 31 December 2020	<ul style="list-style-type: none"> - 99–130 (Group's accounting principles and notes) - 131 (Company's income statement) - 132 and 133 (Company's balance sheet) - 134 (Company's statement of changes in equity) - 135 (Company's cash flow statement) - 136–141 (Company's accounting principles and notes) - 145–147 (Auditor's report)
Financial information regarding Heimstaden and its business for the period January – March 2021	<u>Interim report January-March 2021</u>	<ul style="list-style-type: none"> - 23 (Group's consolidated statement of comprehensive income) - 24 (Group's balance sheet) - 25 (Group's consolidated statement of changes in equity) - 26 (Group's consolidated cash flow statement) - 27 - 35 (Group's accounting principles and notes) - 36 (Company's statement of comprehensive income) - 37 (Company's balance sheet) - 38 (Company's statement of changes in equity)

Investors should read all information which is incorporated in the Prospectus by reference. Information in the above documents which is not incorporated by reference is either not relevant for the investors in the Capital Securities or covered elsewhere in this Prospectus.

DOCUMENTS AVAILABLE FOR INSPECTION

Hard copies of the following documents are available for review during the period of validity of this Prospectus at the Company's head office at Östra Promenaden 7 A, SE-211 28 Malmö, Sweden, during ordinary weekday office hours:

- (a) the Company's articles of association as of the date of this Prospectus;
- (b) the certificate of registration of the Company.

The above documents are also available on the Company's website, <https://heimstaden.com/>

TERMS AND CONDITIONS

**TERMS AND CONDITIONS FOR
HEIMSTADEN AB (PUBL)**

Heimstaden

**MAXIMUM SEK 5,000,000,000
(WHICH MAY IN PART BE ISSUED IN EUR)
SUBORDINATED PERPETUAL FLOATING RATE
CALLABLE CAPITAL SECURITIES**

**SEK ISIN: SE0012455111
EUR ISIN: SE0012455129
LEI: 549300WD2QBD89VBPV88**

First Issue Date: 11 April 2019

The distribution of this document and the private placement of the Capital Securities in certain jurisdictions may be restricted by law. Persons into whose possession this document comes are required to inform themselves about, and to observe, such restrictions.

**TERMS AND CONDITIONS FOR
HEIMSTADEN AB (PUBL)
MAXIMUM SEK 5,000,000,000
(WHICH MAY IN PART BE ISSUED IN EUR)
SUBORDINATED PERPETUAL FLOATING RATE CALLABLE CAPITAL SECURITIES
SEK ISIN: SE SE0012455111
EUR ISIN: SE SE0012455129**

1 DEFINITIONS AND CONSTRUCTION

1.1 Definitions

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

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

“**Accounting Event**” means, prior to the occurrence of a Positive Rating Event, the receipt by the Issuer of an opinion of an authorised accountant (Sw. *auktoriserad revisor*) from a well-reputed accounting firm in Sweden (experienced in such matters) to the effect that, as a result of a change in the Accounting Principles or interpretation thereof, the equity treatment of the Capital Securities as “equity” in full in the Issuer’s consolidated financial statements has or will cease.

“**Accounting Principles**” means international financial reporting standards (IFRS) within the meaning of Regulation 1606/2002/EC (or as otherwise adopted or amended from time to time).

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

“**Affiliate**” means, in respect of any Person, any other Person, directly or indirectly, controlling or controlled by or under direct or indirect common control with such specified Person. For the purpose of this definition, “control” when used with respect to any Person means the power to direct the management and policies of such Person, directly or indirectly, whether through the ownership of voting securities by contract or otherwise; and the terms “controlling” and “controlled” have meanings correlative to the foregoing.

“**Agency Agreement**” means the agreement entered into on or before the First Issue Date between the Issuer and the Agent, or any replacement agent agreement entered into after the First Issue Date between the Issuer and an Agent.

“**Agent**” means the Holders’ agent under these Terms and Conditions from time to time, initially Intertrust (Sweden) AB, reg. no. 556625-5476, Box 16285, SE-103 25, Stockholm, Sweden.

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

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

“Capital Security” means debt instruments (Sw. *skuldförbindelser*), each for the Nominal Amount and as defined in Chapter 1 Section 3 of the Central Securities Depositories and Financial Instruments Accounts Act, issued by the Issuer as SEK Capital Securities or EUR Capital Securities under these Terms and Conditions.

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

“Change of Control” means if Fredensborg AS, reg. no. 943 582 815, ceases to control the Issuer, and where **“control”** means that Fredensborg AS ceases to:

- (a) own, directly or indirectly, and vote as it sees fit for, more than fifty (50.00) per cent. of the total number of shares and votes in the Issuer; or
- (b) have the right to, directly or indirectly, appoint or remove the whole or a majority of the directors of the board of directors of the Issuer.

“Change of Control Period” means the period (i) commencing on the date that is the earlier of (A) the date of the first public announcement of the relevant Change of Control and (B) the date of the earliest Potential Change of Control Announcement, if any, and (ii) ending on the date which is the one hundred and twentieth (120th) day after the date of the first public announcement of the relevant Change of Control (such one hundred and twentieth (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 sixty (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 ninety (90) days after the date of such public announcement by such Rating Agency.

“Change of Control Step-up Date” means the date falling six (6) months after the date on which a Change of Control has occurred.

“CSD” means the Issuer’s central securities depository and registrar in respect of the Capital Securities from time to time; initially Euroclear Sweden AB reg. no. 556112-8074, P.O. Box 191, SE-101 23 Stockholm, Sweden.

“CSD Regulations” means the CSD’s rules and regulations applicable to the Issuer, the Agent and the Capital Securities from time to time.

“Deferred Interest” has the meaning ascribed to it in Clause 11.1 (*Deferral of Interest Payments*).

“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;
- (c) redemption, repurchase, repayment, cancellation, reduction or other acquisition by the Issuer or any Subsidiary of the Issuer of any shares of the Issuer or any other obligation of the Issuer which

ranks or is expressed by its terms to rank junior to the Capital 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,

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 each case, any declaration or payment of any distribution or dividend or any other payment made by the Issuer on its share capital, which is made by reason of a claim (in accordance with the Swedish Companies Act (Sw. *aktiebolagslagen (2005:551)*) by shareholder(s) owning not less than ten (10.00) per cent. of the shares in the Issuer;
- (iii) in the case of paragraph (c) above only, any redemption, repurchase, repayment, cancellation, reduction or other acquisition that is executed in connection with, or for the purpose of:
 - (A) 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
 - (B) any share buyback programme then in force and duly approved by the shareholders' general meeting of the Issuer or the relevant Subsidiary of the Issuer (as applicable) or any existing or future stock option plan or free share allocation plan or other incentive plan, in all cases, reserved for directors, officers and/or employees of the Issuer or the relevant Subsidiary of the Issuer or any associated hedging transaction; and
- (iv) in the case of (d) above only, any redemption repurchase, repayment, cancellation, reduction or other acquisition executed in whole or in part in the form of a public tender offer or public exchange offer at a consideration per Parity Security below its par value.

“**EUR**” or “**euro**” means the single currency of the participating member states in accordance with the legislation of the European Community relating to Economic and Monetary Union.

“**EUR Capital Securities**” means a debt instrument for the Nominal Amount, denominated in EUR and which are governed by and issued under these Terms and Conditions, with ISIN SE0012455129.

“**EUR Margin**” means:

- (a) from (but excluding) the First Issue Date to (and including) the date falling ten and a half (10.5) years after the First Issue Date, the Initial EUR Margin;
- (b) from (but excluding) the date falling ten and a half (10.5) years after the First Issue Date to (and including) the date falling twenty five and a half (25.5) years after the First Issue Date, the Initial EUR Margin plus 0.25 per cent. *per annum*; and
- (c) from (but excluding) the date falling twenty five and a half (25.5) years after the First Issue Date to (and including) the Redemption Date, the Initial EUR Margin plus 1.00 per cent. *per annum*.

“**EUR Step-up Margin**” means:

- (a) from (but excluding) the First Call Date to (and including) the date falling ten and a half (10.5) years after the First Issue Date, the Initial EUR Margin plus 2.50 per cent. *per annum*;
- (b) from (but excluding) the date falling ten and a half (10.5) years after the First Issue Date to (and including) the date falling twenty five and a half (25.5) years after the First Issue Date, the Initial EUR Margin plus 2.75 per cent. *per annum*; and
- (c) from (but excluding) the date falling twenty five and a half (25.5) years after the First Issue Date to (and including) the Redemption Date, the Initial EUR Margin plus 3.50 per cent. *per annum*.

“EURIBOR” means:

- (a) the applicable percentage rate per annum displayed on Reuters screen EURIBOR01 (or through another system or website replacing it) as of or around 11.00 a.m. (Brussels time) on the Quotation Day for the offering of deposits in euro and for a period comparable to the relevant Interest Period; or
- (b) if no screen rate as set out in paragraph (a) above is available for the relevant Interest Period, the rate calculated by the Issuing Agent (rounded upwards to four (4) decimal places) which results from interpolating on a linear basis between:
 - (i) the applicable screen rate for the longest period (for which that screen rate is available) which is less than the Interest Period; and
 - (ii) the applicable screen rate for the shortest period (for which that screen rate is available) which exceeds that Interest Period, as of or around 11 a.m. on the Quotation Date; or
- (c) if no screen rate is available for the relevant Interest Period pursuant to paragraph (a) and/or (b) above, the arithmetic mean of the rates (rounded upwards to four decimal places), as supplied to the Issuing Agent at its request quoted by the Reference Banks, for deposits of EUR 10,000,000 for the relevant period; or
- (d) if no quotation is available pursuant to paragraph (c), the interest rate which according to the reasonable assessment of the Issuing Agent best reflects the interest rate for deposits in euro offered for the relevant period.

“First Call Date” means the date falling five and a half (5.5) years after the First Issue Date or, to the extent such day is not a Business Day, the Business Day following from an application of the Business Day Convention.

