

BASE PROSPECTUS DATED 21 NOVEMBER 2019

Heimstaden Bostad AB (publ)
(incorporated with limited liability in Sweden)
€4,000,000,000
Euro Medium Term Note Programme

Under this €4,000,000,000 Euro Medium Term Note Programme (the "**Programme**"), Heimstaden Bostad AB (publ) (the "**Issuer**") may from time to time issue notes (the "**Notes**") denominated in any currency agreed between the Issuer and the relevant Dealers (as defined below).

Notes may be issued in bearer or registered form (respectively "**Bearer Notes**" and "**Registered Notes**") or in uncertificated book entry form ("**VPS Notes**") settled through the Norwegian Central Securities Depository, *Verdipapirsentralen ASA* (the "**VPS**"). The maximum aggregate nominal amount of all Notes from time to time outstanding under the Programme will not exceed €4,000,000,000 (or its equivalent in other currencies calculated as described in the Programme Agreement described herein), subject to increase as described herein.

The Notes may be issued on a continuing basis to one or more of the Dealers specified under "*Overview of the Programme*" and any additional Dealer appointed under the Programme from time to time by the Issuer (each a "**Dealer**" and together the "**Dealers**"), which appointment may be for a specific issue or on an ongoing basis. References in this Base Prospectus to the "**relevant Dealer**" shall, in the case of an issue of Notes being (or intended to be) subscribed by more than one Dealer, be to all Dealers agreeing to subscribe such Notes.

An investment in Notes issued under the Programme involves certain risks. For a discussion of these risks see "Risk Factors".

This Base Prospectus has been approved as a base prospectus by the Central Bank of Ireland, as competent authority under Regulation (EU) 2017/1129 (the "**Prospectus Regulation**"). The Central Bank of Ireland only approves this Base Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation. Approval by the Central Bank of Ireland should not be considered as an endorsement of the Issuer or of the quality of the Notes that are the subject of this Base Prospectus. Investors should make their own assessment as to the suitability of investing in the Notes. Such approval relates only to Notes that are to be admitted to trading on the regulated market (the "**Euronext Dublin Regulated Market**") of the Irish Stock Exchange plc trading as Euronext Dublin ("**Euronext Dublin**"), the Oslo Stock Exchange's regulated market (Oslo Børs) or on another regulated market for the purposes of Directive 2014/65/EU (as amended, "**MiFID II**") and/or that are to be offered to the public in any member state of the European Economic Area (the "**EEA**") in circumstances that require the publication of a prospectus.

Application has been made to Euronext Dublin for Notes issued under the Programme during the period of 12 months from the date of this Base Prospectus to be admitted to its official list (the "**Official List**") and trading on the Euronext Dublin Regulated Market. The Issuer has further requested that the Central Bank of Ireland send to the Norwegian Financial Supervisory Authority (*Finanstilsynet*) (the "**NFSA**") in its capacity as the competent authority in Norway (i) a copy of this Base Prospectus and (ii) a certificate of approval pursuant to Article 25 of the Prospectus Regulation attesting that the Base Prospectus has been drawn up in accordance with the provisions of the Prospectus Regulation and the Commission Delegated Regulation (EU) 2019/980, for purposes of listing Notes on the Oslo Stock Exchange's regulated market (Oslo Børs).

Each of the Euronext Dublin Regulated Market and the Oslo Stock Exchange's regulated market (Oslo Børs) is a regulated market for the purposes of MiFID II. References in this Base Prospectus to the Notes being "**listed**" (and all related references) shall mean that, unless otherwise specified in the applicable Final Terms, the Notes have been either admitted (i) to the Official List and to trading on the Euronext Dublin Regulated Market or (ii) to trading on the Oslo Stock Exchange's regulated market (Oslo Børs), as may be agreed between the Issuer and the relevant Dealer in relation to the relevant Series (as defined below).

This Base Prospectus (as supplemented as at the relevant time, if applicable) is valid for 12 months from its date in relation to Notes which are to be admitted to trading on a regulated market in the EEA. The obligation to supplement this Base Prospectus in the event of a significant new factor, material mistake or material inaccuracy does not apply when this Base Prospectus is no longer valid.

The requirement to publish a prospectus under the Prospectus Regulation only applies to Notes which are to be admitted to trading on a regulated market in the EEA and/or offered to the public in the EEA other than in circumstances where an exemption is available under Article 1(4) and/or 3(2) of the Prospectus Regulation.

Notice of the aggregate nominal amount of Notes, interest (if any) payable in respect of Notes, the issue price of Notes and certain other information which is applicable to each Tranche (as defined in "*Terms and Conditions of the Notes*", as the case may be) of Notes will be set out in a final terms document (the "**Final Terms**") which will be delivered to the Central Bank of Ireland, and further distributed to the NFSA and, where listed, Euronext Dublin and/or the Oslo Stock Exchange (Oslo Børs) (as appropriate).

Copies of Final Terms in relation to Notes to be listed on Euronext Dublin will also be published on the website of Euronext Dublin, and copies of Final Terms in relation to Notes listed on the Oslo Stock Exchange's regulated market (Oslo Børs) will be published on the website of the Oslo Stock Exchange (Oslo Børs).

The Programme provides that Notes may be listed or admitted to trading, as the case may be, on such other or further stock exchanges or markets as may be agreed between the Issuer and the relevant Dealer. The Issuer may also issue unlisted Notes and/or Notes not admitted to trading on any market.

The Notes 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 not be offered or sold in the United States or to, or for the account or the benefit of, U.S. persons as defined in Regulation S under the Securities Act unless an exemption from the registration requirements of the Securities Act is available and in accordance with all applicable securities laws of any state of the United States and any other jurisdiction.

The Issuer has been rated BBB- (outlook positive) by S&P Global Ratings Europe Limited ("**S&P**"). S&P is established in the European Union and is registered under the Regulation (EC) No. 1060/2009 (as amended) (the "**CRA Regulation**"). As such, S&P is included in the list of credit rating agencies published by the European Securities and Markets Authority on its website (at <http://www.esma.europa.eu/page/List-registered-and-certified-CRAs>) in accordance with the CRA Regulation. Notes issued under the Programme may be rated or unrated. Where a Tranche of Notes is rated, such rating will be disclosed in the Final Terms and will not necessarily be the same as the rating assigned to the Issuer by the relevant rating agency. A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.

Investing in Notes issued under the Programme involves certain risks. The principal risk factors that may affect the ability of the Issuer to fulfil its respective obligations under the Notes are discussed under "Risk Factors" below.

Amounts payable on Floating Rate Notes will be calculated by reference to one of CIBOR, EURIBOR, LIBOR, NIBOR and STIBOR as specified in the relevant Final Terms. As at the date of this Base Prospectus, ICE Benchmark Administration Limited, the administrator of LIBOR and the European Money Markets Institute, the administrator of EURIBOR are included in ESMA's register of administrators under Article 36 of the Regulation (EU) No. 2016/1011 (the

"**Benchmarks Regulation**"). As at the date of this Base Prospectus, the administrators of CIBOR, NIBOR and STIBOR are not included in ESMA's register of administrators under the Benchmarks Regulation. As far as the Issuer is aware, the transitional provisions in Article 51 of the Benchmarks Regulation apply, such that Finance Denmark, Norske Finansielle Referanser AS and Financial Benchmarks Sweden AB are not currently required to obtain authorisation/registration (or, if located outside the European Union, recognition, endorsement or equivalence).

Arranger
NORDEA

Dealers

DANSKE BANK

DEUTSCHE BANK

DNB BANK ASA

J.P. MORGAN

NORDEA

IMPORTANT INFORMATION

This Base Prospectus comprises a base prospectus in respect of all Notes issued under the Programme for the purposes of Article 8 of the Prospectus Regulation. When used in this Base Prospectus, Prospectus Regulation means Regulation (EU) 2017/1129.

The Issuer accepts responsibility for the information contained in this Base Prospectus and the Final Terms for each Tranche of Notes issued under the Programme. To the best of the knowledge of the Issuer the information contained in this Base Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information.

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

Other than in relation to the documents which are deemed to be incorporated by reference (see "*Documents Incorporated by Reference*"), the information on the websites to which this Base Prospectus refers does not form part of this Base Prospectus and has not been scrutinised or approved by the Central Bank of Ireland.

Neither the Dealers nor the Trustee (as defined below) have independently verified the information contained herein. Accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by the Dealers or the Trustee as to the accuracy or completeness of the information contained or incorporated in this Base Prospectus or any other information provided by the Issuer in connection with the Programme. No Dealer or the Trustee accepts any liability in relation to the information contained or incorporated by reference in this Base Prospectus or any other information provided by the Issuer in connection with the Programme.

No person is or has been authorised by the Issuer, any of the Dealers or the Trustee to give any information or to make any representation not contained in or not consistent with this Base Prospectus or any other information supplied in connection with the Programme or the Notes and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer, any of the Dealers or the Trustee.

Neither this Base Prospectus nor any other information supplied in connection with the Programme or any Notes is intended to provide the basis of any credit or other evaluation, nor should it be considered as a recommendation by the Issuer, any of the Dealers or the Trustee that any recipient of this Base Prospectus or any other information supplied in connection with the Programme or any Notes should purchase any Notes. Each investor contemplating purchasing any Notes should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuer. Neither this Base Prospectus nor any other information supplied in connection with the Programme or the issue of any Notes constitutes an offer or invitation by or on behalf of the Issuer, any of the Dealers or the Trustee to any person to subscribe for or to purchase any Notes.

Neither the delivery of this Base Prospectus nor the offering, sale or delivery of any Notes shall in any circumstances imply that the information contained in it concerning the Issuer is correct at any time subsequent to its date or that any other information supplied in connection with the Programme is correct as of any time subsequent to the date indicated in the document containing the same. The Dealers and the Trustee expressly do not undertake to review the financial condition or affairs of the Issuer during the life of the Programme or to advise any investor in Notes issued under the Programme of any information coming to their attention.

Notes denominated in NOK may not be offered, sold or delivered in Norway or to or for the benefit of persons domiciled in Norway, unless in compliance with the regulations relating to the offer of VPS Notes, including the registration in the VPS of such VPS Notes.

IMPORTANT – EEA RETAIL INVESTORS – If the Final Terms or any Drawdown Prospectus in respect of any Notes includes a legend entitled "*Prohibition of Sales to EEA Retail Investors*", the Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or

otherwise made available to any retail investor in the European Economic Area ("EEA"). For these purposes, a **"retail investor"** means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; (ii) a customer within the meaning of Directive (EU) 2016/97 (the Insurance Distribution Directive), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in the Prospectus Regulation. Consequently no key information document required by Regulation (EU) No 1286/2014 (as amended, the **"PRIIPs Regulation"**) for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

MIFID II PRODUCT GOVERNANCE / TARGET MARKET – The Final Terms or Drawdown Prospectus in respect of any Notes may include a legend entitled *"MiFID II Product Governance"* which will outline the target market assessment in respect of the Notes and which channels for distribution of the Notes are appropriate. Any person subsequently offering, selling or recommending the Notes (a **"distributor"**) should take into consideration the target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the target market assessment) and determining appropriate distribution channels.

A determination will be made in relation to each issue about whether, for the purpose of the MiFID Product Governance rules under EU Delegated Directive 2017/593 (the **"MiFID Product Governance Rules"**), any Dealer subscribing for any Notes is a manufacturer in respect of such Notes, but otherwise neither the Arranger nor the Dealers nor any of their respective affiliates will be a manufacturer for the purpose of the MiFID Product Governance Rules.

IMPORTANT INFORMATION RELATING TO THE USE OF THIS BASE PROSPECTUS AND OFFERS OF NOTES GENERALLY

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

PRESENTATION OF FINANCIAL AND OTHER INFORMATION

Presentation of Financial Information

Unless otherwise indicated, the financial information in this Base Prospectus relating to the Issuer has been derived from (i) the audited consolidated financial statements of the Issuer for the financial years ended 31 December 2017 and 31 December 2018 and (ii) the unaudited reviewed consolidated financial statements of the Issuer for the nine months ended 30 September 2019 and 30 September 2018 (together, the **Financial Statements**).

The Issuer's financial year ends on 31 December, and references in this Base Prospectus to any specific year are to the 12-month period ended on 31 December of such year. The Financial Statements have been prepared in accordance with International Financial Reporting Standards ("**IFRS**") issued by the International Accounting Standards Board.

Certain Defined Terms and Conventions

Capitalised terms which are used but not defined in any particular section of this Base Prospectus will have the meaning attributed to them in "*Terms and Conditions of the Notes*" or any other section of this Base Prospectus.