“First Issue Date” means 11 April 2019.

“Force Majeure Event” has the meaning ascribed to it in Clause 26.1.

“Group” means the Issuer and its Subsidiaries from time to time (each a **“Group Company”** and all together the **“Group”**).

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

“Holders’ Meeting” means a meeting among the Holders held in accordance with Clause 17 (*Holders’ Meeting*).

“Initial Capital Securities” means the Capital Securities issued on the First Issue Date.

“Initial EUR Margin” means a per cent. *per annum* as determined at the first issue of EUR Capital Securities.

“Initial Exchange Ratio” means the SEK/EUR exchange rate quoted on the Swedish Central Bank’s website (www.riksbank.se) at 12:00 Swedish time on the First Issue Date.

“Initial Interest Rate” means:

- (a) in relation to SEK Capital Securities, a floating rate of STIBOR (3 months) plus the applicable SEK Margin; and
- (b) in relation to EUR Capital Securities, a floating rate of EURIBOR (3 months) plus the applicable EUR Margin.

“Initial Issue” means the issuance of Capital Securities on the First Issue Date.

“Interest” means the interest on the Capital Securities calculated in accordance with Clause 10 (*Interest*).

“Interest Payment” means, in respect the payment of Interest on an Interest Payment Date, the amount of Interest payable for the relevant Interest Period in accordance with Clause 10 (*Interest*).

“Interest Payment Date” means, subject to Clause 11 (*Optional interest deferral*), 11 January, 11 April, 11 July and 11 October in each year or, to the extent such day is not a Business Day, the Business Day following from an application of the Business Day Convention, with the first Interest Payment Date for the Capital Securities being 11 July 2019 and the last Interest Payment Date being the relevant Redemption Date.

“Interest Period” means each period beginning on (but excluding) the First Issue Date or any Interest Payment Date and ending on (and including) the next succeeding Interest Payment Date (or, if the Capital Securities are redeemed prior to such Interest Payment Date, the relevant Redemption Date) and, in respect of any Subsequent Capital Securities, each Interest Period beginning on (but excluding) the Interest Payment Date falling immediately prior to their issuance (or the First Issue Date if there is no such Interest Payment Date) and ending on (and including) the next succeeding Interest Payment Date (or, if the Capital Securities are redeemed prior to such Interest Payment Date, the relevant Redemption Date).

“Interest Rate” means the Initial Interest Rate, the Step-up Interest Rate and the Change of Control Step-up in accordance with Clause 10.5 (*Step-up after a Change of Control*).

“Issue Date” means the First Issue Date or any subsequent date when Subsequent Capital Securities are issued.

“Issuer” means Heimstaden AB (publ), a public limited liability company incorporated under the laws of Sweden with reg. no. 556670-0455, Östra Promenaden 7A, SE-211 28, Malmö, Sweden

“Issuer Winding-up” has the meaning ascribed to it in paragraph (a) of Clause 3.2.

“Issuing Agent” means Carnegie Investment Bank AB (publ), reg. no. 516406-0138, SE-103 38, Stockholm, Sweden, or another party replacing it, as Issuing Agent, in accordance with these Terms and Conditions.

“Margin” means the SEK Margin, the EUR Margin, the SEK Step-up Margin, the EUR Step-up Margin including Change of Control Step-up in accordance with Clause 10.5 (*Step-up after a Change of Control*).

“Moody’s” means Moody’s Investors Services Ltd.

“Nasdaq Stockholm” means the Regulated Market of Nasdaq Stockholm Aktiebolag, reg. no. 556420-8394, SE-105 78 Stockholm, Sweden.

“Net Proceeds” means the proceeds from the issuance of any Capital Securities after deduction has been made for all fees, costs and expenses, stamp, registration and other taxes incurred by the Issuer in connection with the issuance and listing of such Capital Securities.

“Nominal Amount” has the meaning ascribed to it in Clause 2.1.

“Parity Securities” means any obligations of:

- (a) the Issuer, issued directly or indirectly by it, which rank, or are expressed to rank, *pari passu* with the Capital Securities; and
- (b) any Subsidiary of the Issuer having the benefit of a guarantee or support agreement from the Issuer which ranks or is expressed to rank *pari passu* with the Capital Securities.

“Person” means any individual, corporation, partnership, limited liability company, joint venture, association, joint-stock company, trust, unincorporated organisation, government, or any agency or political subdivision thereof, or any other entity, whether or not having a separate legal personality.

“Positive Rating Event” shall be deemed to occur if the Issuer has received a credit rating from S&P and/or from Moody’s.

“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 one hundred and twenty (120) days of the date of such announcement or statement).

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

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

“Rating Downgrade” shall be deemed to have occurred in respect of a Change of Control if within the Change of Control Period (i) the rating previously assigned to the Issuer is withdrawn and not subsequently reinstated within the Change of Control Period or (ii) the rating previously assigned to the Issuer by the relevant Rating Agency is lowered one rating category below the rating category provided and not subsequently upgraded to at least the same rating category 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 relevant Rating Agency making the change in rating to which this definition would otherwise apply does not publicly announce or publicly confirm that the withdrawal or reduction was the result of the applicable Change of Control.

“Rating Event” shall be deemed to occur if the Issuer has received confirmation from any Rating Agency either directly or via a publication by such Rating Agency, that an amendment, clarification or change has occurred in the equity credit criteria of such Rating Agency effectively after the date a Positive Rating Event occurs 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 date a Positive Rating Event occurs.

“Record Date” means the fifth (5th) Business Day prior to:

- (a) an Interest Payment Date;
- (b) a Redemption Date; or
- (c) another relevant date, or in each case such other Business Day falling prior to a relevant date if generally applicable on the Swedish bond market.

“Redemption Date” means the date on which the relevant Capital Securities are to be redeemed or repurchased in accordance with Clause 12 (*Redemption and repurchase of the Capital Securities*).

“Reference Banks” means Nordea Bank Abp, filial i Sverige, Skandinaviska Enskilda Banken AB (publ), Svenska Handelsbanken AB (publ) and Swedbank AB (publ) (or such other banks as may be appointed by the Issuing Agent in consultation with the Issuer).

“Regulated Market” means any regulated market for the purposes of Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments.

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

“Securities Account” means the account for dematerialised securities maintained by the CSD pursuant to the Central Securities Depositories and Financial Instruments Accounts Act in which:

- (a) an owner of such security is directly registered; or
- (b) an owner’s holding of securities is registered in the name of a nominee.

“SEK” or **“Swedish Kronor”** means the lawful currency of Sweden.

“SEK Capital Securities” means a debt instrument for the Nominal Amount, denominated in SEK and which are governed by and issued under these Terms and Conditions, with ISIN SE0012455111.

“SEK Margin” means:

- (a) from (but excluding) the First Issue Date to (and including) the date falling ten and a half (10.5) years after the First Issue Date, 5.90 per cent. *per annum*;
- (b) from (but excluding) the date falling ten and a half (10.5) years after the First Issue Date to (and including) the date falling twenty five and a half (25.5) years after the First Issue Date, 6.15 per cent. *per annum*; and
- (c) from (but excluding) the date falling twenty five and a half (25.5) years after the First Issue Date to (and including) the Redemption Date, 6.90 per cent. *per annum*.

“SEK Step-up Margin” means:

- (a) from (but excluding) the First Call Date to (and including) the date falling ten and a half (10.5) years after the First Issue Date, 8.40 per cent. *per annum*;
- (b) from (but excluding) the date falling ten and a half (10.5) years after the First Issue Date to (and including) the date falling twenty five and a half (25.5) years after the First Issue Date, 8.65 per cent. *per annum*; and
- (c) from (but excluding) the date falling twenty five and a half (25.5) years after the First Issue Date to (and including) the Redemption Date, 9.40 per cent. *per annum*.

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

“Step-up Interest Rate” means:

- (a) in relation to SEK Capital Securities, a floating rate of STIBOR (three (3) months) plus the applicable SEK Step-up Margin; and
- (b) in relation to EUR Capital Securities, a floating rate of EURIBOR (three (3) months) plus the applicable EUR Step-up Margin.

“**STIBOR**” means:

- (a) the applicable percentage rate *per annum* displayed on Nasdaq Stockholm’s website for STIBOR fixing (or through another website replacing it) as of or around 11.00 a.m. on the Quotation Day for the offering of deposits in Swedish Kronor and for a period comparable to the relevant Interest Period; or
- (b) if no such rate as set out in paragraph (a) above is available for the relevant Interest Period, the rate calculated by the Issuing Agent (rounded upwards to four decimal places) which results from interpolating on a linear basis between:
 - (i) the applicable screen rate for the longest period (for which that screen rate is available) which is less than the Interest Period; and
 - (ii) the applicable screen rate for the shortest period (for which that screen rate is available) which exceeds that Interest Period, as of or around 11.00 a.m. on the relevant Quotation Day;
- (c) if no rate is available for the relevant Interest Period pursuant to paragraph (a) or (b) above, the arithmetic mean of the rates (rounded upwards to four decimal places) as supplied to the Issuing Agent at its request quoted by the Reference Banks, for deposits of SEK 100,000,000 for the relevant period; or
- (d) if no quotation is available pursuant to paragraph (c) above, the interest rate which according to the reasonable assessment of the Issuing Agent best reflects the interest rate for deposits in Swedish Kronor offered in the Stockholm interbank market for the relevant period.

“**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.

“**Subsequent Capital Securities**” means any Capital Security issued in a Subsequent Issue.

“**Subsequent Issue**” has the meaning ascribed to it in Clause 2.5.

“**Subsidiary**” means, in relation to any person, any Swedish or foreign legal entity (whether incorporated or not), which at any time is a subsidiary (Sw. *dotterföretag*) to such person, directly or indirectly, as defined in the Swedish Companies Act (Sw. *aktiebolagslagen 2005:551*).

“**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 eighty (80.00) per cent. of the aggregate principal amount of the Capital Securities initially issued (which shall include, for these purposes any Subsequent Capital Securities).

“**Tax Event**” means the receipt by the Issuer of an opinion of a well-reputed counsel in Sweden (experienced in such matters) to the effect that, as a result of a Tax Law Change, any interest payments under the Capital Securities were, but are no longer, tax-deductible by the Issuer for Swedish tax purposes to the same extent as any unsubordinated obligations of the Issuer.

“Tax Law Change” means:

- (a) any amendment to, clarification of, or change in, the laws or treaties (or any regulations thereunder) of Sweden, or any political subdivision or any authority thereof or therein having the power to tax, affecting taxation;
- (b) any governmental action; or
- (c) 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 First Issue Date.

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

“Withholding Tax Event” shall be deemed to occur if, as a result of any Tax Law Change, in making any payments on the Capital 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 and the Issuer cannot avoid the foregoing by taking reasonable measures available to it.

“Written Procedure” means the written or electronic procedure for decision making among the Holders in accordance with Clause 18 (*Written Procedure*).

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

The Issuer intends (without thereby assuming any legal or contractual obligations 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 during the 360-day period ending on the date of such redemption or repurchase by the Issuer or any subsidiary of the Issuer of replacement hybrid 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 or by Moody’s to the Issuer is equivalent to the rating assigned by S&P or by Moody’s upon a Positive Rating Event or higher at the time of such redemption or repurchase and the Issuer is of the view that such issuer credit rating would not fall as a result of such redemption or repurchase; or*
- (b) *the Capital Securities are redeemed following a Change of Control or pursuant to a Special Event; or*
- (c) *less than (x) 10 per cent. of the aggregate principal amount of the Capital Securities originally issued is repurchased pursuant to Clause 12.2 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*

- (d) *the relevant repurchase has followed an issuance of any class of ordinary shares or other instruments which are granted on issuance of 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 or Moody's to the Capital Securities being repurchased at the time of their issuance; or*
- (e) *such replacement would cause the Issuer's outstanding hybrid capital which is assigned equity credit by S&P or Moody's to exceed the maximum aggregate principal amount of hybrid capital which S&P or Moody's, under their then prevailing methodology; would assign equity credit to., based on the Issuer's adjusted total capitalisation; or*
- (f) *if such redemption or repurchase occurs on or after the date falling twenty-five and a half (25.5) years from the First Issue Date.*

For the avoidance of doubt, the Issuer wishes to clarify that at any time, including during the period up to the fifth and a half (5.5) anniversary of the First Issue Date, the Issuer shall not be required to replace the Capital Securities if paragraph (b), (d) or (e) above applies.

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

- (i) *the part of the nominal amount of the Capital Securities that was assigned equity credit by S&P or Moody's at the time of their issuance, or when the Capital Securities were first assigned more than minimal equity credit; and*
- (ii) *the part of the net proceeds received from issuance of replacement hybrid securities or any class of ordinary shares that was assigned equity credit by S&P or Moody's at the time of their sale or issuance (or the equity credit S&P or Moody's 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 or Moody's on the issue date of such replacement hybrid securities).*

1.2 Construction

1.2.1 Unless a contrary indication appears, any reference in these Terms and Conditions to:

- (a) **"assets"** includes present and future properties, revenues and rights of every description;
- (b) any agreement or instrument is a reference to that agreement or instrument as supplemented, amended, novated, extended, restated or replaced from time to time;
- (c) a **"regulation"** includes any regulation, rule or official directive (whether or not having the force of law) of any governmental, intergovernmental or supranational body, agency or department or regulatory, self-regulatory or other authority or organisation;
- (d) a provision of law is a reference to that provision as amended or re-enacted; and
- (e) a time of day is a reference to Stockholm time.

1.2.2 Subject to Clause 1.2.3 below, when ascertaining whether a limit or threshold specified in Swedish Kronor has been attained or broken, an amount in another currency shall be counted on the basis of the rate of exchange for such currency against Swedish Kronor for the previous Business Day, as published by the Swedish Central Bank (Sw. *Riksbanken*) on its website (www.riksbank.se). If no such rate is available, the most recently published rate shall be used instead.

1.2.3 Notwithstanding Clause 1.2.2 above, at a Holders' Meeting or by way of a Written Procedure, the calculations of whether a quorum exists and if the relevant consent has been obtained, shall be made in

SEK. Each Capital Security shall always entitle to one vote at a Holders' Meeting or by way of Written Procedure. The value of the vote of each SEK Capital Security shall be the Nominal Amount and the value of the vote of each EUR Capital Security shall be the Nominal Amount of the EUR Capital Security converted into SEK at the Initial Exchange Ratio. For the avoidance of doubt, the Adjusted Nominal Amount shall at all times be calculated based on the Initial Exchange Ratio.

- 1.2.4 No delay or omission of the Agent or of any Holder to exercise any right or remedy under these Terms and Conditions shall impair or operate as a waiver of any such right or remedy.

2 THE AMOUNT OF THE CAPITAL SECURITIES

- 2.1 The aggregate amount of the Capital Securities will be an amount of up to equivalent of SEK 5,000,000,000 (which may in part be issued in EUR) which will be represented by Capital Securities, each SEK Capital Security of a nominal amount of SEK 1,250,000 and each EUR Capital Security of a nominal amount of EUR 100,000 (the "**Nominal Amount**") or full multiples thereof. The total Nominal Amount of the Initial Capital Securities issued is SEK 2,000,000,000 SEK Capital Securities.
- 2.2 The ISIN for the SEK Capital Securities is SE0012455111 and the ISIN for EUR Capital Securities is SE0012455129.
- 2.3 The Initial Capital Securities are issued on a fully paid basis at an issue price of one hundred (100.00) per cent. of the Nominal Amount.
- 2.4 The minimum permissible investment in connection with the Initial Issue is SEK 1,250,000 in relation to SEK Capital Securities and EUR 100,000 in relation to EUR Capital Securities.
- 2.5 Provided that a Positive Rating Event has not occurred, the Issuer may at one or more occasions after the First Issue Date issue Subsequent Capital Securities under these Terms and Conditions (each such issue, a "**Subsequent Issue**"), provided the Total Nominal Amount of the Capital Securities (the Initial Capital Securities and all Subsequent Capital Securities) may not exceed SEK 5,000,000,000 (whereof part thereof may be issued in EUR) unless consent is obtained from the Holders in accordance with paragraph (a) of Clause 16.5. Following a Positive Rating Event, no Subsequent Capital Securities may be issued unless such are issued at one or maximum two occasions within six (6) months from the First Issue Date.
- 2.6 Subsequent Capital Securities shall be issued subject to these Terms and Conditions and, for the avoidance of doubt, the relevant ISIN, the Interest Rate, the Nominal Amount and the Maturity Date applicable to the Capital Securities issued in the Initial Issue shall also apply to Subsequent Capital Securities (except for issues of EUR Capital Securities which will have a different interest rate than the Interest Rate set at the Initial Issue, any subsequent issues of EUR Capital Securities after an initial issue of EUR Capital Securities shall, however, have the same Interest Rate applicable to the first issue of EUR Capital Securities).
- 2.7 The price of Subsequent Capital Securities may be set at the Nominal Amount, at a discount or at a higher price than the Nominal Amount.
- 2.8 The SEK Capital Securities are denominated in SEK, the EUR Capital Securities are denominated in EUR and each Capital Security is constituted by these Terms and Conditions.
- 2.9 By subscribing for Capital Securities, each initial Holder agrees that the Capital Securities shall benefit from and be subject to these Terms and Conditions and by acquiring Capital Securities each subsequent Holder confirms these Terms and Conditions.

3 STATUS OF THE CAPITAL SECURITIES

3.1 The Capital Securities, including the obligation to pay interest thereon, constitute direct, general, unconditional, unsecured and subordinated obligations of the Issuer. The rights and claims of the Holders in respect of the Capital Securities against the Issuer are subordinated as described under Clause 3.2.

3.2 In the event of:

- (a) a 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 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;
 - (ii) in priority to all present and future claims in respect of:
 - (A) the shares of the Issuer; and
 - (B) any other obligation of the Issuer expressed by its terms as at its original issue date to rank junior to the Capital Securities or any Parity Securities; and
 - (iii) junior in right of payment to any present or future claims of:
 - (A) all unsubordinated obligations of the Issuer; and
 - (B) all Subordinated Indebtedness; or
- (b) a company re-construction (Sw. *företagsrekonstruktion*) of the Issuer under the Swedish Company Reorganisation Act (Sw. *lag (1996:764) om företagsrekonstruktion*), the Holders shall, in respect of their Capital Securities, have a claim 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 in right of payment to any present or future claims of:
 - (A) all unsubordinated obligations of the Issuer; and
 - (B) all Subordinated Indebtedness.

Claims in respect of the share capital of the Issuer are not subject to loss absorbing measures under a company re-construction of the Issuer.

3.3 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 its holding of any Capital Security, be deemed to have waived all such rights of set-off, compensation or retention.

4 USE OF PROCEEDS

The Net Proceeds of the Initial Issue or any Subsequent Issue shall be applied by the Issuer towards general corporate purposes of the Group, including investments and financing acquisitions. The Net Proceeds of the Initial Issue will also be used towards repayment of any shareholder loans provided in

connection with acquisition made in the Netherlands in close connection to the issuance of the Capital Securities.

5 CONDITIONS PRECEDENT

5.1 Conditions precedent in respect of the Initial Capital Securities

5.1.1 The Issuing Agent shall pay the Net Proceeds from the Initial Issue to Issuer on the later of:

- (a) the First Issue Date; and
- (b) the date on which the Agent notifies the Issuing Agent that it has received the following, in form and substance satisfactory to the Agent (acting reasonably):
 - (i) copies of the articles of association and certificate of registration of the Issuer;
 - (ii) a copy of a resolution from the board of directors of the Issuer:
 - (A) approving the issue of the Initial Capital Securities and resolving that it executes and performs these Terms and Conditions and Agency Agreement; and
 - (B) authorising a specified person or persons to execute these Terms and Conditions and Agency Agreement on its behalf;
 - (iii) a copy of these Terms and Conditions and the Agency Agreement duly executed by the Issuer; and
 - (iv) evidence that the Capital Securities has been or will be registered with the CSD.