In addition, the following terms as used in this Base Prospectus have the meanings defined below:

- "**euro**", "**EUR**" and "**€**" refer to the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty on the Functioning of the European Union, as amended;
- "**Nok**" and "**NOK**" refer to the lawful currency of the Kingdom of Norway;
- "**Sterling**" and "**£**" refer to pounds sterling; and
- "**Swedish krona**" or "**SEK**" refer to the lawful currency of the Kingdom of Sweden.

References to a "**billion**" are to a thousand million.

References to the "**Issuer**" are to Heimstaden Bostad AB (publ). References to the "**Group**" are to Heimstaden Bostad AB (publ) and its Subsidiaries taken as a whole.

Certain figures and percentages included in this Base Prospectus have been subject to rounding adjustments; accordingly, figures shown in the same category presented in different tables may vary slightly and figures shown as totals in certain tables may not be an arithmetic aggregation of the figures which precede them.

SUITABILITY OF INVESTMENT

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

- (i) has sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained or incorporated by reference in this Base Prospectus or any applicable supplement;
- (ii) has access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact the Notes will have on its overall investment portfolio;
- (iii) has sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including Notes where the currency for principal or interest payments is different from the potential investor's currency;
- (iv) understands thoroughly the terms of the Notes and is familiar with the behaviour of financial markets; and
- (v) is able to evaluate possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

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

STABILISATION

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

THIRD PARTY INFORMATION

Any information sourced from third parties contained in this Base Prospectus 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.

FORWARD LOOKING STATEMENTS

This Base Prospectus includes statements that are, or may be deemed to be, 'forward looking statements'. These forward looking statements can be identified by the use of forward looking terminology, including the terms 'believes', 'estimates', 'anticipates', 'expects', 'intends', 'may', 'will', or 'should' or, in each case, their negative or other variations or comparable terminology, or by discussions of strategy, plans, objectives, goals, future events or intentions. These forward looking statements include all matters that are not historical facts. They appear in a number of places throughout this document and include, but are not limited to, the following: statements regarding the intentions, beliefs or current expectations of the Issuer concerning, amongst other things, the results of operations, financial condition, liquidity, prospects, growth, strategies of the Issuer and the industry in which the Issuer operates.

By their nature, forward looking statements involve risk and uncertainty because they relate to future events and circumstances. Forward looking statements are not guarantees of future performance and the actual results of the Issuer's operations, financial condition and liquidity, and the development of the industry in which the Issuer operates may differ materially from those described in, or suggested by, the forward looking statements contained in this document. In addition, even if the results of operations, financial condition and liquidity, and the development of the industry in which the Issuer operates, are consistent with the forward looking statements contained in this document, those results or developments may not be indicative of results or developments in subsequent periods.

These and other factors are discussed in more detail under "Risk Factors" and "Description of the Issuer". Many of these factors are beyond the control of the Issuer. Should one or more of these risks or uncertainties materialise, or should underlying assumptions prove incorrect, actual results may vary materially from those described in this document as anticipated, believed, estimated or expected. Except to the extent required by laws and regulations, the Issuer does not intend, and does not assume any obligation, to update any forward looking statements set out in this Base Prospectus.

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OVERVIEW OF THE PROGRAMME

The following overview does not purport to be complete and is taken from, and is qualified in its entirety by, the remainder of this Base Prospectus and, in relation to the terms and conditions of any particular Tranche of Notes, the applicable Final Terms. The Issuer and any relevant Dealer may agree that Notes shall be issued in a form other than that contemplated in the Terms and Conditions, in which event, and if appropriate, a new Base Prospectus, a drawdown prospectus or a supplement to the Base Prospectus, will be published.

This Overview constitutes a general description of the Programme for the purposes of Article 25(1) of Commission Delegated Regulation (EU) No 2019/980 (the "**Delegated Regulation**").

Words and expressions defined in "*Form of the Notes*" and "*Terms and Conditions of the Notes*" shall have the same meanings in this Overview.

Issuer:	Heimstaden Bostad AB (publ)
Issuer Legal Entity Identifier:	549300TJR3PR8EXILG79
Risk Factors:	There are certain factors that may affect the Issuer's ability to fulfil its obligations under Notes issued under the Programme. In addition, there are certain factors which are material for the purpose of assessing the market risks associated with Notes issued under the Programme and risks relating to the structure of a particular Series of Notes issued under the Programme. All of these are set out under " <i>Risk Factors</i> ".
Description:	Euro Medium Term Note Programme
Arranger:	Nordea Bank Abp
Dealers:	Danske Bank A/S Deutsche Bank AG, London Branch DNB Bank ASA J.P. Morgan Securities plc Nordea Bank Abp and any other Dealers appointed in accordance with the Programme Agreement.
Certain Restrictions:	Each issue of Notes denominated in a currency in respect of which particular laws, guidelines, regulations, restrictions or reporting requirements apply will only be issued in circumstances which comply with such laws, guidelines, regulations, restrictions or reporting requirements from time to time (see " <i>Subscription and Sale</i> ") including the following restrictions applicable at the date of this Base Prospectus: Notes having a maturity of less than one year Notes having a maturity of less than one year will, if the proceeds of the issue are accepted in the United Kingdom, constitute deposits for the purposes of the prohibition on accepting deposits contained in section 19 of the Financial Services and Markets Act 2000 (" FSMA ") unless they are issued to a limited class of professional investors and have a denomination of at least £100,000 or its equivalent, see " <i>Subscription and Sale</i> ".
Trustee:	Deutsche Trustee Company Limited

Principal Paying Agent:	Deutsche Bank AG, London Branch
VPS Agent:	Nordea Bank Abp, filial i Norge, Issuer Service
Programme Size:	Up to €4,000,000,000 (or its equivalent in other currencies calculated as described in the Programme Agreement) outstanding at any time. The Issuer may increase the amount of the Programme in accordance with the terms of the Programme Agreement.
Distribution:	Notes may be distributed by way of private or public placement and in each case on a syndicated or non-syndicated basis.
Currencies:	Subject to any applicable legal or regulatory restrictions, Notes may be denominated in any currency agreed between the Issuer and the relevant Dealer.
Maturities:	The Notes will have such maturities as may be agreed between the Issuer and the relevant Dealer, subject to such minimum or maximum maturities as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the Issuer or the relevant Specified Currency.
Issue Price:	Notes may be issued on a fully-paid basis and at an issue price which is at par or at a discount to, or premium over, par.
Form of Notes	<p>The Notes will be issued in bearer or registered form or, in the case of VPS Notes, uncertificated book entry form, as specified in the applicable Final Terms.</p> <p>Notes in bearer form will not be exchangeable for Notes in registered form, and Notes in registered form will not be exchangeable for Notes in bearer form.</p> <p>VPS Notes will not be evidenced by any physical note or document of title. Entitlements to VPS Notes will be evidenced by the crediting of VPS Notes to accounts with the VPS. VPS Notes will not be exchangeable for Notes in bearer or registered form and <i>vice versa</i>. See "Form of the Notes" below.</p>
Fixed Rate Notes:	Fixed interest will be payable on such date or dates as may be agreed between the Issuer and the relevant Dealer and on redemption and will be calculated on the basis of such Day Count Fraction as may be agreed between the Issuer and the relevant Dealer.
Floating Rate Notes:	<p>Floating Rate Notes will bear interest at a rate determined:</p> <ul style="list-style-type: none"> (a) on the same basis as the floating rate under a notional interest rate swap transaction in the relevant Specified Currency governed by an agreement incorporating the 2006 ISDA Definitions (as published by the International Swaps and Derivatives Association, Inc., and as amended and updated as at the Issue Date of the first Tranche of the Notes of the relevant Series); or (b) on the basis of the reference rate set out in the applicable Final Terms. <p>Interest on Floating Rate Notes in respect of each Interest Period, as agreed prior to issue by the Issuer and the relevant</p>

Dealer, will be payable on such Interest Payment Dates, and will be calculated on the basis of such Day Count Fraction, as may be agreed between the Issuer and the relevant Dealer.

The margin (if any) relating to such floating rate will be agreed between the Issuer and the relevant Dealer for each Series of Floating Rate Notes.

Floating Rate Notes may also have a maximum interest rate, a minimum interest rate or both.

Step Up Rating Change and/or Step Down Rating Change:

The applicable Final Terms will specify whether a Step Up Rating Change and/or Step Down Rating Change will apply to the Notes, in which case the rate of interest in respect of the Notes may be subject to adjustment as specified in the applicable Final Terms. See Condition 5.4 (*Adjustment of Rate of Interest for Fixed Rate Notes and Floating Rate Notes*).

Zero Coupon Notes:

Zero Coupon Notes will be offered and sold at a discount to their nominal amount and will not bear interest.

Redemption:

The applicable Final Terms will indicate either that the relevant Notes cannot be redeemed prior to their stated maturity (other than for taxation reasons or following an Event of Default) or that such Notes will be redeemable at the option of the Issuer and/or the Noteholders upon giving notice to the Noteholders or the Issuer, as the case may be, on a date or dates specified prior to such stated maturity and at a price or prices and on such other terms as may be agreed between the Issuer and the relevant Dealer.

Notes having a maturity of less than one year may be subject to restrictions on their denomination and distribution, see "*Certain Restrictions - Notes having a maturity of less than one year*" above.

Denomination of Notes:

The Notes will be issued in such denominations as may be agreed between the Issuer and the relevant Dealer save that the minimum denomination of each Note will be such amount as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the relevant Specified Currency, see "*Certain Restrictions - Notes having a maturity of less than one year*" above, and save that the minimum denomination of each Note will be €100,000 (or, if the Notes are denominated in a currency other than euro, the equivalent amount in such currency).

Taxation:

All payments in respect of the Notes will be made without deduction for or on account of withholding taxes imposed by any Tax Jurisdiction as provided in Condition 8 (*Taxation*) In the event that any such deduction is made, the Issuer will, save in certain limited circumstances provided in Condition 8 (*Taxation*), be required to pay additional amounts to cover the amounts so deducted.

Negative Pledge:

The terms of the Notes will contain a negative pledge provision as further described in Condition 4.1 (*Negative Pledge*)

Financial Covenants:

The terms of the Notes will contain certain financial covenants as further described in Condition 4.2 (*Financial Covenants*).

Cross Default:	The terms of the Notes will contain a cross default provision as further described in Condition 10 (<i>Events of Default and Enforcement</i>).
Status of the Notes:	The Notes will constitute direct, unconditional, unsubordinated and (subject to the provisions of Condition 4.1 (<i>Negative Pledge</i>)) unsecured obligations of the Issuer and will rank <i>pari passu</i> among themselves and (save for certain obligations required to be preferred by law) equally with all other unsecured obligations (other than subordinated obligations, if any) of the Issuer, from time to time outstanding.
Rating:	The Programme has not been rated by any rating agency. Series of Notes issued under the Programme may be rated or unrated. Where a Series of Notes is rated, such rating will be disclosed in the applicable Final Terms. A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.
Listing:	<p>Application has been made to (i) Euronext Dublin for Notes issued under the Programme to be listed on the Euronext Dublin Regulated Market; and (ii) the Oslo Stock Exchange for Notes to be listed on its regulated market (<i>Oslo Børs</i>).</p> <p>Notes may be listed or admitted to trading, as the case may be, on other or further stock exchanges or markets agreed between the Issuer and the relevant Dealer in relation to the relevant Series. Notes which are neither listed nor admitted to trading on any market may also be issued.</p>
Governing Law:	<p>The Notes and any non-contractual obligations arising out of or in connection with the Notes will be governed by, and shall be construed in accordance with, English law, except that the registration of VPS Notes in the VPS as well as the recording and transfer of ownership to, and other interests in, VPS Notes will be governed by, and construed in accordance with, Norwegian law.</p> <p>The VPS Notes must comply with the Norwegian Securities Register Act of 5 July 2002 no. 64, as amended from time to time, and the holders of VPS Notes will be entitled to the rights and subject to the obligations and liabilities which arise under this act and any related regulations and legislation.</p>
Selling Restrictions:	There are restrictions on the offer, sale and transfer of the Notes in the United States, the EEA (including the United Kingdom, Belgium, Sweden and Norway) and Japan and such other restrictions as may be required in connection with the offering and sale of a particular Tranche of Notes, see " <i>Subscription and Sale</i> ".
United States Selling Restrictions:	Regulation S, Category 2. TEFRA C or D/TEFRA not applicable, as specified in the applicable Final Terms.
Use of Proceeds:	The net proceeds from each issue of Notes will be used for the general corporate purposes of the Issuer. If, in respect of any particular issue, there is a particular identified use of proceeds, this will be stated in the applicable Final Terms.

RISK FACTORS

In purchasing Notes, investors assume the risk that the Issuer may become insolvent or otherwise be unable to make all payments due in respect of the Notes. There are a wide range of factors which individually or together could result in the Issuer becoming unable to make all payments due. It is not possible to identify all such factors or to determine which factors are most likely to occur, as the Issuer may not be aware of all relevant factors and certain factors which it currently deems not to be material may become material as a result of the occurrence of events outside the Issuer's control. The Issuer has identified in this Base Prospectus a number of factors which could materially adversely affect its business and ability to make payments due.