5.1.2 The Agent shall confirm to the Issuing Agent when the conditions set out in paragraph (b) of Clause 5.1.1 have been satisfied.

5.2 Conditions precedent in respect of any Subsequent Capital Securities

5.2.1 The Issuing Agent shall pay the Net Proceeds from any Subsequent Issue to Issuer on the later of:

- (a) the relevant Issue Date; and
- (b) the date on which the Agent notifies the Issuing Agent that it has received, in form and substance satisfactory to the Agent (acting reasonably), a copy of a resolution from the board of directors of the Issuer approving the issue such Subsequent Capital Securities and resolving to that it execute and perform any documents necessary in connection therewith.

5.2.2 The Agent shall confirm to the Issuing Agent when the conditions set out in paragraph (b) of Clause 5.2.1 have been satisfied.

5.3 No responsibility for documentation

The Agent may assume that the documentation and evidence delivered to it pursuant to this Clause 5 is accurate, legally valid, enforceable, correct, true and complete unless it has actual knowledge to the contrary and the Agent does not have to verify or assess the contents of any such documentation or evidence. The Agent does not have any obligation to review the documentation and evidence set out in this Clause 5 from a legal or commercial perspective of the Holders.

6 THE CAPITAL SECURITIES AND TRANSFERABILITY

- 6.1 Each Holder is bound by these Terms and Conditions without there being any further actions required to be taken or formalities to be complied with.
- 6.2 The Capital Securities are freely transferable. All Capital Securities transfers are subject to these Terms and Conditions and these Terms and Conditions are automatically applicable in relation to all Capital Securities transferees upon completed transfer.
- 6.3 Upon a transfer of Capital Securities, any rights and obligations under these Terms and Conditions relating to such Capital Securities are automatically transferred to the transferee.
- 6.4 No action is being taken in any jurisdiction that would or is intended to permit a public offering of the Capital Securities or the possession, circulation or distribution of any document or other material relating to the Issuer or the Capital Securities in any jurisdiction other than Sweden, where action for that purpose is required. Each Holder must inform itself about, and observe, any applicable restrictions to the transfer of material relating to the Issuer or the Capital Securities, (due to, *e.g.*, its nationality, its residency, its registered address or its place(s) of business). Each Holder must ensure compliance with such restrictions at its own cost and expense.
- 6.5 For the avoidance of doubt and notwithstanding the above, a Holder which allegedly has purchased Capital Securities in contradiction to mandatory restrictions applicable may nevertheless utilise its voting rights under these Terms and Conditions and shall be entitled to exercise its full rights as a Holder hereunder in each case until such allegations have been resolved.

7 CAPITAL SECURITIES IN BOOK-ENTRY FORM

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

7.6 At the request of the Agent, the Issuer shall promptly instruct the Issuing Agent to obtain information from the debt register kept by the CSD in respect of the Capital Securities and provide it to the Agent.

7.7 The Issuer (and the Agent when permitted under the CSD's applicable regulations) may use the information referred to in Clause 7.3 only for the purposes of carrying out their duties and exercising their rights in accordance with these Terms and Conditions and shall not disclose such information to any Holder or third party unless necessary for such purposes.

8 RIGHT TO ACT ON BEHALF OF A HOLDER

8.1 If any Person other than a Holder wishes to exercise any rights under these Terms and Conditions, it must obtain a power of attorney (or, if applicable, a coherent chain of powers of attorney), a certificate from the authorised nominee or other sufficient proof of authorisation for such Person.

8.2 A Holder may issue one or several powers of attorney to third parties to represent it in relation to some or all of the Capital Securities held by it. Any such representative may act independently under these Terms and Conditions in relation to the Capital Securities for which such representative is entitled to represent the Holder.

8.3 The Agent shall only have to examine the face of a power of attorney or other proof of authorisation that has been provided to it pursuant to Clauses 8.1 and 8.2 and may assume that it has been duly authorised, is valid, has not been revoked or superseded and that it is in full force and effect, unless otherwise is apparent from its face.

9 PAYMENTS IN RESPECT OF THE CAPITAL SECURITIES

9.1 Any payment or repayment under these Terms and Conditions, or any amount due in respect of a repurchase of any Capital Securities, shall be made to such Person who is registered as a Holder on the Record Date prior to the relevant payment date, or to such other Person who is registered with the CSD on such date as being entitled to receive the relevant payment, repayment or repurchase amount.

9.2 If a Holder has registered, through an Account Operator, that principal, Interest and any other payment that shall be made under these Terms and Conditions shall be deposited in a certain bank account, such deposits will be effectuated by the CSD on the relevant payment date. In other cases, payments will be transferred by the CSD to the Holder at the address registered with the CSD on the Record Date. Should the CSD, due to a delay on behalf of the Issuer or some other obstacle, not be able to effectuate payments as aforesaid, the Issuer shall procure that such amounts are paid to the Persons who are registered as Holders on the relevant Record Date as soon as possible after such obstacle has been removed.

9.3 If, due to any obstacle for the CSD, the Issuer cannot make a payment or repayment, such payment or repayment may be postponed until the obstacle has been removed.

9.4 If payment or repayment is made in accordance with this Clause 9, the Issuer and the CSD shall be deemed to have fulfilled their obligation to pay, irrespective of whether such payment was made to a Person not entitled to receive such amount, unless the Issuer or the CSD (as applicable) was aware of that the payment was being made to a Person not entitled to receive such amount.

9.5 The Issuer is not liable to gross-up any payments under these Terms and Conditions by virtue of any withholding tax, public levy or similar.

10 INTEREST

10.1 Interest accrual

Subject to Clause 11 (*Optional interest deferral*), the Capital Securities (and any unpaid amounts thereon) will carry Interest from, but excluding, the First Issue Date up to and including the relevant Redemption Date. Any Subsequent Capital Security will, however, carry Interest at the Interest Rate from, but excluding, the Interest Payment Date falling immediately prior to its issuance up to and including the relevant Redemption Date.

10.2 Initial Interest Rate

10.2.1 Subject to Clause 10.3 (*Step-up Interest Rate*) and Clause 10.5 (*Step-up after a Change of Control*), the Interest Rate in respect of each Interest Period shall be the aggregate of the applicable:

- (a) SEK Margin and STIBOR (3 months) in relation to SEK Capital Securities; and
- (b) EUR Margin and EURIBOR (3 months) in relation to EUR Capital Securities.

10.2.2 Interest shall be calculated on the basis of the actual number of days in the Interest Period in respect of which payment is being made divided by 360 (actual/360-days basis).

10.3 Step-up Interest Rate

10.3.1 Subject to Clause 10.5 (*Step-up after a Change of Control*) and provided a Positive Rating Event has not occurred prior to the First Call Date, commencing from (but excluding) the First Call Date, the Interest Rate in respect of each Interest Period shall be the aggregate of the applicable:

- (a) SEK Step-up Margin and STIBOR (3 months) in relation to SEK Capital Securities; and
- (b) EUR Step-up Margin and EURIBOR (3 months) in relation to EUR Capital Securities.

10.3.2 Interest shall be calculated on the basis of the actual number of days in the Interest Period in respect of which payment is being made divided by 360 (actual/360-days basis).

10.3.3 For an illustration of the Step-up Interest Rate, please see the Appendix (*Table of Step-up Interest Rate*).

10.4 Interest Payment Dates

10.4.1 Subject to Clause 11 (*Optional interest deferral*) and the Business Day Convention, payment of interest in respect of the Capital Securities shall be made quarterly in arrears to the Holders on each Interest Payment Date for the preceding Interest Period.

10.4.2 The Interest Payment in respect of each Interest Period may be deferred in accordance with Clause 11 (*Optional interest deferral*).

10.5 Step-up after a Change of Control

Notwithstanding any other provision of this Clause 10, if the Issuer does not elect to redeem the Capital Securities in accordance with Clause 12.5 (*Voluntary redemption due to a Change of Control*) following the occurrence of a Change of Control, the then prevailing Interest Rate, and each subsequent Interest Rate otherwise determined in accordance with the provisions of this Clause 10, on the Capital Securities shall be increased by five (5.00) per cent. *per annum* (the “**Change of Control Step-up**”) with effect from (but excluding) the Change of Control Step-up Date.

10.6 Default Interest

If the Issuer fails to pay any amount payable by it pursuant to Clause 11.3 (*Mandatory settlement of Deferred Interest*) or Clause 12 (*Redemption and repurchase of the Capital Securities*) (except for

Clause 12.1 (*No maturity*), Clause 12.2 (*The Group Companies' purchase of Capital Securities*) and Clause 12.6 (*Cancellation of Capital Securities*)) on its due date, default interest shall accrue on the overdue amount from (but excluding) the due date up to (and including) the date of actual payment at a rate of two (2.00) per cent. *per annum*. Accrued default interest shall not be capitalised. No default interest shall accrue where the failure to pay was solely attributable to the Agent or the CSD.

11 OPTIONAL INTEREST DEFERRAL

11.1 Deferral of Interest Payments

- 11.1.1 The Issuer may, at any time and at its sole discretion, elect to defer any Interest Payment, in whole or 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 of such election to the Holders in accordance with Clause 25 (*Notices*), the Issuing Agent and the Agent not less than seven (7) Business Days prior to the relevant Interest Payment Date. Notwithstanding the foregoing, failure to give such notice shall not prejudice the right of the Issuer to defer any Interest Payment as described above.
- 11.1.2 If the Issuer makes only a partial payment of interest on an Interest Payment Date, such amount shall be applied equally to each Capital Security.
- 11.1.3 Any Interest Payment so deferred pursuant to this Clause 11 shall, from (but excluding) the Interest Payment Date on which such Interest Payment would (but for its deferral) have been payable to (and including) the date on which it is paid in full, itself bear interest at the Interest Rate prevailing from time to time (which interest shall compound on each Interest Payment Date) and, for so long as the same remains unpaid, such deferred interest (together with the interest accrued thereon) shall constitute “**Deferred Interest**”.
- 11.1.4 The deferral of an Interest Payment in accordance with this Clause 11 shall not constitute a default pursuant to Clause 15 (*Default and Enforcement*) by the Issuer under the Capital Securities or for any other purpose.

11.2 Optional settlement of Deferred Interest

Deferred Interest may be paid, in whole or 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 Clause 25 (*Notices*), the Issuing Agent and the Agent not less than seven (7) Business Days prior to the date (to be specified in such notice) on which the Issuer will pay such Deferred Interest. Any such notice shall state the date fixed for the payment and the relevant Record Date and is irrevocable.

11.3 Mandatory settlement of Deferred Interest

- 11.3.1 The Issuer shall pay any Deferred Interest, in whole but not in part, on the first to occur of the following dates:
- (a) the tenth (10th) Business Day following the date on which a Deferred Interest Payment Event occurs;
 - (b) any Interest Payment Date in respect of which the Issuer does not elect to defer all of the interest accrued in respect of the relevant Interest Period; and
 - (c) the date on which the Capital Securities are redeemed or repaid in accordance with Clause 12 (*Redemption and repurchase of the Capital Securities*) or Clause 15 (*Default and Enforcement*).

- 11.3.2 Notice of any Deferred Interest Payment Event shall be given by the Issuer to the Holders in accordance with Clause 25 (*Notices*), the Issuing Agent and the Agent within three (3) Business Days of such event.

12 REDEMPTION AND REPURCHASE OF THE CAPITAL SECURITIES

12.1 No maturity

The Capital Securities are perpetual and have no specified maturity date. The Issuer may only redeem the Capital Securities in the circumstances described in this Clause 12 (*Redemption and repurchase of the Capital Securities*). The Capital Securities are not redeemable at the option of the Holders at any time.

12.2 The Group Companies' purchase of Capital Securities

The Issuer or any other Group Company may, subject to applicable law, at any time and at any price purchase Capital Securities in the market or in any other way. Capital Securities held by a Group Company may at such Group Company's discretion be retained or sold or, if held by the Issuer, cancelled by the Issuer.

12.3 Voluntary redemption by the Issuer (call option)

- 12.3.1 The Issuer may redeem all, but not only some, of the Capital Securities in full on the First Call Date or on any Interest Payment Date falling thereafter at a price per Capital Security equal to one hundred (100.00) per cent. of the Nominal Amount together with any Deferred Interest and any interest accrued from (but excluding) the immediately preceding Interest Payment Date to (and including) the Redemption Date.

- 12.3.2 Redemption in accordance with Clause 12.3.1 shall be made by the Issuer giving at least thirty (30) but not more than sixty (60) Business Days' notice, prior to the proposed Redemption Date, to the Holders, the Issuing Agent and the Agent. Any such notice shall state the Redemption Date and the relevant Record Date and is irrevocable. Upon expiry of such notice, the Issuer is bound to redeem the Capital Securities in full at the applicable amounts.

12.4 Voluntary redemption due to a Special Event

- 12.4.1 Upon a Special Event occurring, the Issuer may redeem all, but not some only, of its Capital Securities at any time at a price per Capital Security equal to:

- (a) if the Redemption Date falls prior to the First Call Date, one hundred and one (101.00) per cent. of the Nominal Amount; or
- (b) if the Redemption Date falls on or after the First Call Date, one hundred (100.00) per cent. of the Nominal Amount,

in each case together with any Deferred Interest and any interest accrued from (but excluding) the immediately preceding Interest Payment Date to (and including) the Redemption Date.

- 12.4.2 Redemption in accordance with Clause 12.4.1 shall be made by the Issuer giving at least thirty (30) but not more than sixty (60) Business Days' notice, prior to the proposed Redemption Date, to the Holders, the Issuing Agent and the Agent. Any such notice shall state the Redemption Date and the relevant Record Date and is irrevocable. Upon expiry of such notice, the Issuer is bound to redeem the Capital Securities in full at the applicable amounts.

12.5 Voluntary redemption due to a Change of Control

12.5.1 Upon a Change of Control and, if a Positive Rating Event has occurred prior to the Change of Control, a Rating Downgrade occurs in respect of that Change of Control within the Change of Control Period, the Issuer may, no later than the Change of Control Step-up Date, redeem all, but not some only, of its Capital Securities at an amount equal to:

- (a) if the Redemption Date falls prior to the First Call Date, one hundred and one (101.00) per cent. of the Nominal Amount; and
- (b) if the Redemption Date falls on or after the First Call Date, one hundred (100.00) per cent. of the Nominal Amount,

in each together with any Deferred Interest and any interest accrued from (but excluding) the immediately preceding Interest Payment Date to (and including) the Redemption Date.

12.5.2 Redemption in accordance with Clause 12.5.1 shall be made by the Issuer giving at least thirty (30) but not more than sixty (60) Business Days' notice, prior to the proposed Redemption Date, to the Holders, the Issuing Agent and the Agent. Any such notice shall state the Redemption Date and the relevant Record Date and is irrevocable. Upon expiry of such notice, the Issuer is bound to redeem the Capital Securities in full at the applicable amounts.

12.5.3 Immediately upon the Issuer becoming aware that a Change of Control has occurred, the Issuer shall give notice to the Agent and the Holders in accordance with Clause 25 (*Notices*), specifying the nature of the Change of Control.

12.6 Cancellation of Capital Securities

All Capital Securities which are redeemed pursuant to this Clause 12 and all Capital Securities purchased and elected to be cancelled pursuant to Clause 12.2 (*The Group Companies' purchase of Capital Securities*) will be cancelled and may not be reissued or resold. The Issuer shall promptly inform the Holders in accordance with Clause 25 (*Notices*), the Agent and the Issuing Agent of any such cancellation and for so long as the Capital Securities are admitted to trading on Nasdaq Stockholm and the rules of such exchange so require, the Issuer shall promptly inform Nasdaq Stockholm (or any other relevant Regulated Market on which the Capital Securities are admitted to trading) of the cancellation of any Capital Securities under this Clause 12.6.

13 PRECONDITIONS TO SPECIAL EVENT REDEMPTION OR CHANGE OF CONTROL REDEMPTION

13.1 Prior to the publication of any notice of redemption pursuant to Clause 12 (*Redemption and repurchase of the Capital Securities*) (other than redemption pursuant to Clause 12.3 (*Voluntary redemption by the Issuer (call option)*)), the Issuer shall deliver to the Agent a certificate signed by two authorised signatories of the Issuer stating:

- (a) that the relevant requirement or circumstance giving rise to the right to redeem the Capital Securities is satisfied; and
- (b) in the case of a Withholding Tax Event, that the Issuer is unable to avoid paying additional amounts by taking measures reasonably available to it.

13.2 In addition, in the case of a Special Event, the Issuer shall deliver to the Agent and the Issuing Agent an opinion of independent legal, accounting or other tax advisers to the effect that the relevant requirement or circumstance giving rise to the right to redeem is satisfied (save, in the case of a Withholding Tax

Event, as to whether reasonable measures to avoid paying additional amounts are available to the Issuer). Such certificate and, if applicable, opinion, shall be conclusive and binding on the Holders.

- 13.3 Any redemption of the Capital Securities in accordance with Clause 12 (*Redemption and repurchase of the Capital Securities*) shall be conditional on all Deferred Interest being paid in full in accordance with the provisions of Clause 11.3 (*Mandatory settlement of Deferred Interest*) on or prior to the date of such redemption.

14 ADMISSION TO TRADING

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

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

15 DEFAULT AND ENFORCEMENT

15.1 Proceedings

- 15.1.1 Without prejudice to the Issuer's right to defer the payment of interest under Clause 11 (*Optional interest deferral*), if a default is made by the Issuer for a period of thirty (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 Agent (acting on instructions of the Holders in accordance with these Terms and Conditions) or (subject to Clause 23.2) any Holder may institute proceedings for an Issuer Winding-up provided that such default is still continuing.
- 15.1.2 In the event of an Issuer Winding-up, a Holder may, provided such Holder does not contravene a previously adopted resolution (if any), either independently or through the Agent prove and/or claim in such Issuer Winding-up in respect of the Capital Securities, such claim being for such amount, and being subordinated in such manner, as is provided under Clause 3.2.

15.2 Enforcement

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

15.3 Extent of Holders' Remedy

No remedy against the Issuer, other than as referred to in this Clause 15, shall be available to the Agent and the Holders, whether for the recovery of amounts owing in respect of the Capital Securities or in respect of any breach by the Issuer of any of its other obligations under or in respect of the Capital Securities.