In addition, factors which are material for the purpose of assessing the market risks associated with Notes issued under the Programme are also described below.

Prospective investors should also read the detailed information set out elsewhere in this Base Prospectus and reach their own views prior to making any investment decision.

Any investment in the Notes is subject to a number of risks. Prior to investing in the Notes, prospective investors should carefully consider risk factors associated with any investment in the Notes, the business of the Issuer and the industry in which it operates together with all other information contained in this Base Prospectus, including, in particular the risk factors described below. Words and expressions defined in the "Terms and Conditions of the Notes" below or elsewhere in this Base Prospectus have the same meanings in this section.

The following is not an exhaustive list or explanation of all risks which investors may face when making an investment in the Notes and should be used as guidance only. Additional risks and uncertainties relating to the Issuer that are not currently known to the Issuer or that it currently deems immaterial, may individually or cumulatively also have a material adverse effect on the business, prospects, results of operations and/or financial position of the Issuer and, if any such risk should occur, the price of the Notes may decline and investors could lose all or part of their investment. Investors should consider carefully whether an investment in the Notes is suitable for them in light of the information in this Base Prospectus and their personal circumstances.

FACTORS THAT MAY AFFECT THE ISSUER'S ABILITY TO FULFIL ITS OBLIGATIONS UNDER NOTES ISSUED UNDER THE PROGRAMME

Risks Relating to Macroeconomic Conditions

The on-going uncertainty and volatility in the financial markets and the state of the global economic recovery may adversely affect the Issuer'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. This has raised concerns regarding the financial condition of financial institutions and other corporates located in these countries, having direct or indirect exposure to these countries, and/or whose banks, customers, service providers, sources of funding and/or suppliers have direct or indirect exposure to these countries. The default, or a significant decline in the credit rating, of one or more sovereigns or financial institutions could cause severe stress in the financial system generally and could adversely affect the markets in which the Issuer operates and the businesses and economic condition and prospects of the Issuer's counterparties or customers, directly or indirectly, in ways which are difficult to predict. Additionally, the developments surrounding the United Kingdom's intention to exit 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 Issuer. The impact of these conditions could be detrimental to the Issuer and could adversely affect its business, results of

operations, financial condition and/or prospects; its solvency and the solvency of its counterparties and customers; the value and liquidity of its assets and liabilities; the value and liquidity of the Notes and/or the ability of the Issuer to meet its obligations under the Notes and under its debt obligations more generally.

Negative economic developments and conditions in Scandinavia and the Netherlands may affect the Issuer's operations and customers, as well as the prices of the Issuer's real property and tenant-owned apartments

The Swedish, Danish, Norwegian and/or Dutch economies, which are 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 Issuer's business in a number of ways, including, among other things, the income, wealth, liquidity, business and/or financial condition of the Issuer, its customers and other business partners. The Issuer 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 Issuer 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 can be no assurance that the Group will not 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 Sweden, Denmark, Norway and/or the Netherlands. Materialisation of any of the above risks could have a material adverse effect on the Issuer's business, financial condition, results of operations and future prospects.

Risks Relating to the Issuer's Business 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 Issuer's business. The Group aims to secure a high occupancy rate by, among other things, actively developing its property portfolio to meet the demand for residential and commercial premises. 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 Issuer's business, financial condition, result of operations and future projects.

Property valuation is subjective and uncertain to a certain extent

Although the Group's properties are internally revalued each calendar quarter based on methods that the Issuer's management believes to be generally accepted and used throughout the residential market in Sweden, Denmark, Norway and/or the Netherlands, and although the Issuer allows the whole portfolio to be externally valued on annual basis, the appropriateness of sources of information used and the credibility of the valuations are, to a certain extent, subjective and, thus, subject to uncertainty. 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. Non-realised value changes do not affect the cash flow. For valuations in Sweden, Denmark and the Netherlands, 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 Issuer 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 Swedish, Danish, Norwegian and Dutch 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 since the date when such assumptions were made 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 can be no assurance that the valuations accurately reflect the current market value of the Group's properties and property-related assets as at the date of valuation or any other date. Incorrect assumptions or flawed assessments underlying the valuations, or materialisation of any of the above risks, could have a material adverse effect on the Issuer's business, financial condition, results of operations and future prospects.

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 Issuer 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 there can, therefore, be no assurance that the amount spent on refurbishment and maintenance repair by the Group could not significantly increase from the level currently expected by the Issuer.

If such risk materialises, 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 Issuer's business, financial condition, results of operations and future prospects.

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. 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 have a material adverse effect on the Issuer's business, financial condition, results of operations and future prospects.

Heimstaden AB (publ) could fail in the management of the "Heimstaden" brand

The Issuer's success is partially dependent on the value of the "Heimstaden" brand. The "Heimstaden" trademark is owned by Heimstaden AB (publ) and licensed to the Issuer. The "Heimstaden" brand holds a great significance for both the Issuer's business operations and the implementation of its strategies. The integrity of the "Heimstaden" brand is important in all parts of its business (both for residential and commercial properties) and to the Group's business partners, such as municipalities, construction companies and lenders. In addition, corporate social responsibility forms part of the Issuer's customary long-term activities. 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. This, in turn, could have a material adverse effect on the Issuer's business, financial condition, results of operations and future prospects.

The Issuer is a holding company; it is reliant on dividend and group contribution upstreaming

The Issuer is a holding company. As is common with property groups, its material assets are its shareholdings in its subsidiaries and its associated companies. The Issuer may use some of the proceeds of the sale of the Notes to repay certain of its own debts, and may on-lend proceeds under intercompany loans to its subsidiaries for them to repay or refinance certain of their indebtedness. Other than the receivables under intercompany loans and any other intra-group loans of proceeds made in connection with other financing transactions, the Issuer depends on the distribution of dividends and group contributions and other payments from its subsidiaries. In meeting its payment obligations under the Notes, the Issuer is dependent on the profitability and cash flow of its subsidiaries, whose ability to make dividend or similar distributions may be subject to restrictions as a result of factors such as low profitability, restrictive covenants contained in loan agreements and ancillary agreements such as pledge agreements, foreign exchange limitations, regulatory, fiscal or other restrictions.

Heimstaden AB (publ)

The Issuer is dependent on Heimstaden AB (publ) to provide it with head office functions such as legal, group accounting, group treasury, transaction team, human resources and public relations and senior management. Wholly owned subsidiaries of Heimstaden AB (Heimstaden Förvaltning AB in Sweden, Heimstaden A/S in Denmark, Heimstaden AS in Norway and Heimstaden Nederland B.V. in the Netherlands) are responsible for providing property management and technical management to the Group. The Issuer's success is, to a large extent, dependent on Heimstaden AB (publ) and certain of its subsidiaries continuing to provide services at an acceptable cost and with a satisfactory level of quality. Any changes to the cost or quality of these services or any interruption of these services could have a material adverse effect on the Issuer's business, financial condition, results of operations and future prospects.

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

The Issuer's financial performance is dependent on the contribution of Heimstaden AB (publ)'s key personnel. Key personnel include Heimstaden AB (publ)'s senior management and a number of other employees in key positions. The Issuer's success is, to a large extent, dependent on Heimstaden AB (publ)'s ability to recruit, motivate and retain highly skilled staff at every level of its organisation. Heimstaden AB (publ) may fail in retaining key personnel and recruiting

skilled staff. Any loss of senior management or other employees with special expertise could have a material adverse effect on the Issuer's business, financial condition, results of operations and future prospects.

Ivar Tollefsen

The ultimate majority shareholder of Heimstaden AB (publ) (the majority shareholder of the Issuer) is Ivar Tollefsen, who owns, through his wholly owned company, Fredensborg AS, indirectly 86 per cent. of the share capital and 98 per cent. of votes in Heimstaden AB (publ), which in turn owns 65 per cent. of the common shares and 65 per cent. of the votes in the Issuer. Ivar Tollefsen may, therefore, be able to prevent or delay a change of control in respect of the Issuer, or take other actions that may be contrary to the interests of the Issuer's other stakeholders. Further, the personal connections and business relationships of Ivar Tollefsen are important to the conduct of the Issuer's business. No assurance can be given that he will continue to make his services available to the Issuer indefinitely. The Issuer does not maintain any 'key-man' insurance on Ivar Tollefsen.

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 Sweden, Denmark and the Netherlands, the rental levels are in addition affected by applicable rent regulations (please 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 Scandinavia and the Netherlands 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 Sweden, Denmark, Norway and the Netherlands, 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 the Swedish, Danish, Norwegian and Dutch residential markets.

In addition, 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. A decrease in the prices of apartments and commercial properties is likely to have a direct impact on the fair value of the Group's property portfolio. The required return may increase in the future, which could lead to a reduction in the value of the Group's property portfolio.

Materialisation of any of the above risks could have a material adverse effect on the Issuer's business, financial condition, results of operations and future prospects.

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

The ability of the Group to increase rents under its tenancy agreements may be limited by applicable rent regulations in the jurisdictions in which the Group's properties are located. For example, in Sweden, there is a legal principle of "utility value" (Swedish: *Bruksvärdesprincipen*) which entails that rent levels should be proportionate to the quality and standard of the residential unit in question and can only be increased to a level that is in line with the rent that is charged on other comparable residential units (consequently, rents can only be subject to more significant above-inflation increases when the residential units have been upgraded). In the context of the Group's development projects that relate to the upgrade of the Group's properties, to the extent that the Group is or becomes restricted by applicable rental regulations from increasing the rent

payable on such upgraded properties, this could have a material impact on the Group's ability to recover the costs and expenses associated with the upgrade of those residential units and this could, in turn, have a material impact on the Group's operations, earnings and/or financial condition.

The further tightening of any applicable rental regulations in a specific market could have a negative impact on the market rental rates payable in that market. Any general decreases in the rental levels of the Group's properties as a result of decreases in market rental rates could have a negative effect on the value of the Group's properties and this, in turn, could have a material impact on the growth and financial prospects of the Group.

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. Unrealised changes in value do not affect the cash flow. 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. Decreases in the fair value of the Group's properties could have a material adverse effect on the Issuer's business, financial condition, results of operations and future prospects. In addition, decreases in the fair value of the Group's properties would have negative effects on the Issuer's performance indicators, particularly the net asset value, which could have a negative influence on the rating of the Issuer.

Changes in legislation may adversely affect the value of the Group's properties or results, 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 is not 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 could have a material adverse effect on the Issuer's business, financial condition, results of operations and future prospects.

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

Tax laws and regulations or their interpretation and application practices may be subject to change in the countries in which the Issuer operates, namely, Sweden, Denmark, Norway and the Netherlands. Historically, the Issuer has used tax optimisation arrangements, such as utilising tax losses from companies it purchases for this purpose, to reduce its tax burden; however there can

be no assurance that the Issuer will 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 Issuer could be liable to pay additional tax which could have a material adverse effect on the Issuer's business, financial condition and cash flow.

EU Directive 2016/1164 of 12 July 2016 has been passed regarding, *inter alia*, new interest deduction limitation rules. 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 Sweden, Norway and Denmark based on the EU Directive 2016/1164 has been or may be implemented.

In June 2015, the Swedish Government appointed a committee to analyse the possibility to divest properties through tax exempt disposals of shares in companies holding properties and, if considered necessary, to propose new legislation to prevent such transactions. The investigation also reviewed whether acquisitions through land parcelling procedure are being abused to avoid stamp duty. The result of the review was presented on 30 March 2017. The committee's main proposal is that upon a change of control in a company holding assets that mainly consist of properties, the properties will be considered as divested and re-acquired for a price corresponding to the market value of the properties. The divested real estate company should also report a taxable notional income (instead of stamp duty) corresponding to 7.09 per cent. of the highest amount of the market value and the tax assessment value of the properties. Further, stamp duty is proposed to be introduced on acquisitions of properties by land parcelling procedures. The proposals by the committee have been circulated for formal consultation and the consultation period ended on 15 September 2017. The rules were initially proposed to enter into force 1 July 2018, though this has not yet occurred, and it is currently unclear if, and to what extent, the proposals will result in new legislation.

Materialisation of any of the above risks could have a material adverse effect on the Issuer's business, financial condition, results of operations and future prospects.

Legal or regulatory proceedings or claims could have a material adverse effect on the Issuer

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 there can be no assurance as to the outcome of such proceedings or claims, whether existing or arising in the future. In the normal course of its business operations, the Group could be 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 its business, financial condition, results of operations and future prospects.

Apartment renting and construction are highly competitive businesses

Renting apartments is a highly competitive business in Sweden, Denmark, Norway and the Netherlands. The Issuer'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. There can be no assurance that the Issuer can meet the intensifying competition on the apartment renting market. Increasing competition could have a material adverse effect on the Issuer's business, financial condition, results of operations and future prospects.