16 DECISIONS BY HOLDERS

- 16.1 A request by the Agent for a decision by the Holders on a matter relating to these Terms and Conditions shall (at the option of the Agent) be dealt with at a Holders' Meeting or by way of a Written Procedure.
- 16.2 Any request from the Issuer or a Holder (or Holders) representing at least ten (10.00) per cent. of the Adjusted Nominal Amount (such request may only be validly made by a Person who is a Holder on the Business Day immediately following the day on which the request is received by the Agent and shall, if made by several Holders, be made by them jointly) for a decision by the Holders on a matter relating to these Terms and Conditions shall be directed to the Agent and dealt with at a Holders' Meeting or by way of a Written Procedure, as determined by the Agent. The Person requesting the decision may suggest the form for decision making, but if it is in the Agent's opinion more appropriate that a matter is dealt with at a Holders' Meeting than by way of a Written Procedure, it shall be dealt with at a Holders' Meeting.
- 16.3 The Agent may refrain from convening a Holders' Meeting or instigating a Written Procedure if:
- (d) the suggested decision must be approved by any Person in addition to the Holders and such Person has informed the Agent that an approval will not be given; or
 - (e) the suggested decision is not in accordance with applicable laws.
- 16.4 Only a Person who is, or who has been provided with a power of attorney or other proof of authorisation pursuant to Clause 8 (*Right to act on behalf of a Holder*) from a Person who is, registered as a Holder:
- (a) on the Business Day specified in the notice pursuant to Clause 17.3, in respect of a Holders' Meeting; or
 - (b) on the Business Day specified in the communication pursuant to Clause 18.3, in respect of a Written Procedure,
- may exercise voting rights as a Holder at such Holders' Meeting or in such Written Procedure, provided that the relevant Capital Securities are included in the definition of Adjusted Nominal Amount.
- 16.5 The following matters shall require consent of Holders representing at least two thirds (2/3) of the Adjusted Nominal Amount for which Holders are voting at a Holders' Meeting or for which Holders reply in a Written Procedure in accordance with the instructions given pursuant to Clause 18.3:
- (a) the issue of any Subsequent Capital Securities, if the Total Nominal Amount of the Capital Securities exceeds, or if such would cause the Total Nominal Amount of the Capital Securities to at any time exceed, equivalent of SEK 5,000,000,000 (for the avoidance of doubt, for which consent shall be required at each occasion such Subsequent Capital Securities are issued);
 - (b) a change to the currency, denomination, status or transferability of the Capital Securities;
 - (c) a change to the Nominal Amount or the Interest Rate (including, for the avoidance of doubt, changes to the Margin, STIBOR or EURIBOR);

- (d) a change of Issuer or any delay of the due date for payment of any interest on the Capital Securities other than as permitted pursuant to Clause 11 (*Optional interest deferral*);
 - (e) early redemption of the Capital Securities, other than as otherwise permitted or required by these Terms and Conditions;
 - (f) a mandatory exchange of Capital Securities for other securities; and
 - (g) amend the provisions in this Clause 16.5 or in Clause 16.6.
- 16.6 Any matter not covered by Clause 16.5, including for the avoidance of doubt the initiation of an Issuer Winding-up, shall require the consent of Holders representing more than fifty (50.00) per cent. of the Adjusted Nominal Amount for which Holders are voting at a Holders' Meeting or for which Holders reply in a Written Procedure in accordance with the instructions given pursuant to Clause 18.3. This includes, but is not limited to, any amendment to or waiver of the terms of these Terms and Conditions that does not require a higher majority (other than an amendment or waiver permitted pursuant to paragraphs (a) or (b) of Clause 19.1).
- 16.7 Quorum at a Holders' Meeting or in respect of a Written Procedure only exists if a Holders (or Holders) representing at least fifty (50.00) per cent. of the Adjusted Nominal Amount in case of a matter pursuant to Clause 16.5 and otherwise twenty (20.00) per cent of the Adjusted Nominal Amount:
- (a) if at a Holders' Meeting, attend the meeting in person or by telephone conference (or appear through duly authorised representatives); or
 - (b) if in respect of a Written Procedure, reply to the request.
- 16.8 If a quorum does not exist at a Holders' Meeting or in respect of a Written Procedure, the Agent or the Issuer shall convene a second Holders' Meeting (in accordance with Clause 17.1) or initiate a second Written Procedure (in accordance with Clause 18.1), as the case may be, provided that the relevant proposal has not been withdrawn by the Person(s) who initiated the procedure for Holders' consent. The quorum requirement in Clause 16.7 shall not apply to such second Holders' Meeting or Written Procedure.
- 16.9 Any decision which extends or increases the obligations of the Issuer or the Agent, or limits, reduces or extinguishes the rights or benefits of the Issuer or the Agent, under these Terms and Conditions shall be subject to the Issuer's or the Agent's consent, as appropriate.
- 16.10 A Holder holding more than one Capital Security need not use all its votes or cast all the votes to which it is entitled in the same way and may in its discretion use or cast some of its votes only.
- 16.11 The Issuer may not, directly or indirectly, pay or cause to be paid any consideration to or for the benefit of any Holder for or as inducement to any consent under these Terms and Conditions, unless such consideration is offered to all Holders that consent at the relevant Holders' Meeting or in a Written Procedure within the time period stipulated for the consideration to be payable or the time period for replies in the Written Procedure, as the case may be.
- 16.12 A matter decided at a duly convened and held Holders' Meeting or by way of Written Procedure is binding on all Holders, irrespective of them being present or represented at the Holders' Meeting or responding in the Written Procedure. The Holders that have not adopted or voted for a decision shall not be liable for any damages that this may cause other Holders.
- 16.13 All costs and expenses incurred by the Issuer or the Agent for the purpose of convening a Holders' Meeting or for the purpose of carrying out a Written Procedure, including reasonable fees to the Agent, shall be paid by the Issuer.

- 16.14 If a decision shall be taken by the Holders on a matter relating to these Terms and Conditions, the Issuer shall promptly at the request of the Agent provide the Agent with a certificate specifying the number of Capital Securities owned by Group Companies or (to the knowledge of the Issuer) their Affiliates, irrespective of whether such Person is directly registered as owner of such Capital Securities. The Agent shall not be responsible for the accuracy of such certificate or otherwise be responsible to determine whether a Capital Security is owned by a Group Company or an Affiliate of a Group Company.
- 16.15 Information about decisions taken at a Holders' Meeting or by way of a Written Procedure shall promptly be sent by notice to the Holders and published on the websites of the Issuer and the Agent, provided that a failure to do so shall not invalidate any decision made or voting result achieved. The minutes from the relevant Holders' Meeting or Written Procedure shall at the request of a Holder be sent to it by the Issuer or the Agent, as applicable.

17 HOLDERS' MEETING

- 17.1 The Agent shall convene a Holders' Meeting no later than five (5) Business Days after receipt of a request from the Issuer or the Holder(s) (or such later date as may be necessary for technical or administrative reasons) by sending a notice to each such Person who is registered as a Holder on the Business Day prior to the date on which the notice is sent. If the Holders' Meeting has been requested by the Holder(s), the Agent shall send a copy of the notice to the Issuer.
- 17.2 Should the Issuer want to replace the Agent, it may convene a Holders' Meeting by sending a notice to each Holder in accordance with Clause 17.1 with a copy to the Agent. Before such notice is sent the Issuer shall inform the Agent of its request to replace the Agent and, on the request of the Agent, append a statement from the Agent together with the notice. After a request from the Holders pursuant to Clause 20.4.3, the Issuer shall no later than five (5) Business Days after receipt of such request (or such later date as may be necessary for technical or administrative reasons) convene a Holders' Meeting in accordance with Clause 17.1.
- 17.3 The notice pursuant to Clause 17.1 shall include:
- (a) time for the meeting;
 - (b) place for the meeting;
 - (c) a specification of the Business Day on which a Person must be registered as a Holder in order to be entitled to exercise voting rights (such Business Day not to fall earlier than the effective date of the notice pursuant to Clause 17.1);
 - (d) agenda for the meeting (including each request for a decision by the Holders); and
 - (e) a form of power of attorney.
- Only matters that have been included in the notice may be resolved upon at the Holders' Meeting. Should prior notification by the Holders be required in order to attend the Holders' Meeting, such requirement shall be included in the notice.
- 17.4 The Holders' Meeting shall be held no earlier than ten (10) Business Days and no later than twenty (20) Business Days from the notice.
- 17.5 If the Agent, in breach of these Terms and Conditions, has not convened a Holders' Meeting within five (5) Business Days after having received such notice, the requesting Person may convene the Holders' Meeting itself. If the requesting Person is a Holder, the Issuer shall upon request from such Holder provide the Holder with necessary information from the register kept by the CSD and, if no Person to open the

Holders' Meeting has been appointed by the Agent, the meeting shall be opened by a Person appointed by the requesting Person.

17.6 At a Holders' Meeting, the Issuer, the Holders (or the Holders' representatives/proxies) and the Agent may attend along with each of their representatives, counsels and assistants. Further, the directors of the board, the managing director and other officials of the Issuer and the Issuer's auditors may attend the Holders' Meeting. The Holders' Meeting may decide that further individuals may attend. If a representative/proxy shall attend the Holders' Meeting instead of the Holder, the representative/proxy shall present a duly executed proxy or other document establishing its authority to represent the Holder.

17.7 Without amending or varying these Terms and Conditions, the Agent may prescribe such further regulations regarding the convening and holding of a Holders' Meeting as the Agent may deem appropriate. Such regulations may include a possibility for Holders to vote without attending the meeting in person.

18 WRITTEN PROCEDURE

18.1 The Agent shall instigate a Written Procedure no later than five (5) Business Days after receipt of a request from the Issuer or the Holder(s) (or such later date as may be necessary for technical or administrative reasons) by sending a communication to each such Person who is registered as a Holder on the Business Day prior to the date on which the communication is sent. If the Written Procedure has been requested by the Holder(s), the Agent shall send a copy of the communication to the Issuer.

18.2 Should the Issuer want to replace the Agent, it may send a communication in accordance with Clause 18.1 to each Holder with a copy to the Agent.

18.3 A communication pursuant to Clause 18.1 shall include:

- (a) each request for a decision by the Holders;
- (b) a description of the reasons for each request;
- (c) a specification of the Business Day on which a Person must be registered as a Holder in order to be entitled to exercise voting rights (such Business Day not to fall earlier than the effective date of the communication pursuant to Clause 18.1);
- (d) instructions and directions on where to receive a form for replying to the request (such form to include an option to vote yes or no for each request) as well as a form of power of attorney;
- (e) the stipulated time period within which the Holder must reply to the request (such time period to last at least ten (10) Business Days but not more than twenty (20) Business Days from the communication pursuant to Clause 18.1); and
- (f) if the voting shall be made electronically, instructions for such voting.