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. Any such event or material decrease in the value of the properties, or environmental issues that are not known or not recognisable at the time of the purchase or occurring at a later date, could have a material adverse effect on the business and financial condition of the Group.

The Group has established an environmental policy and works actively to address environmental issues. Under Swedish, Danish and Norwegian 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 property on which polluting activities were carried out). An acquirer may be required to observe restrictions on the use of land laid out in any "after-care plan" agreed pursuant to the Dutch legislation.

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 can be no assurance that the Group could not become liable for material environmental damage or other environmental liabilities in the future. Materialisation of any of the above risks could have a material adverse effect on the Issuer's business, financial condition, results of operations and future prospects.

Risks posed by the Group's geographically diverse property portfolio

The supply and demand for properties and the return on property investments varies between different geographical markets and may develop differently within such markets. The Group has a diversified property portfolio, with its properties located in different geographical markets. The demand for premises to rent could decline in one or all of such markets, which could adversely affect the Issuer's operations, results and financial condition.

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 many factors beyond the Group's control, such as 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, there can be no assurance that such divestments will be profitable or that such divestments will be possible at all, if the market functions inadequately or is illiquid. Unsuccessful divestments of properties could have a material adverse effect on the Issuer's business, financial condition, results of operations and future prospects.

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

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. It is possible 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 Group cannot guarantee that its due diligence when acquiring a real estate asset will uncover all the potential liabilities and risks related to the property (such as construction defects) or that it will 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.

Additionally, material acquisitions for the Group, such as the acquisition of the Dutch property portfolio described in "*Description of the Issuer – Recent Developments*", may exacerbate any of the above risks given the large scale of the acquisitions relative to the size of the Group.

Materialisation of any of the above risks could have a material adverse effect on the Issuer's business, financial condition, results of operations and future prospects.

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

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

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

Actual losses suffered by the Group could exceed its insurance coverage and could be material. The realisation of one or more damaging events for which the Group has no insurance coverage or for which the Group's insurance coverage is insufficient could have a material adverse effect on the Issuer's business, financial condition and results of operations.

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

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

Financial Risks

The Issuer 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 Issuer's business, in particular its growth strategy (see "Description of the Issuer - Goals and Strategy"), will increase and that such financing will be less readily available. As a result of the Issuer's intentions to raise additional debt from the capital markets, the Issuer is exposed to future adverse changes in those markets. The level of the Issuer'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.

The Issuer's target equity/assets ratio is at least 30 per cent. calculated on the basis of the fair value of its properties. From the unaudited figures, as at 30 September 2019, the Issuer's equity/assets ratio was 41 per cent. based on the fair value of the properties. The Issuer conducts continual discussions with banks and credit institutions aimed at securing its long-term financing. The Issuer cooperates closely with a handful of lenders in order to secure its long-term capital requirements. However, no assurance can be given that the Issuer may not have difficulty in raising new debt, repaying its existing debt or fulfilling its equity/assets ratio target in the future. Any failure to repay the principal or pay interest in respect of the Issuer'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 Issuer's business, financial condition, results of operations and future prospects.

Risks posed by the Issuer's financing model

The Issuer is financed through equity and interest-bearing debt as well as its cashflows. Most of the interest-bearing debt is borrowed by the Issuer's property-owning subsidiaries, which means that the financial risks in the Issuer are primarily attributable to its subsidiaries. The Group's long-term financing consists of bilateral credit facilities. There are certain obligations under the credit facilities on maintaining, for example, certain interest cover 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 Issuer's financial position. For further information see "Description of the Issuer – Finance and Capital Structure – Funding Strategy".

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

The Issuer intends to raise additional debt from the capital markets in the future. To facilitate the issuance of unsecured bonds and notes, the Issuer sought a rating from S&P. S&P have confirmed a long-term Issuer credit rating of BBB- (outlook positive). If the Issuer's long-term credit rating were to be downgraded, future issuances of unsecured bonds and notes may become significantly more expensive or may not be possible in the targeted amounts. S&P could downgrade the Issuer's long-term Issuer credit rating if, for example, the Issuer's secured leverage (secured debt divided by total assets) were to exceed certain levels, or the Issuer's effective leverage (adjusted total debt divided by total assets) or fixed charge cover ratios were to exceed certain levels, both on a

sustainable basis, or the Issuer was unable to maintain an adequate liquidity profile at all times. If any of the risks described above were to materialise, it would be more difficult for the Issuer to pursue its current financing strategy, which could have a material adverse effect on the Issuer's business, financial condition, results of operations and future prospects.

The Issuer's financings/insurance arrangements involve counterparty risk

Financial institutions are counterparties to the Issuer's long-term bank loans and insurance arrangements. During the financial crisis, 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 Issuer's principal counterparties in financing transactions are financial institutions which have avoided serious financial problems. However, there is no assurance that the Issuer's financing or insurance counterparties will not experience any financial difficulties in the future. If the Issuer's counterparties were to experience financial difficulties it could have a material adverse effect on the Issuer's business, financial condition, results of operations and future prospects.

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

Interest rate fluctuations affect the Issuer's profit through changes in interest expenses and the market values of interest rate hedging. From the unaudited figures, as at 30 September 2019, approximately 57 per cent. of the Issuer'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 Issuer's current financing expenses. There can be no assurance that the Issuer could not fail in managing its interest rate risk properly. This could, in turn, have a material adverse effect on the Issuer's business, financial condition, results of operations and future prospects.

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

The Issuer is exposed to indirect foreign exchange translation risk due to its investment in Denmark, Norway and the Netherlands. The Issuer's most significant exchange rate risk relates currently to non SEK-denominated rental income, maintenance costs and property valuation. The Issuer's reporting currency is Swedish Krona, and all balance sheet items for foreign properties as well as all income and expenses generated by them are converted to Swedish Krona. Materialisation of the translation risk could have a material adverse effect on the Issuer's business, financial condition, results of operations and future prospects.

The Issuer's historical earnings and other historical financial data are not necessarily predictive of earnings or other key financial figures of the Issuer going forward

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

FACTORS WHICH ARE MATERIAL FOR THE PURPOSE OF ASSESSING THE MARKET RISKS ASSOCIATED WITH NOTES ISSUED UNDER THE PROGRAMME

Risks related to the structure of a particular issue of Notes

A range of Notes may be issued under the Programme. A number of these Notes may have features which contain particular risks for potential investors. Set out below is a description of the most common such features:

If the Issuer has the right to redeem any Notes at its option, this may limit the market value of the Notes concerned and an investor may not be able to reinvest the redemption proceeds in a manner which achieves a similar effective return.

An optional redemption feature is likely to limit the market value of Notes. During any period when the Issuer may elect to redeem Notes, the market value of those Notes generally will not rise substantially above the price at which they can be redeemed. This also may be true prior to any redemption period.

The Issuer may be expected to redeem Notes when its cost of borrowing is lower than the interest rate on the Notes. At those times, an investor generally would not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Notes being redeemed and may only be able to do so at a significantly lower rate. Potential investors should consider reinvestment risk in light of other investments available at that time.

If the Notes include a feature to convert the interest basis from a fixed rate to a floating rate, or vice versa, this may affect the secondary market and the market value of the Notes concerned.

Fixed/Floating Rate Notes are Notes which bear interest at a rate that converts from a fixed rate to a floating rate, or from a floating rate to a fixed rate. Such a feature to convert the interest basis, and any conversion of the interest basis, may affect the secondary market in, and the market value of, such Notes as the change of interest basis may result in a lower interest return for Noteholders. Where the Notes convert from a fixed rate to a floating rate, the spread on the Fixed/Floating Rate Notes may be less favourable than then prevailing spreads on comparable Floating Rate Notes tied to the same reference rate. In addition, the new floating rate at any time may be lower than the rates on other Notes. Where the Notes convert from a floating rate to a fixed rate, the fixed rate may be lower than then prevailing rates on those Notes and could affect the market value of an investment in the relevant Notes.

Notes which are issued at a substantial discount or premium may experience price volatility in response to changes in market interest rates.

The market values of securities issued at a substantial discount (such as Zero Coupon Notes) or premium to their principal amount tend to fluctuate more in relation to general changes in interest rates than do prices for more conventional interest-bearing securities. Generally, the longer the remaining term of such securities, the greater the price volatility as compared to more conventional interest-bearing securities with comparable maturities.

The regulation and reform of "benchmarks" may adversely affect the value of Notes linked to such "benchmarks"

Interest rates and indices which are deemed to be "benchmarks", (including the Copenhagen Interbank Offered Rate (**CIBOR**), the Euro Interbank Offered Rate (**EURIBOR**), the London Interbank Offered Rate (**LIBOR**), the Norwegian Interbank Offered Rate (**NIBOR**) and the

Stockholm Interbank Offered Rate (**STIBOR**)) are the subject of recent national, international and other regulatory guidance and proposals for reform. These reforms may cause such benchmarks to perform differently than in the past, or to disappear entirely, or have other consequences which cannot be predicted. Any such consequence could have a material adverse effect on any Notes linked to or referencing such a "benchmark".

Regulation (EU) 2016/1011 (the **Benchmarks Regulation**) applies, subject to certain transitional provisions to the provision of benchmarks, the contribution of input data to a benchmark and the use of a benchmark, within the EU. Among other things, it (i) requires benchmark administrators to be authorised or registered (or, if non-EU-based, to be subject to an equivalent regime or otherwise recognised or endorsed) and (ii) prevents certain uses by EU supervised entities of benchmarks of administrators that are not authorised or registered (or, if non-EU based, not deemed equivalent or recognised or endorsed).

The Benchmarks Regulation could have a material impact on any Notes linked to or referencing a "benchmark", in particular, if the methodology or other terms of the "benchmark" are changed in order to comply with the requirements of the Benchmarks Regulation. Such changes could, among other things, have the effect of reducing, increasing or otherwise affecting the volatility of the published rate or level of the "benchmark".

More broadly, any of the international or national reforms, or the general increased regulatory scrutiny of "benchmarks", could increase the costs and risks of administering or otherwise participating in the setting of a "benchmark" and complying with any such regulations or requirements.

Specifically, the sustainability of LIBOR has been questioned as a result of the absence of relevant active underlying markets and possible disincentives (including possibly as a result of benchmark reforms) for market participants to continue contributing to such benchmarks. On 27 July 2017, and in a subsequent speech by its Chief Executive on 12 July 2018, the UK Financial Conduct Authority (**FCA**) confirmed that it will no longer persuade or compel banks to submit rates for the calculation of the LIBOR benchmark after 2021 (the **FCA Announcements**). The FCA Announcements indicated that the continuation of LIBOR on the current basis cannot and will not be guaranteed after 2021.

In addition, on 29 November 2017, the Bank of England and the FCA announced that, from January 2018, its Working Group on Sterling Risk-Free Rates has been mandated with implementing a broad-based transition to the Sterling Overnight Index Average (**SONIA**) over the next four years across sterling bond, loan and derivative markets, so that SONIA is established as the primary sterling interest rate benchmark by the end of 2021.

Separate workstreams are also underway in Europe to reform EURIBOR using a hybrid methodology and to provide a fallback by reference to a euro risk-free rate (based on a euro overnight risk-free rate as adjusted by a methodology to create a term rate). On 13 September 2018, the working group on euro risk-free rates recommended Euro Short-term Rate (**€STR**) as the new risk free rate. €STR was published by the ECB for the first time on 2 October 2019. In addition, on 21 January 2019, the euro risk free-rate working group published a set of guiding principles for fallback provisions in new euro denominated cash products (including bonds). The guiding principles indicate, among other things, that continuing to reference EURIBOR in relevant contracts may increase the risk to the euro area financial system.

It is not possible to predict with certainty whether, and to what extent, certain "benchmarks" (including CIBOR, EURIBOR, LIBOR, NIBOR and STIBOR) will continue to be supported going forwards. This may cause such "benchmarks" to perform differently than they have done in the past, and may have other consequences which cannot be predicted. Such factors may have (without limitation) the following effects on certain "benchmarks" (including CIBOR, EURIBOR,

LIBOR, NIBOR and STIBOR): (i) discouraging market participants from continuing to administer or contribute to such "benchmark"; (ii) triggering changes in the rules or methodologies used in the "benchmark" and/or (iii) leading to the disappearance of the "benchmark". Any of the above changes or any other consequential changes as a result of international or national reforms or other initiatives or investigations, could have a material adverse effect on the value of and return on any Notes linked to or referencing a "benchmark".

Investors should consult their own independent advisers and make their own assessment about the potential risks imposed by the Benchmarks Regulation reforms in making any investment decision with respect to any Notes linked to or referencing a "benchmark".

Future discontinuance of LIBOR may adversely affect the value of Floating Rate Notes which reference LIBOR

The FCA Announcements indicate that the continuation of LIBOR on the current basis is not guaranteed after 2021 and that steps are being taken to transition from the LIBOR benchmark to alternative interest rate benchmarks. It is not possible to predict whether, and to what extent, panel banks will continue to provide LIBOR submissions to the administrator of LIBOR going forwards. This may cause LIBOR to perform differently than it did in the past and may have other consequences which cannot be predicted.

Investors should be aware that, if LIBOR were discontinued or otherwise unavailable, the rate of interest on Floating Rate Notes which reference LIBOR will be determined for the relevant period by the fall-back provisions applicable to such Notes. Depending on the manner in which the LIBOR rate is to be determined under the Terms and Conditions this may (i) if ISDA Determination applies, be reliant upon the provision by reference banks of offered quotations for the LIBOR rate which, depending on market circumstances, may not be available at the relevant time or (ii) if Screen Rate Determination applies, result in the effective application of a fixed rate based on the rate which applied in the previous period when LIBOR was available. Any of the foregoing could have an adverse effect on the value or liquidity of, and return on, any Floating Rate Notes which reference LIBOR.

RISK RELATING TO THE NOTES

Risks related to Notes generally

Set out below is a description of material risks relating to the Notes generally:

The claims of holders of the Notes are structurally subordinated

As is usual for property companies, the Issuer's operations are principally conducted through subsidiaries. Accordingly, the Issuer is, and will be, dependent on its subsidiaries' operations to service its payment obligations in respect of the Notes. The Notes are structurally subordinated to the claims of all holders of debt securities and other creditors, including trade creditors, of the Issuer's subsidiaries, and structurally and/or effectively subordinated to the extent of the value of collateral to all the Issuer's and its subsidiaries' secured creditors. The Notes will not be guaranteed by any of the Issuer's subsidiaries or any other company or person. In the event of an insolvency, bankruptcy, liquidation, reorganisation, dissolution or winding up of the business of any of the Issuer's subsidiaries, unsecured creditors of such subsidiaries, secured creditors and obligations that may be preferred by provisions of law that are mandatory and of general application will generally have the right to be paid in full before any distribution is made to the Issuer. From the unaudited figures, as at 30 September 2019, the book value of interest-bearing debt of the Group was SEK 51,326 million.

The Notes will be effectively subordinated to any of the Issuer's existing secured and future secured indebtedness

The Notes are unsecured obligations of the Issuer. The Notes are, therefore, effectively subordinated to the Issuer's existing secured indebtedness and future secured indebtedness. Accordingly, holders of the Issuer's secured indebtedness will have claims that are superior to the claims of Noteholders to the extent of the value of the assets securing such other indebtedness. In the event of a bankruptcy, liquidation or dissolution of the Issuer, the assets that serve as collateral for any secured indebtedness of the Issuer would be available to satisfy the obligations under the secured indebtedness before any payments are made on the Notes. Other than as set out in Condition 4.1 (*Negative Pledge*) and Condition 4.2(a) (*Limitations on the Incurrence of Financial Indebtedness*), the Conditions do not prohibit the Issuer from incurring and securing future indebtedness. To the extent that the Issuer were to secure any of its future indebtedness, to the extent not required to secure the Notes in accordance with the terms of the Trust Deed governing the Notes, the Issuer's obligations, in respect of the Notes, would be effectively subordinated to such secured indebtedness to the extent of the value of the security securing such indebtedness.

In respect of any Notes issued with a specific use of proceeds, such as a Green Bond, there can be no assurance that such use of proceeds will be suitable for the investment criteria of an investor

The Issuer is in the process of establishing a Green Bond framework. Once finalised this will be available for viewing on the Issuer's website. The Final Terms relating to any specific Tranche of Notes may provide that it will be the Issuer's intention to apply the proceeds from an offer of those Notes specifically for projects and activities that promote climate-friendly and/or other environmental purposes (either in those words or otherwise) ("**Green Projects**"). Prospective investors should have regard to the information in the relevant Final Terms regarding such use of proceeds and must determine for themselves the relevance of such information for the purpose of any investment in such Notes together with any other investigation such investor deems necessary. In particular no assurance is given by the Issuer that the use of such proceeds for any Green Projects will satisfy, whether in whole or in part, any present or future investor expectations

or requirements as regards any investment criteria or guidelines with which such investor or its investments are required to comply, whether by any present or future applicable law or regulations or by its own articles of association or other governing rules or investment mandates (in particular with regard to any direct or indirect environmental, sustainability or social impact of any projects or uses, the subject of or related to, the relevant Green Project). Furthermore, it should be noted that there is currently no clearly defined definition (legal, regulatory or otherwise) of, nor market consensus as to what constitutes, a "green" or "sustainable" or an equivalently-labelled project or as to what precise attributes are required for a particular project to be defined as "green" or "sustainable" or such other equivalent label nor can any assurance be given that such a clear definition or consensus will develop over time. Accordingly, no assurance is or can be given to investors that any projects or uses the subject of, or related to, any Green Projects will meet any or all investor expectations regarding such "green", "Green", "sustainable", or other equivalently-labelled performance objectives or that any adverse environmental, social and/or other impacts will not occur during the implementation of any projects or uses the subject of, or related to, any Green Projects.

No assurance or representation is given as to the suitability or reliability for any purpose whatsoever of any opinion or certification of any third party (whether or not solicited by the Issuer or any other member of the Group) which may be made available in connection with the issue of any Notes and in particular with any Green Projects to fulfil any environmental, sustainability, social and/or other criteria. For the avoidance of doubt, any such opinion or certification is not, nor shall be deemed to be, incorporated in and/or form part of this Base Prospectus. Any such opinion or certification is not, nor should be deemed to be, a recommendation by the Issuer or any other person to buy, sell or hold any such Notes. Any such opinion or certification is only current as of the date that such opinion or certification was initially issued. Prospective investors must determine for themselves the relevance of any such opinion or certification and/or the information contained therein and/or the provider of such opinion or certification for the purpose of any investment in such Notes. Currently, the providers of such opinions and certifications are not subject to any specific regulatory or other regime or oversight.

In the event that any such Notes are listed or admitted to trading on any dedicated "green", "environmental", "sustainable", "social", or other equivalently-labelled segment of any stock exchange or securities market (whether or not regulated), no representation or assurance is given by the Issuer or any other person that such listing or admission satisfies, whether in whole or in part, any present or future investor expectations or requirements as regards any investment criteria or guidelines with which such investor or its investments are required to comply, whether by any present or future applicable law or regulations or by its own articles of association or other governing rules or investment mandates, in particular with regard to any direct or indirect environmental, sustainability or social impact of any projects or uses, the subject of or related to, any Green Projects. Furthermore, it should be noted that the criteria for any such listings or admission to trading may vary from one stock exchange or securities market to another. Nor is any representation or assurance given or made by the Issuer or any other person that any such listing or admission to trading will be obtained in respect of any such Notes or, if obtained, that any such listing or admission to trading will be maintained during the life of the Notes.

While it is the intention of the Issuer to apply the proceeds of any Notes so specified for Green Projects in, or substantially in, the manner described in the Base Prospectus and/or the relevant Final Terms, there can be no assurance that the relevant intended project(s) or use(s) the subject of, or related to, any Green Projects will be capable of being implemented in or substantially in such manner and/or in accordance with any timing schedule and that accordingly such proceeds will be totally disbursed for the specified Green Projects. Nor can there be any assurance that such Green Projects will be completed within any specified period or at all or with the results or outcome (whether or not related to the environment) as originally expected or anticipated by the

Issuer. Any such event or failure by the Issuer will not constitute an Event of Default under the Notes.

Any such event or failure to apply the proceeds of any issue of Notes for any Green Projects as aforesaid and/or withdrawal of any such opinion or certification or any such opinion or certification attesting that the Issuer is not complying in whole or in part with any matters for which such opinion or certification is opining or certifying on and/or any such Notes no longer being listed or admitted to trading on any stock exchange or securities market as aforesaid may have a material adverse effect on the value of such Notes and also potentially the value of any other Notes which are intended to finance Green Projects and/or result in adverse consequences for certain investors with portfolio mandates to invest in securities to be used for a particular purpose.

The conditions of the Notes contain provisions which may permit their modification without the consent of all investors and confer significant discretions on the Trustee, which may be exercised without the consent of the Noteholders and without regard to the individual interests of particular Noteholders.

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

The Terms and Conditions of the Notes also provide that the Trustee may, without the consent of Noteholders and without regard to the interests of particular Noteholders, agree to (i) any modification of, or to the waiver or authorisation of any breach or proposed breach of, any of the provisions of the Notes or (ii) determine without the consent of the Noteholders that any Event of Default or potential Event of Default shall not be treated as such or (iii) the substitution of another company as principal debtor under any Notes in place of the Issuer, in the circumstances described in Condition 15 (*Substitution*).

The value of the Notes could be adversely affected by a change in English law or administrative practice.

The Terms and Conditions of the Notes and any non-contractual obligations arising out of or in connection with such Notes are governed by English law, except that the registration of VPS Notes in the VPS as well as the recording and transfer of ownership to, and other interests in, VPS Notes are governed by Norwegian law, each in effect as at the date of this Base Prospectus

No assurance can be given as to the impact of any possible judicial decision or change to English law, Norwegian law or administrative practice in either jurisdiction after the date of this Base Prospectus and any such change could materially adversely impact the value of any Notes affected by it.

Investors who hold less than the minimum Specified Denomination may be unable to sell their Notes and may be adversely affected if definitive Notes are subsequently required to be issued.

In relation to any issue of Notes which have denominations consisting of a minimum Specified Denomination plus one or more higher integral multiples of another smaller amount, it is possible that such Notes may be traded in amounts in excess of the minimum Specified Denomination that are not integral multiples of such minimum Specified Denomination. In such a case a holder who, as a result of trading such amounts, holds an amount which is less than the minimum Specified Denomination in his account with the relevant clearing system would not be able to sell the remainder of such holding without first purchasing a principal amount of Notes at or in excess of the minimum Specified Denomination such that its holding amounts to a Specified Denomination.

Further, a holder who, as a result of trading such amounts, holds an amount which is less than the minimum Specified Denomination in his account with the relevant clearing system at the relevant time may not receive a definitive Note in respect of such holding (should definitive Notes be printed) and would need to purchase a principal amount of Notes at or in excess of the minimum Specified Denomination such that its holding amounts to a Specified Denomination.

If such Notes in definitive form are issued, holders should be aware that definitive Notes which have a denomination that is not an integral multiple of the minimum Specified Denomination may be illiquid and difficult to trade.

Enforceability of judgments

The United Kingdom served notice under Article 50 of the Treaty on European Union on 29 March 2017 of its intention to exit the European Union ("**Brexit**"). Negotiations are ongoing to determine the future terms of the United Kingdom's relationship with the European Union, including the terms of trade between the United Kingdom and the European Union. There is uncertainty concerning the enforcement of English court judgments in Sweden following Brexit. The published text of the draft withdrawal agreement proposes a transitional period, from the date of the withdrawal of the UK from the EU to 31 December 2020 during which EU law would continue to apply to the UK. If no new reciprocal agreement on civil justice is agreed at the end of such a transition period (or if no such transition period is agreed), there will be a period of uncertainty concerning the enforcement of English court judgments in Sweden as the current regulation concerning the recognition and enforcement of judgments that apply between the UK and EU Member States, namely the Recast Brussels Regulation (Regulation (EU) No. 1215/2012 of the European Parliament and of the Council of 12 December 2012) (the "**Recast Regulation**") would cease to apply to the UK (and UK judgments). Further the UK would no longer be a party to the Lugano Convention under which judgments from the courts of contracting states (currently the EU, plus Switzerland, Iceland and Norway) are recognised and enforced in other contracting states. As a result, a judgment entered against the Issuer in an English court may not be recognised or enforceable in Sweden as a matter of law without a re-trial on its merits.

The draft withdrawal agreement provides that judgments issued by English courts in proceedings instituted before the end of the transition period will continue to be recognised and enforced in the EU pursuant to the Recast Regulation. Further, in its White Paper from July 2018, the UK Government states that it will seek to participate in the Lugano Convention on leaving the EU, which would mean English judgments would continue to be recognised and enforced in Sweden (and other contracting states). In the same White Paper, the UK Government also stated it will seek a new bilateral agreement with the EU27 concerning cooperation in the area of civil justice including arrangements for the continued mutual recognition and enforcement of judgments.

Risks related to the market generally

Set out below is a description of material market risks, including liquidity risk, exchange rate risk, interest rate risk and credit risk:

An active secondary market in respect of the Notes may never be established or may be illiquid and this would adversely affect the value at which an investor could sell his Notes.