18.4 If the Agent, in breach of these Terms and Conditions, has not instigated a Written Procedure within five (5) Business Days after having received such notice, the requesting Person may instigate a Written Procedure itself. If the requesting Person is a Holder, the Issuer shall upon request from such Holder provide the Holder with necessary information from the register kept by the CSD.

18.5 When the requisite majority consents of the total Adjusted Nominal Amount pursuant to Clauses 16.5 and 16.6 have been received in a Written Procedure, the relevant decision shall be deemed to be adopted pursuant to Clause 16.5 or 16.6, as the case may be, even if the time period for replies in the Written Procedure has not yet expired.

19 AMENDMENTS AND WAIVERS

- 19.1 The Issuer and the Agent (acting on behalf of the Holders) may agree to amend these Terms and Conditions or waive any provision in these Terms and Conditions, provided that:
- (a) such amendment or waiver is not detrimental to the interest of the Holders, or is made solely for the purpose of rectifying obvious errors and mistakes;
 - (b) such amendment or waiver is required by applicable law, a court ruling or a decision by a relevant authority; or
 - (c) such amendment or waiver has been duly approved by the Holders in accordance with Clause 16 (*Decisions by Holders*).
- 19.2 The consent of the Holders is not necessary to approve the particular form of any amendment or waiver to these Terms and Conditions. It is sufficient if such consent approves the substance of the amendment or waiver.
- 19.3 The Agent shall promptly notify the Holders of any amendments or waivers made in accordance with Clause 19.1, setting out the date from which the amendment or waiver will be effective, and ensure that any amendments to these Terms and Conditions are available on the website of the Agent and the Issuer shall ensure that such amendments to these Terms and Conditions are available on the website of the Issuer. The Issuer shall ensure that any amendments to these Terms and Conditions are duly registered with the CSD.
- 19.4 An amendment or waiver to these Terms and Conditions shall take effect on the date determined by the Holders' Meeting, in the Written Procedure or by the Agent, as the case may be.

20 APPOINTMENT AND REPLACEMENT OF THE AGENT

20.1 Appointment of Agent

- 20.1.1 By subscribing for Capital Securities, each initial Holder appoints the Agent to act as its agent and security agent in all matters relating to the Capital Securities and these Terms and Conditions, and authorises the Agent to act on its behalf (without first having to obtain its consent, unless such consent is specifically required by these Terms and Conditions) in any legal or arbitration proceedings relating to the Capital Securities held by such Holder, including the winding-up, dissolution, liquidation, company reorganisation (Sw. *företagsrekonstruktion*), or bankruptcy (Sw. *konkurs*) (or its equivalent in any other jurisdiction) of the Issuer. By acquiring Capital Securities, each subsequent Holder confirms such appointment and authorisation for the Agent to act on its behalf.
- 20.1.2 Each Holder shall immediately upon request by the Agent provide the Agent with any such documents, including a written power of attorney (in form and substance satisfactory to the Agent), as the Agent deems necessary for the purpose of exercising its rights and/or carrying out its duties under these Terms and Conditions. The Agent is under no obligation to represent a Holder which does not comply with such request.
- 20.1.3 The Issuer shall promptly upon request provide the Agent with any documents and other assistance (in form and substance satisfactory to the Agent), that the Agent deems necessary for the purpose of exercising its rights and/or carrying out its duties under these Terms and Conditions.
- 20.1.4 The Agent is entitled to fees for its work and to be indemnified for costs, losses and liabilities on the terms set out in these Terms and Conditions and the Agent's obligations as agent and security agent under these Terms and Conditions are conditioned upon the due payment of such fees and indemnifications.

- 20.1.5 The Agent may act as agent and/or security agent for several issues of securities issued by or relating to the Issuer and other Group Companies notwithstanding potential conflicts of interest.

20.2 Duties of the Agent

- 20.2.1 The Agent shall represent the Holders in accordance with these Terms and Conditions. However, the Agent is not responsible for the execution, validity or enforceability of these Terms and Conditions.
- 20.2.2 The Agent shall keep the latest version of these Terms and Conditions (including any document amending these Terms and Conditions) available on the website of the Agent. The latest versions of these Terms and Conditions shall be available to the Holders at the office of the Agent during normal business hours.
- 20.2.3 Upon request by a Holder, the Agent may distribute to the Holders any information from such Holder which relates to the Capital Securities (at the discretion of the Agent). The Agent may require that the requesting Holder reimburses any costs or expenses incurred, or to be incurred, by the Agent in doing so (including a reasonable fee for the work of the Agent) before any such information is distributed. The Agent may upon request by a Holder disclose the identity of any other Holder who has consented to the Agent in doing so.
- 20.2.4 When acting in accordance with these Terms and Conditions, the Agent is always acting with binding effect on behalf of the Holders. The Agent shall carry out its duties under these Terms and Conditions in a reasonable, proficient and professional manner, with reasonable care and skill.
- 20.2.5 The Agent is entitled to delegate its duties to other professional parties, but the Agent shall remain liable for the actions of such parties under these Terms and Conditions.
- 20.2.6 The Agent shall treat all Holders equally and, when acting pursuant to these Terms and Conditions, act with regard only to the interests of the Holders and shall not be required to have regard to the interests or to act upon or comply with any direction or request of any other Person, other than as explicitly stated in these Terms and Conditions.
- 20.2.7 The Agent shall be entitled to disclose to the Holders any event or circumstance directly or indirectly relating to the Issuer or the Capital Securities. Notwithstanding the foregoing, the Agent may if it considers it to be beneficial to the interests of the Holders delay disclosure or refrain from disclosing certain information.
- 20.2.8 The Agent is entitled to engage external experts when carrying out its duties under these Terms and Conditions. The Issuer shall on demand by the Agent pay all costs for external experts engaged for the purpose of investigating or considering a matter relating to the Issuer which the Agent reasonably believes may be detrimental to the interests of the Holders under these Terms and Conditions.
- 20.2.9 The Agent shall enter into agreements with the CSD, and comply with such agreement and the CSD regulations applicable to the Agent, as may be necessary in order for the Agent to carry out its duties under these Terms and Conditions.
- 20.2.10 Notwithstanding any other provision of these Terms and Conditions to the contrary, the Agent is not obliged to do or omit to do anything if it would or might in its reasonable opinion constitute a breach of any law or regulation.
- 20.2.11 If in the Agent's reasonable opinion the cost, loss or liability which it may incur (including reasonable fees to the Agent) in complying with instructions of the Holders, or taking any action at its own initiative, will not be covered by the Issuer, the Agent may refrain from acting in accordance with such instructions, or taking such action, until it has received such funding or indemnities (or adequate security has been provided therefore) as it may reasonably require.

20.2.12 The Agent shall give a notice to the Holders (i) before it ceases to perform its obligations under these Terms and Conditions by reason of the non-payment by the Issuer of any fee or indemnity due to the Agent under these Terms and Conditions, or (ii) if it refrains from acting for any reason described in Clause 20.2.11.

20.2.13 Unless it has actual knowledge to the contrary, the Agent may assume that all information provided by or on behalf of the Issuer (including by its advisors) is correct, true and complete in all aspects.

20.3 Limited liability for the Agent

20.3.1 The Agent will not be liable to the Holders for damage or loss caused by any action taken or omitted by it under or in connection with these Terms and Conditions, unless directly caused by its negligence or wilful misconduct. The Agent shall never be responsible for indirect loss.

20.3.2 The Agent shall not be considered to have acted negligently if it has acted in accordance with advice from or opinions of reputable external experts addressed to the Agent or if the Agent has acted with reasonable care in a situation when the Agent considers that it is detrimental to the interests of the Holders to delay the action in order to first obtain instructions from the Holders.

20.3.3 The Agent shall not be liable for any delay (or any related consequences) in crediting an account with an amount required pursuant to these Terms and Conditions to be paid by the Agent to the Holders, provided that the Agent has taken all necessary steps as soon as reasonably practicable to comply with the regulations or operating procedures of any recognised clearing or settlement system used by the Agent for that purpose.

20.3.4 The Agent shall have no liability to the Holders for damage caused by the Agent acting in accordance with instructions of the Holders given in accordance with Clause 16 (*Decisions by Holders*) or a demand given by Holders in accordance with these Terms and Conditions.

20.3.5 Any liability towards the Issuer which is incurred by the Agent in acting under, or in relation to, these Terms and Conditions shall not be subject to set-off against the obligations of the Issuer to the Holders under these Terms and Conditions.

20.3.6 The Agent is not liable for information provided to the Holders by or on behalf of the Issuer or by any other Person.

20.4 Replacement of the Agent

20.4.1 Subject to Clause 20.4.6, the Agent may resign by giving notice to the Issuer and the Holders, in which case the Holders shall appoint a successor Agent at a Holders' Meeting convened by the retiring Agent or by way of Written Procedure initiated by the retiring Agent.

20.4.2 Subject to Clause 20.4.6, if the Agent is insolvent or becomes subject to bankruptcy proceedings, the Agent shall be deemed to resign as Agent and the Issuer shall within ten (10) Business Days appoint a successor Agent which shall be an independent financial institution or other reputable company which regularly acts as agent under debt issuances.

20.4.3 A Holder (or Holders) representing at least ten (10.00) per cent. of the Adjusted Nominal Amount may, by notice to the Issuer (such notice may only be validly given by a Person who is a Holder on the Business Day immediately following the day on which the notice is received by the Issuer and shall, if given by several Holders, be given by them jointly), require that a Holders' Meeting is held for the purpose of dismissing the Agent and appointing a new Agent. The Issuer may, at a Holders' Meeting convened by it or by way of Written Procedure initiated by it, propose to the Holders that the Agent be dismissed and a new Agent appointed.