Notes may have no established trading market when issued, and one may never develop. If a market for the Notes does develop, it may not be very liquid. Therefore, investors may not be able to sell their Notes easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market.

If an investor holds Notes which are not denominated in the investor's home currency, he will be exposed to movements in exchange rates adversely affecting the value of his holding. In addition, the imposition of exchange controls in relation to any Notes could result in an investor not receiving payments on those Notes.

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

Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate or the ability of the Issuer to make payments in respect of the Notes. As a result, investors may receive less interest or principal than expected, or no interest or principal.

The value of Fixed Rate Notes may be adversely affected by movements in market interest rates.

Investment in Fixed Rate Notes involves the risk that if market interest rates subsequently increase above the rate paid on the Fixed Rate Notes, this will adversely affect the value of the Fixed Rate Notes.

Credit ratings assigned to the Issuer or any Notes may not reflect all the risks associated with an investment in those Notes.

One or more independent credit rating agencies may assign credit ratings to the Issuer or the Notes. The ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed above, and other factors that may affect the value of the Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be revised, suspended or withdrawn by the rating agency at any time.

In general, European regulated investors are restricted under the CRA Regulation from using credit ratings for regulatory purposes, unless such ratings are issued by a credit rating agency established in the EU and registered under the CRA Regulation (and such registration has not been withdrawn or suspended, subject to transitional provisions that apply in certain circumstances). Such general restriction will also apply in the case of credit ratings issued by non-

EU credit rating agencies, unless the relevant credit ratings are endorsed by an EU-registered credit rating agency or the relevant non-EU rating agency is certified in accordance with the CRA Regulation (and such endorsement action or certification, as the case may be, has not been withdrawn or suspended, subject to transitional provisions that apply in certain circumstances). If the status of the rating agency rating the Notes changes, European regulated investors may no longer be able to use the rating for regulatory purposes and the Notes may have a different regulatory treatment. This may result in European regulated investors selling the Notes which may impact the value of the Notes and any secondary market. The list of registered and certified rating agencies published by the European Securities and Markets Authority ("**ESMA**") on its website in accordance with the CRA Regulation is not conclusive evidence of the status of the relevant rating agency included in such list, as there may be delays between certain supervisory measures being taken against a relevant rating agency and the publication of the updated ESMA list. Certain information with respect to the credit rating agencies and ratings is set out on the cover of this Base Prospectus.

DOCUMENTS INCORPORATED BY REFERENCE

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

- (a) The independent auditor's report and audited consolidated annual financial statements of the Issuer which are contained in the annual reports of the Issuer in respect of the financial years ended 31 December 2018 and 31 December 2017. These documents are available for viewing on the following websites:

Annual Report 2017:

<https://vp289.alertir.com/afw/files/press/heimstadenbostad/HSTB%20-%20Annual%20Report%202017.pdf>

Annual Report 2018:

<https://vp289.alertir.com/afw/files/press/heimstadenbostad/201904308377-1.pdf>

- (b) The Interim Report of the Issuer for the nine months ended 30 September 2019 (which contains the unaudited reviewed consolidated financial statements of the Issuer for the nine months ended 30 September 2019). This document is available for viewing on the following website:

<https://vp289.alertir.com/afw/files/press/heimstadenbostad/201910240678-1.pdf>

- (c) The terms and conditions of the base prospectus of the Issuer dated 14 November 2018 (which are included on pages 39 to 74). This document is available for viewing on the following website:

<https://www.ise.ie/Market-Data-Announcements/Debt/Individual-Debt-Instrument-Data/Dept-Security-Documents/?progID=1169&FIELDSORT=docId>

The Issuer will, in the event of any significant new factor, material mistake or material inaccuracy relating to information included in this Base Prospectus which may affect the assessment of any Notes, prepare a supplement to this Base Prospectus or publish a new Base Prospectus for use in connection with any subsequent issue of Notes.

Following the publication of this Base Prospectus a supplement may be prepared by the Issuer and approved by the Central Bank of Ireland in accordance with Article 23 of the Prospectus Regulation. Statements contained in any such supplement (or contained in any document incorporated by reference therein) shall, to the extent applicable (whether expressly, by implication or otherwise), be deemed to modify or supersede statements contained in this Base Prospectus or in a document which is incorporated by reference in this Base Prospectus. Any statement so modified or superseded shall not, except as so modified or superseded, constitute a part of this Base Prospectus.

FORM OF THE NOTES

The Notes of each Series will be in bearer form, with or without interest coupons attached, or registered form, without interest coupons attached or, in the case of VPS Notes, uncertificated book entry form. Notes will be issued outside the United States in reliance on Regulation S under the Securities Act ("**Regulation S**").

Bearer Notes

Each Tranche of Bearer Notes will be in bearer form and will initially be issued in the form of a temporary global note (a "**Temporary Bearer Global Note**") or, if so specified in the applicable Final Terms, a permanent global note (a "**Permanent Bearer Global Note**" and, together with a Temporary Bearer Global Note, each a "**Bearer Global Note**") which, in either case, will:

- (a) if the Bearer Global Notes are intended to be issued in new global note ("**NGN**") form, as stated in the applicable Final Terms, be delivered on or prior to the original issue date of the Tranche to a common safekeeper (the "**Common Safekeeper**") for Euroclear Bank SA/NV ("**Euroclear**") and Clearstream Banking S.A. ("**Clearstream, Luxembourg**"); and
- (b) if the Bearer Global Notes are not intended to be issued in NGN Form, be delivered on or prior to the original issue date of the Tranche to a common depositary (the "**Common Depositary**") for Euroclear and Clearstream, Luxembourg.

Where the Bearer Global Notes issued in respect of any Tranche are in NGN form, the applicable Final Terms will also indicate whether such Bearer Global Notes are intended to be held in a manner which would allow Eurosystem eligibility. Any indication that the Bearer Global Notes are to be so held does not necessarily mean that the Bearer Notes of the relevant Tranche will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any times during their life as such recognition depends upon satisfaction of the Eurosystem eligibility criteria. The Common Safekeeper for NGNs will either be Euroclear or Clearstream, Luxembourg or another entity approved by Euroclear and Clearstream, Luxembourg.

Whilst any Bearer Note is represented by a Temporary Bearer Global Note, payments of principal, interest (if any) and any other amount payable in respect of the Notes due prior to the Exchange Date (as defined below) will be made (against presentation of the Temporary Bearer Global Note if the Temporary Bearer Global Note is not intended to be issued in NGN form) only to the extent that certification (in a form to be provided) to the effect that the beneficial owners of interests in the Temporary Bearer Global Note are not U.S. persons or persons who have purchased for resale to any U.S. person, as required by U.S. Treasury regulations, has been received by Euroclear and/or Clearstream, Luxembourg and Euroclear and/or Clearstream, Luxembourg, as applicable, has given a like certification (based on the certifications it has received) to the Principal Paying Agent.

On and after the date (the "**Exchange Date**") which is 40 days after a Temporary Bearer Global Note is issued, interests in such Temporary Bearer Global Note will be exchangeable (free of charge) upon a request as described therein either for (i) interests in a Permanent Bearer Global Note of the same Series or (ii) for definitive Bearer Notes of the same Series with, where applicable, interest coupons and talons attached (as indicated in the applicable Final Terms and subject, in the case of definitive Bearer Notes, to such notice period as is specified in the applicable Final Terms), in each case against certification of beneficial ownership as described above unless such certification has already been given, **provided that** purchasers in the United States and certain U.S. persons will not be able to receive definitive Bearer Notes. The holder of a Temporary Bearer Global Note will not be entitled to collect any payment of interest, principal or other amount due on or after the Exchange Date unless, upon due certification, exchange of the Temporary Bearer Global Note for an interest in a Permanent Bearer Global Note or for definitive Bearer Notes is improperly withheld or refused.

Payments of principal, interest (if any) or any other amounts on a Permanent Bearer Global Note will be made through Euroclear and/or Clearstream, Luxembourg (against presentation or surrender (as the case may be) of the Permanent Bearer Global Note if the Permanent Bearer Global Note is not intended to be issued in NGN form) without any requirement for certification.

The applicable Final Terms will specify that a Permanent Bearer Global Note will be exchangeable (free of charge), in whole but not in part, for definitive Bearer Notes with, where applicable, interest coupons and talons attached upon the occurrence of an Exchange Event. For these purposes, "**Exchange Event**" means that (i) an Event of Default (as defined in Condition 10 (*Events of Default and Enforcement*)) has occurred and is continuing, (ii) the Issuer has been notified that both Euroclear and Clearstream, Luxembourg have been closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or have announced an intention permanently to cease business or have in fact done so and no successor clearing system satisfactory to the Trustee is available or (iii) the Issuer has or will become subject to adverse tax consequences which would not be suffered were the Notes represented by the Permanent Bearer Global Note in definitive form and a certificate to such effect signed by two Directors of the Issuer is given to the Trustee. The Issuer will promptly give notice to Noteholders in accordance with Condition 14 (*Notices*) if an Exchange Event occurs. In the event of the occurrence of an Exchange Event, Euroclear and/or Clearstream, Luxembourg (acting on the instructions of any holder of an interest in such Permanent Bearer Global Note) or the Trustee may give notice to the Principal Paying Agent requesting exchange and, in the event of the occurrence of an Exchange Event as described in (iii) above, the Issuer may also give notice to the Principal Paying Agent requesting exchange. Any such exchange shall occur not later than 45 days after the date of receipt of the first relevant notice by the Principal Paying Agent.

The following legend will appear on all Bearer Notes (other than Temporary Bearer Global Notes) and interest coupons relating to such Notes where TEFRA D is specified in the applicable Final Terms:

"ANY UNITED STATES PERSON WHO HOLDS THIS OBLIGATION WILL BE SUBJECT TO LIMITATIONS UNDER THE UNITED STATES INCOME TAX LAWS, INCLUDING THE LIMITATIONS PROVIDED IN SECTIONS 165(j) AND 1287(a) OF THE INTERNAL REVENUE CODE."

The sections referred to provide that United States holders, with certain exceptions, will not be entitled to deduct any loss on Bearer Notes or interest coupons and will not be entitled to capital gains treatment in respect of any gain on any sale, disposition, redemption or payment of principal in respect of Bearer Notes or interest coupons.

Notes which are represented by a Bearer Global Note will only be transferable in accordance with the rules and procedures for the time being of Euroclear or Clearstream, Luxembourg, as the case may be.

Registered Notes

The Registered Notes of each Tranche will initially be represented by a global note in registered form (a "**Registered Global Note**").

Registered Global Notes will be deposited with a common depository or, if the Registered Global Notes are to be held under the new safe-keeping structure (the "NSS"), a common safekeeper, as the case may be for Euroclear and Clearstream, Luxembourg, and registered in the name of the nominee for the Common Depository of, Euroclear and Clearstream, Luxembourg or in the name of a nominee of the common safekeeper, as specified in the applicable Final Terms. Persons holding beneficial interests in Registered Global Notes will be entitled or required, as the case may be, under the circumstances described below, to receive physical delivery of definitive Notes in fully registered form.

Where the Registered Global Notes issued in respect of any Tranche is intended to be held under the NSS, the applicable Final Terms will indicate whether or not such Registered Global Notes are intended to be held in a manner which would allow Eurosystem eligibility. Any indication that the Registered Global Notes are to be so held does not necessarily mean that the Notes of the relevant Tranche will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any time during their life as such recognition depends upon satisfaction of the Eurosystem eligibility criteria. The common safekeeper for a Registered Global Note held under the NSS will either be Euroclear or Clearstream, Luxembourg or another entity approved by Euroclear and Clearstream, Luxembourg.

Payments of principal, interest and any other amount in respect of the Registered Global Notes will, in the absence of provision to the contrary, be made to the person shown on the Register (as defined in Condition 6.4 (*Payments in respect of Registered Notes*)) as the registered holder of the Registered Global Notes.

None of the Issuer, any Paying Agent, the Trustee or the Registrar will have any responsibility or liability for any aspect of the records relating to or payments or deliveries made on account of beneficial ownership interests in the Registered Global Notes or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

Payments of principal, interest or any other amount in respect of the Registered Notes in definitive form will, in the absence of provision to the contrary, be made to the persons shown on the Register on the relevant Record Date (as defined in Condition 6.4 (*Payments in respect of Registered Notes*)) immediately preceding the due date for payment in the manner provided in that Condition.