- 20.4.4 If the Holders have not appointed a successor Agent within ninety (90) days after (i) the earlier of the notice of resignation was given or the resignation otherwise took place or (ii) the Agent was dismissed through a decision by the Holders, the Issuer shall appoint a successor Agent which shall be an independent financial institution or other reputable company which regularly acts as agent under debt issuances.
- 20.4.5 The retiring Agent shall, at its own cost, make available to the successor Agent such documents and records and provide such assistance as the successor Agent may reasonably request for the purposes of performing its functions as Agent under these Terms and Conditions.
- 20.4.6 The Agent's resignation or dismissal shall only take effect upon the appointment of a successor Agent and acceptance by such successor Agent of such appointment and the execution of all necessary documentation to effectively substitute the retiring Agent.
- 20.4.7 Upon the appointment of a successor, the retiring Agent shall be discharged from any further obligation in respect of these Terms and Conditions but shall remain entitled to the benefit of these Terms and Conditions and remain liable under these Terms and Conditions in respect of any action which it took or failed to take whilst acting as Agent. Its successor, the Issuer and each of the Holders shall have the same rights and obligations amongst themselves under these Terms and Conditions as they would have had if such successor had been the original Agent.
- 20.4.8 In the event that there is a change of the Agent in accordance with this Clause 20.4, the Issuer shall execute such documents and take such actions as the new Agent may reasonably require for the purpose of vesting in such new Agent the rights, powers and obligation of the Agent and releasing the retiring Agent from its further obligations under these Terms and Conditions. Unless the Issuer and the new Agent agrees otherwise, the new Agent shall be entitled to the same fees and the same indemnities as the retiring Agent.

21 APPOINTMENT AND REPLACEMENT OF THE ISSUING AGENT

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

22 APPOINTMENT AND REPLACEMENT OF THE CSD

- 22.1 The Issuer has appointed the CSD to manage certain tasks under these Terms and Conditions and in accordance with the legislation, rules and regulations applicable to the CSD.
- 22.2 The CSD may retire from its assignment or be dismissed by the Issuer, provided that the Issuer has effectively appointed a replacement CSD that accedes as CSD at the same time as the old CSD retires or is dismissed and provided also that the replacement does not have a negative effect on any Holder or the listing of the Capital Securities listed on the corporate bond list of Nasdaq Stockholm (or any other Regulated Market, as applicable). The replacing CSD must be authorised to professionally conduct clearing operations pursuant to the Swedish Securities Market Act (*Sw. lag (2007:528) om värdepappersmarknaden*).

23 NO DIRECT ACTIONS BY HOLDERS

- 23.1 A Holder may not take any action or take any legal steps whatsoever against the Issuer or a Subsidiary to enforce or recover any amount due or owing to it pursuant to these Terms and Conditions, or to initiate, support or procure the winding-up, dissolution, liquidation, company reorganisation (Sw. *företagsrekonstruktion*) or bankruptcy (Sw. *konkurs*) (or its equivalent in any other jurisdiction) of the Group Companies in relation to any of the liabilities of the Issuer or a Subsidiary under these Terms and Conditions. Such steps may only be taken by the Agent.
- 23.2 Clause 23.1 shall not apply if the Agent has been instructed by the Holders in accordance with these Terms and Conditions to take certain actions but fails for any reason to take, or is unable to take (for any reason other than a failure by a Holder to provide documents in accordance with Clause 20.1.2), such actions within a reasonable period of time and such failure or inability is continuing. However, if the failure to take certain actions is caused by the non-payment by the Issuer of any fee or indemnity due to the Agent under these Terms and Conditions or by any reason described in Clause 20.2.11, such failure must continue for at least forty (40) Business Days after notice pursuant to Clause 20.2.12 before a Holder may take any action referred to in Clause 23.1.

24 TIME-BAR

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

25 NOTICES

- 25.1 Any notice or other communication to be made under or in connection with these Terms and Conditions:
- (a) if to the Agent, shall be given at the address registered with the Swedish Companies Registration Office (Sw. *Bolagsverket*) on the Business Day prior to dispatch or to such address as notified by the Agent to the Issuer from time to time, and, if sent by email by the Issuer, to such email address as notified by the Agent to the Issuer from time to time;
 - (b) if to the Issuer, shall be given at the address registered with the Swedish Companies Registration Office (Sw. *Bolagsverket*) on the Business Day prior to dispatch or such address as notified by the Issuer to the Agent from time to time or, if sent by email by the Agent, to such email address as notified by the Issuer to the Agent from time to time; and
 - (c) if to the Holders, shall be given at their addresses as registered with the CSD, on the Business Day prior to dispatch, and by either courier delivery (if practicable possible) or letter for all Holders, provided that the same means of communication shall be used for all Holders. A notice to the Holders shall also be published on the websites of the Issuer and the Agent.

25.2 Any notice or other communication made by one Person to another under or in connection with these Terms and Conditions shall be sent by way of courier, personal delivery or letter (and, if between the Agent and the Issuer, by email) and will only be effective, in case of courier or personal delivery, when it has been left at the address specified in Clause 25.1 or, in case of letter, three (3) Business Days after being deposited postage prepaid in an envelope addressed to the address specified in Clause 25.1 or, in case of email to the Agent or the Issuer, when received in legible form by the email address specified in Clause 25.1.

25.3 Failure to send a notice or other communication to a Holder or any defect in it shall not affect its sufficiency with respect to other Holders.

26 FORCE MAJEURE AND LIMITATION OF LIABILITY

26.1 Neither the Agent nor the Issuing Agent shall be held responsible for any damage arising out of any legal enactment, or any measure taken by a public authority, or war, strike, lockout, boycott, blockade or any other similar circumstance (a “**Force Majeure Event**”). The reservation in respect of strikes, lockouts, boycotts and blockades applies even if the Agent or the Issuing Agent itself takes such measures, or is subject to such measures.

26.2 The Issuing Agent shall have no liability to the Holders if it has observed reasonable care. The Issuing Agent shall never be responsible for indirect damage with exception of gross negligence and wilful misconduct.

26.3 Should a Force Majeure Event arise which prevents the Agent or the Issuing Agent from taking any action required to comply with these Terms and Conditions, such action may be postponed until the obstacle has been removed.

26.4 The provisions in this Clause 26 apply unless they are inconsistent with the provisions of the Central Securities Depositories and Financial Instruments Accounts Act which provisions shall take precedence.

27 GOVERNING LAW AND JURISDICTION

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

27.2 Any dispute or claim arising in relation to these Terms and Conditions shall, subject to Clause 27.3, be determined by Swedish courts and the District Court of Stockholm shall be the court of first instance.

27.3 The submission to the jurisdiction of the Swedish courts shall not limit the right of the Agent (or the Holders, as applicable) to take proceedings against the Issuer in any court which may otherwise exercise jurisdiction over the Issuer or any of its assets.

APPENDIX

TABLE OF STEP-UP INTEREST RATE

Interest Rate relating to EUR Capital Securities

	If a Positive Rating Event has not occurred prior to the First Call Date:	If a Positive Rating Event has occurred prior to the First Call Date:
From (but excluding) the First Issue Date up to (and including) the First Call Date	EURIBOR (3 months) plus the Initial EUR Margin.	EURIBOR (3 months) plus the Initial EUR Margin.
From (but excluding) the First Call Date up to (and including) the date falling 10.5 years after the First Issue Date	EURIBOR (3 months) plus the Initial EUR Margin plus 250 basis points.	EURIBOR (3 months) plus the Initial EUR Margin.
From (but excluding) the date falling 10.5 years after the First Issue Date up to (and including) the date falling 25.5 years after the First Issue Date	EURIBOR (3 months) plus the Initial EUR Margin plus 275 basis points.	EURIBOR (3 months) plus the Initial EUR Margin plus 25 basis points.
From (but excluding) the date falling 25.5 years after the First Issue Date up to (and including) the Redemption Date	EURIBOR (3 months) plus the Initial EUR Margin plus 350 basis points.	EURIBOR (3 months) plus the Initial EUR Margin plus 100 basis points.
In addition, following a Change of Control and if the Issuer does not elect to redeem the Capital Securities in accordance with Clause 12.5 (<i>Voluntary redemption due to a Change of Control</i>), the applicable Interest Rate shall be increased by an additional 500 bps.		

Interest Rate relating to SEK Capital Securities

	If a Positive Rating Event has not occurred prior to the First Call Date:	If a Positive Rating Event has occurred prior to the First Call Date:
From (but excluding) the First Issue Date up to (and including) the First Call Date	STIBOR (3 months) plus 5.90 per cent. <i>per annum</i>	STIBOR (3 months) plus 5.90 per cent. <i>per annum</i>
From (but excluding) the First Call Date up to (and including) the date falling 10.5 years after the First Issue Date	STIBOR (3 months) plus 8.40 per cent. <i>per annum</i>	STIBOR (3 months) plus 5.90 per cent. <i>per annum</i>
From (but excluding) the date falling 10.5 years after the First Issue Date up to (and including) the date falling 25.5 years after the First Issue Date	STIBOR (3 months) plus 8.65 per cent. <i>per annum</i>	STIBOR (3 months) plus 6.15 per cent. <i>per annum</i>
From (but excluding) the date falling 25.5 years after the First Issue Date up to (and including) the Redemption Date	STIBOR (3 months) plus 9.40 per cent. <i>per annum</i>	STIBOR (3 months) plus 6.90 per cent. <i>per annum</i>
In addition, following a Change of Control and if the Issuer does not elect to redeem the Capital Securities in accordance with Clause 12.5 (<i>Voluntary redemption due to a Change of Control</i>), the applicable Interest Rate shall be increased by an additional 500 bps.		

ADDRESSES

The Issuer

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Telephone: +46 8 402 90 00
www.euroclear.com

Agent

Intertrust (Sweden) AB

Sveavägen 9
SE-111 57 Stockholm, Sweden
Telephone: 08-4027200
www.intertrustgroup.com

Issuing Agent

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