Interests in a Registered Global Note will be exchangeable (free of charge), in whole but not in part, for definitive Registered Notes without interest coupons or talons attached only upon the occurrence of an Exchange Event. For these purposes, "**Exchange Event**" means that (i) an Event of Default has occurred and is continuing, (ii) the Issuer has been notified that both Euroclear and Clearstream, Luxembourg have been closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or have announced an intention permanently to cease business or have in fact done so and, in any such case, no successor clearing system satisfactory to the Trustee is available or (iii) the Issuer has or will become subject to adverse tax consequences which would not be suffered were the Notes represented by the Registered Global Note in definitive form and a certificate to that effect signed by two Directors of the Issuer is given to the Trustee. The Issuer will promptly give notice to Noteholders in accordance with Condition 14 (*Notices*) if an Exchange Event occurs. In the event of the occurrence of an Exchange Event, Euroclear and/or Clearstream, Luxembourg or any person acting on their behalf (acting on the instructions of any holder of an interest in such Registered Global Note) or the Trustee may give notice to the Registrar requesting exchange and, in the event of the occurrence of an Exchange Event as described in (iii) above, the Issuer may also give notice to the Registrar requesting exchange. Any such exchange shall occur not later than 10 days after the date of receipt of the first relevant notice by the Registrar.

No beneficial owner of an interest in a Registered Global Note will be able to transfer such interest, except in accordance with the applicable procedures of Euroclear and Clearstream, Luxembourg, in each case to the extent applicable.

VPS Notes

Each Tranche of VPS Notes will be issued in uncertificated and dematerialised book entry form. Legal title to the VPS Notes will be evidenced by book entries in the records of the VPS. On the issue of such VPS Notes, the Issuer will send a letter to the Trustee, the Agent and the VPS Agent (the "**VPS Letter**"), which letter will set out the terms of the relevant issue of VPS Notes in the form of a Final Terms attached thereto. On delivery of a copy of such VPS Letter including the relevant Final Terms to the VPS and notification to the VPS of the subscribers and their VPS account details by the relevant Dealer, the VPS Agent will credit each subscribing account holder with the VPS with a nominal amount of VPS Notes equal to the nominal amount thereof for which it has subscribed and paid.

Settlement of sale and purchase transactions in respect of VPS Notes in the VPS will take place two Oslo business days after the date of the relevant transaction. Transfers of interests in the relevant VPS Notes will only take place in accordance with the rules and procedures for the time being of the VPS.

VPS Notes may not be exchanged for Notes in bearer or registered form and *vice versa*.

The VPS Notes must comply with the Norwegian Securities Register Act of 5 July 2002 no. 64, as amended from time to time, and the holders of VPS Notes will be entitled to the rights and subject to the obligations and liabilities which arise under this act and any related regulations and legislation.

The registration of VPS Notes in the VPS as well as the recording and transfer of ownership to, and other interests in, VPS Notes will be governed by, and construed in accordance with, Norwegian law.

General

Pursuant to the Agency Agreement (as defined under "*Terms and Conditions of the Notes*"), the Principal Paying Agent shall arrange that, where a further Tranche of Notes is issued which is intended to form a single Series with an existing Tranche of Notes at a point after the Issue Date of the further Tranche, the Notes of such further Tranche shall be assigned a common code and ISIN which are different from the common code and ISIN assigned to Notes of any other Tranche of the same Series until such time as the

Tranches are consolidated and form a single Series, which shall not be prior to the expiry of the distribution compliance period (as defined in Regulation S under the Securities Act) applicable to the Notes of such Tranche.

Any reference herein to Euroclear and/or Clearstream, Luxembourg and/or VPS shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system specified in the applicable Final Terms.

No Noteholder or Couponholder shall be entitled to proceed directly against the Issuer unless the Trustee, having become bound so to proceed, (i) fails so to do within a reasonable period, or (ii) is unable for any reason so to do, and the failure or inability shall be continuing.

The Issuer may agree with any Dealer and the Trustee, as applicable, that Notes may be issued in a form not contemplated by the Terms and Conditions of the Notes, in which event a new Base Prospectus will be made available which will describe the effect of the agreement reached in relation to such Notes.

APPLICABLE FINAL TERMS

[PROHIBITION OF SALES TO EEA RETAIL INVESTORS – The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area ("**EEA**"). For these purposes, a "**retail investor**" means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "**MiFID II**"); or (ii) a customer within the meaning of Directive (EU) 2016/97 (the Insurance Distribution Directive), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in Regulation (EU) 2017/1129 (the "**Prospectus Regulation**"). Consequently no key information document required by Regulation (EU) No 1286/2014 (as amended, the "**PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.]

[MIFID II product governance / Professional investors and ECPs only target market – Solely for the purposes of [the/each] manufacturer's product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is eligible counterparties and professional clients only, each as defined in [Directive 2014/65/EU (as amended, "**MiFID II**")][MiFID II]; and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. [Consider any negative target market]. Any person subsequently offering, selling or recommending the Notes (a "**distributor**") should take into consideration the manufacturer['s/s'] target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturer['s/s'] target market assessment) and determining appropriate distribution channels.]

[Date]

Heimstaden Bostad AB (publ)
(incorporated with limited liability in Sweden)

Legal Entity Identifier (LEI): 549300TJR3PR8EXILG79

**Issue of [Aggregate Nominal Amount of Tranche] [Title of Notes]
under the €1,000,000,000
Euro Medium Term Note Programme**

PART A – CONTRACTUAL TERMS

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the "**Conditions**") set forth in the Base Prospectus dated 21 November 2019 [and the supplement[s] to it dated [date] [and [date]]] which [together] constitute[s] a base prospectus for the purposes of the Prospectus Regulation (the "**Base Prospectus**"). [This document constitutes the Final Terms of the Notes described herein for the purposes of the Prospectus Regulation and must be read in conjunction with the Base Prospectus in order to obtain all the relevant information. The Base Prospectus has been published on the website of the Irish Stock Exchange plc trading as Euronext Dublin ("**Euronext Dublin**") at www.ise.ie.]¹

[The following alternative language applies if the first tranche of an issue which is being increased was issued under a Base Prospectus with an earlier date.]

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the "**Conditions**") set forth in the Base Prospectus dated 14 November 2018 and the supplement(s) to it dated 20 February 2019 which are incorporated by reference in the Base Prospectus dated 21 November 2019. [This document constitutes the Final Terms of the Notes described herein for the purposes of the Prospectus Regulation and must be read in conjunction with the Base Prospectus dated 21 November 2019 and the supplement to it dated [date] [and [date]] which [together] constitute[s] a base prospectus for the purposes

¹ Delete where the Notes are neither admitted to trading on a regulated market in the European Economic Area nor offered in the European Economic Area in circumstances where a prospectus is required to be published under the Prospectus Regulation.

of the Prospectus Regulation (the **Base Prospectus**), including the Conditions incorporated by reference in the Base Prospectus, in order to obtain all the relevant information. The Base Prospectus has been published on the website of the Irish Stock Exchange plc trading as Euronext Dublin ("**Euronext Dublin**") at www.ise.ie.]²

[Include whichever of the following apply or specify as "Not Applicable". Note that the numbering should remain as set out below, even if "Not Applicable" is indicated for individual paragraphs or subparagraphs (in which case the sub-paragraphs of the paragraphs which are not applicable can be deleted). Italics denote directions for completing the Final Terms.]

[If the Notes have a maturity of less than one year from the date of their issue, the minimum denomination may need to be £100,000 or its equivalent in any other currency.]

1. Issuer: Heimstaden Bostad AB (publ)
2. (a) Series Number: []
- (b) Tranche Number: []
- (c) Date on which the Notes will be consolidated and form a single Series: The Notes will be consolidated and form a single Series with *[identify earlier Tranches]* on [the Issue Date/the date that is 40 days after the Issue Date/exchange of the Temporary Global Note for interests in the Permanent Global Note, as referred to in paragraph 24 below, which is expected to occur on or about *[date]*][Not Applicable]
3. Specified Currency or Currencies: []
4. Aggregate Nominal Amount:
 - (a) Series: []
 - (b) Tranche: []
5. Issue Price: [] per cent. of the Aggregate Nominal Amount [plus accrued interest from *[insert date]* (if applicable)]
6. (a) Specified Denominations: []

(N.B. Notes must have a minimum denomination of €100,000 (or equivalent))

(Note – where Bearer multiple denominations above €100,000 or equivalent are being used the following sample wording should be followed:

"[€100,000] and integral multiples of [€1,000] in excess thereof up to and including [€199,000]. No Notes in definitive form will be issued with a denomination above [€199,000].")
- (b) Calculation Amount (in [] relation to calculation of

² Delete where the Notes are neither admitted to trading on a regulated market in the European Economic Area nor offered in the European Economic Area in circumstances where a prospectus is required to be published under the Prospectus Regulation.

interest in global form see
Conditions):

(If only one Specified Denomination, insert the Specified Denomination. If more than one Specified Denomination, insert the highest common factor. Note: There must be a common factor in the case of two or more Specified Denominations.)

7. (a) Issue Date: []
- (b) Interest Commencement Date: [specify/Issue Date/Not Applicable]
- (N.B. An Interest Commencement Date will not be relevant for certain Notes, for example Zero Coupon Notes.)*
8. Maturity Date: *Specify date or for Floating Rate Notes – Interest Payment Date falling in or nearest to [specify month and year]*
9. Interest Basis: [[] per cent. Fixed Rate]
- [[[] month [LIBOR/EURIBOR/CIBOR/STIBOR/NIBOR]] +/- [] per cent. Floating Rate]
- [Zero coupon]
- (see paragraph [14]/[15]/[16]below)*
10. Redemption Basis: Subject to any purchase and cancellation or early redemption, the Notes will be redeemed on the Maturity Date at 100 per cent. of their nominal amount
11. Change of Interest Basis: *[Specify the date when any fixed to floating rate change occurs or cross refer to paragraphs 14 and 15 below and identify there]*[Not Applicable]
12. Put/Call Options: [Issuer Call]
[Issuer Par Call]
[Investor Put]
[Change of Control Put]
[(see paragraph [18]/[19]/[20]/[21] below)]
13. (a) Status of the Notes: Senior
- (b) Date [Board] approval for issuance of Notes obtained: [] and [], respectively
(N.B. Only relevant where Board (or similar) authorisation is required for the particular tranche of Notes)

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

14. Fixed Rate Note Provisions [Applicable/Not Applicable]
- (If not applicable, delete the remaining subparagraphs of this paragraph)*
- (a) Rate(s) of Interest: [] per cent. per annum payable in arrear on each Interest Payment Date

- (b) Interest Payment Date(s): [] in each year up to and including the Maturity Date
- (c) Fixed Coupon Amount(s) for Notes in definitive form (and in relation to Notes in global form see Conditions): [[] per Calculation Amount]
- (d) Broken Amount(s) for Notes in definitive form (and in relation to Notes in global form see Conditions): [[] per Calculation Amount, payable on the Interest Payment Date falling [in/on] []][Not Applicable]
- (e) Day Count Fraction: [30/360] [Actual/Actual (ICMA)]
- (f) Determination Date(s): [[] in each year][Not Applicable]
(Only relevant where Day Count Fraction is Actual/Actual (ICMA). In such a case, insert regular interest payment dates, ignoring issue date or maturity date in the case of a long or short first or last coupon)
- (g) Step Up Rating Change and/or Step Down Rating Change: [Applicable/Not Applicable]
(If not applicable, delete the remaining subparagraphs of this paragraph)
- (h) Step Up Margin: [[] per cent. per annum]
15. Floating Rate Note Provisions [Applicable/Not Applicable]
(If not applicable, delete the remaining subparagraphs of this paragraph)
- (a) Specified Period(s)/Specified Interest Payment Dates: [] [, subject to adjustment in accordance with the Business Day Convention set out in (b) below/, not subject to adjustment, as the Business Day Convention in (b) below is specified to be Not Applicable]
- (b) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention][Not Applicable]
- (c) Additional Business Centre(s): []
- (d) Manner in which the Rate of Interest and Interest Amount is to be determined: [Screen Rate Determination/ISDA Determination]
- (e) Party responsible for calculating the Rate of Interest and Interest Amount / Calculation Agent (if not the Agent): []
- (f) Screen Rate Determination:

- Reference Rate: [] month [LIBOR/EURIBOR/CIBOR/STIBOR/NIBOR]
 - Interest Determination Date(s): []

(Second London business day prior to the start of each Interest Period if LIBOR (other than Sterling or euro LIBOR), first day of each Interest Period if Sterling LIBOR, the second day on which the TARGET2 System is open prior to the start of each Interest Period if EURIBOR or euro LIBOR, second Copenhagen business day prior to the start of each Interest Period if CIBOR, second Stockholm business day prior to the start of each Interest Period if STIBOR and second Oslo business day prior to the start of each Interest Period if NIBOR)
 - Relevant Screen Page: []

(In the case of EURIBOR, if not Reuters EURIBOR01 ensure it is a page which shows a composite rate or amend the fallback provisions appropriately)
- (g) ISDA Determination:
- Floating Rate Option: []
 - Designated Maturity: []
 - Reset Date: []
- (h) Linear Interpolation: [Not Applicable/Applicable - the Rate of interest for the [long/short] [first/last] Interest Period shall be calculated using Linear Interpolation (*specify for each short or long interest period*)]
- (i) Margin(s): [+/-][] per cent. per annum
- (j) Minimum Rate of Interest: [] per cent. per annum
- (k) Maximum Rate of Interest: [] per cent. per annum
- (l) Day Count Fraction: [Actual/Actual (ISDA)][Actual/Actual] Actual/365 (Fixed) Actual/365 (Sterling) Actual/360 [30/360][360/360][Bond Basis] [30E/360][Eurobond Basis] 30E/360 (ISDA)]
- (m) Step Up Rating Change and/or Step Down Rating Change: [Applicable/Not Applicable]

(If not applicable, delete the remaining subparagraphs of this paragraph)

- (n) Step Up Margin: [[] per cent. per annum]
16. Zero Coupon Note Provisions [Applicable/Not Applicable]
(If not applicable, delete the remaining subparagraphs of this paragraph)
- (a) Accrual Yield: [] per cent. per annum
- (b) Reference Price: []
- (c) Day Count Fraction in relation to Early Redemption Amounts: [30/360]
 [Actual/360]
 [Actual/365]

PROVISIONS RELATING TO REDEMPTION

17. Notice periods for Condition 7.2: Minimum period: [30] days
 Maximum period: [60] days
18. Issuer Call: [Applicable/Not Applicable]
(If not applicable, delete the remaining subparagraphs of this paragraph)
- (a) Optional Redemption Date(s): []
- (b) Optional Redemption Amount: [[] per Calculation Amount][Spens Amount][Make-whole Amount]
- (A) Reference Bond []
- (B) Redemption Margin []
- (C) Quotation Time []
- (c) If redeemable in part:
- (i) Minimum Redemption Amount: []
- (ii) Maximum Redemption Amount: []
- (d) Notice periods: Minimum period: [] days
 Maximum period: [] days
(N.B. When setting notice periods, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems (which require a minimum of 5 clearing system business days' notice for a call) and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Principal Paying Agent or Trustee.)
19. Issuer Par Call: [Applicable/Not Applicable]
(If not applicable, delete the remaining subparagraphs of this paragraph)

- (a) Par Call Period: From (and including) [] (the "Par Call Period Commencement Date") to (but excluding) the Maturity Date
- (b) Notice Periods: Minimum period: [] days
Maximum period: [] days
- (N.B. When setting notice periods, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems (which require a minimum of 5 clearing system business days' notice for a call) and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Principal Paying Agent or Trustee.)*
20. Investor Put: [Applicable/Not Applicable]
(If not applicable, delete the remaining subparagraphs of this paragraph)
- (a) Optional Redemption []
Date(s):
- (b) Optional Redemption [] per Calculation Amount
Amount:
- (c) Notice Periods: Minimum period: [] days
Maximum period: [] days
- (N.B. Clearing systems require a minimum of 15 clearing system business days' notice to process a put option)*
21. Change of Control Put [Applicable/Not Applicable]
(If not applicable, delete the remaining subparagraphs of this paragraph)
- Change of Control Redemption [] per Calculation Amount
Amount:
22. Final Redemption Amount: [] per Calculation Amount
(The Final Redemption Amount is to be no less than at par value)
23. Early Redemption Amount payable on redemption for taxation reasons or on event of default: [] per Calculation Amount

GENERAL PROVISIONS APPLICABLE TO THE NOTES

24. Form of Notes:
- (a) Form: [Bearer Notes: [Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for Definitive Notes upon an Exchange Event]

[Temporary Global Note exchangeable for Definitive Notes on and after the Exchange Date]

[Permanent Global Note exchangeable for Definitive Notes upon an Exchange Event]

[Notes shall not be physically delivered in Belgium, except to a clearing system, a depository or other institution for the purpose of their immobilisation in accordance with article 4 of the Belgian Law of 14 December 2005³]

(N.B. The option for an issue of Notes to be represented on issue by a Temporary Global Note exchangeable for Definitive Notes should not be expressed to be applicable if the Specified Denomination of the Notes in paragraph 6 includes language substantially to the following effect: "[€100,000] and integral multiples of [€1,000] in excess thereof up to and including [€199,000]." .)

[Registered Notes:

[Global Note registered in the name of a nominee for [a common depository for Euroclear and Clearstream, Luxembourg][a common safekeeper for Euroclear and Clearstream, Luxembourg]

[VPS Notes:

VPS Notes issued in uncertificated and dematerialised book entry form]

(b) New Global Note: [Yes][No]

(c) New Safekeeping Structure: [Yes][No]

25. Additional Financial Centre(s): [Not Applicable/give details]

(Note that this paragraph relates to the date of payment and not the end dates of Interest Periods for the purposes of calculating the amount of interest, to which sub-paragraphs 15(c) relates)

26. Talons for future Coupons to be attached to Definitive Notes: [Yes, as the Notes have more than 27 coupon payments, Talons may be required if, on exchange into definitive form, more than 27 coupon payments are still to be made/No]

[THIRD PARTY INFORMATION

[[*Relevant third party information*] has been extracted from [*specify source*]. The Issuer confirms that such information has been accurately reproduced and that, so far as it is aware and is able to ascertain from information published by [*specify source*], no facts have been omitted which would render the reproduced information inaccurate or misleading.]

³ Include for Notes that are to be offered in Belgium.

SIGNED on behalf of **Heimstaden Bostad AB (publ)**:

By:
Duly authorised

PART B – OTHER INFORMATION

1. LISTING AND ADMISSION TO TRADING

- (i) Listing and Admission to trading [Application has been made by the Issuer (or on its behalf) for the Notes to be admitted to trading on [the Regulated Market of Euronext Dublin] / [the Oslo Stock Exchange's Regulated Market (Oslo Børs)] and listing on the [official list of the Euronext Dublin] / [the Oslo Stock Exchange's Regulated Market (Oslo Børs)] with effect from []].

[Application is expected to be made by the Issuer (or on its behalf) for the Notes to be admitted to trading on [the Regulated Market of Euronext Dublin] / [the Oslo Stock Exchange's Regulated Market (Oslo Børs)] and listing on the [official list of Euronext Dublin] / [the Oslo Stock Exchange's Regulated Market (Oslo Børs)] with effect from []].

(Where documenting a fungible issue need to indicate that original Notes are already admitted to trading.)

[Not Applicable]

- (ii) Estimate of total expenses related to admission to trading: []

2. RATINGS

Ratings: [The Notes to be issued [[have been]/[have not been]/[are expected to be]] rated:

[insert details] by [insert the legal name of the relevant credit rating agency entity(ies) and associated defined terms].

Each of [defined terms] is established in the European Union and is registered under Regulation (EC) No. 1060/2009 (as amended) (the "**CRA Regulation**")]

[Need to include a brief explanation of the meaning of the ratings if this has previously been published by the rating provider.]

(The above disclosure should reflect the rating allocated to Notes of the type being issued under the Programme generally or, where the issue has been specifically rated, that rating.)

3. INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE

[Save for the fees [of [insert relevant fee disclosure] payable to the [Managers/Dealers], so far as the Issuer is aware, no person involved in the issue of the Notes has an interest material to the offer. The [Managers/Dealers] and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform other

services for, the Issuer and its affiliates in the ordinary course of business - *Amend as appropriate if there are other interests*]

[(When adding any other description, consideration should be given as to whether such matters described constitute "significant new factors" and consequently trigger the need for a supplement to the Base Prospectus under Article 23 of the Prospectus Regulation.)]

4. **[USE OF PROCEEDS** [[See "Use of Proceeds" wording in Base Prospectus – if use of proceeds different will need to include those here.]]

[•] / [The Issuer intends to apply the net proceeds from this offer of Notes specifically for projects or activities that promote climate-friendly and/or other environmental purposes / other "Green Bond" or "Sustainable Bond" description]]

5. **ESTIMATED NET PROCEEDS**

Estimated net proceeds: []

6. **YIELD** (Fixed Rate Notes only)

Indication of yield: []

The yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield.

7. **OPERATIONAL INFORMATION**

(i) ISIN: []

(ii) Common Code: []

(iii) CFI: [[See/[[include code]⁴, as updated, as set out on] the website of the Association of National Numbering Agencies (ANNA) or alternatively sourced from the responsible National Numbering Agency that assigned the ISIN/Not Applicable/Not Available]

(iv) FISN: [[See/[[include code]³, as updated, as set out on] the website of the Association of National Numbering Agencies (ANNA) or alternatively sourced from the responsible National Numbering Agency that assigned the ISIN/Not Applicable/Not Available]

(v) Any clearing system(s) other than [Euroclear and Clearstream, Luxembourg / the VPS] and the relevant identification number(s): [Not Applicable/give name(s) and number(s)]

(vi) Delivery: Delivery [against/free of] payment

(vii) Names and addresses of additional Paying Agent(s) (if []

⁴ The actual code should only be included where the issuer is comfortable that it is correct.

any) or, in the case of VPS Notes,
the VPS Agent:

- (viii) Intended to be held in a manner which would allow Eurosystem eligibility: [Yes. Note that the designation "yes" simply means that the Notes are intended upon issue to be deposited with one of the ICSDs as common safekeeper[, and registered in the name of a nominee of one of the ICSDs acting as common safekeeper] [include this text for Registered Notes which are to be held under the NSS] and does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.]/

[No. Whilst the designation is specified as "no" at the date of these Final Terms, should the Eurosystem eligibility criteria be amended in the future such that the Notes are capable of meeting them the Notes may then be deposited with one of the ICSDs as common safekeeper[, and registered in the name of a nominee of one of the ICSDs acting as common safekeeper][include this text for Registered Notes]. Note that this does not necessarily mean that the Notes will then be recognised as eligible collateral for Eurosystem monetary policy and intra day credit operations by the Eurosystem at any time during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.]

8. DISTRIBUTION

- (i) Method of distribution: [Syndicated/Non-syndicated]
- (ii) If syndicated, names of Managers: [Not Applicable/give names]
- (iii) Date of Subscription Agreement: []
- (iv) Stabilisation Manager(s) (if any): [Not Applicable/give name]
- (v) If non-syndicated, name of relevant Dealer: [Not Applicable/give name]
- (vi) U.S. Selling Restrictions: Reg. S Compliance Category 2; [TEFRA D/TEFRA C/TEFRA not applicable]
- (vii) Prohibition of Sales to EEA Retail Investors: [Applicable/Not Applicable]

(If the Notes clearly do not constitute "packaged" products, "Not Applicable" should be specified. If the Notes may constitute "packaged" products and no key information document will be prepared,, "Applicable" should be specified.)

(viii) Prohibition of Sales to Belgian [Applicable/Not Applicable]
Consumers:

TERMS AND CONDITIONS OF THE NOTES

The following are the Terms and Conditions of the Notes which will be incorporated by reference into each Global Note (as defined below) and each definitive Note, in the latter case only if permitted by the relevant stock exchange or other relevant authority (if any) and agreed by the Issuer and the relevant Dealer at the time of issue but, if not so permitted and agreed, such definitive Note will have endorsed thereon or attached thereto such Terms and Conditions. The applicable Final Terms (or the relevant provisions thereof) will be endorsed upon, or attached to, each Global Note and definitive Note. Reference should be made to "Applicable Final Terms" for a description of the content of Final Terms which will specify which of such terms are to apply in relation to the relevant Notes.

The following are also the terms and conditions which will be applicable to each VPS Note. VPS Notes will not be evidenced by any physical note or document of title other than statements of account made by the VPS. Ownership of VPS Notes will be recorded and transfer effected only through the book entry system and register maintained by the VPS. The applicable Final Terms (or the relevant provisions thereof) will be, in the case of VPS Notes, deemed to apply to any such Notes.

This Note is one of a Series (as defined below) of Notes issued by Heimstaden Bostad AB (publ) (the "**Issuer**") constituted by a Trust Deed (such Trust Deed as modified and/or supplemented and/or restated from time to time, the "**Trust Deed**") dated 21 November 2019 made between the Issuer and Deutsche Trustee Company Limited (the "**Trustee**", which expression shall include any successor as Trustee).

References herein to the "**Notes**" shall be references to the Notes of this Series and shall mean:

- (a) in relation to any Notes represented by a global Note (a "**Global Note**"), units of each Specified Denomination in the Specified Currency;
- (b) any Global Note;
- (c) any definitive Notes in bearer form ("**Bearer Notes**") issued in exchange for a Global Note in bearer form;
- (d) any definitive Notes in registered form ("**Registered Notes**") (whether or not issued in exchange for a Global Note in registered form); and
- (e) Notes cleared through the Norwegian Central Securities Depository, the *Verdipapirsentralen* ("**VPS Notes**" and the "**VPS**", respectively).

The Notes (other than the VPS Notes) and the Coupons (as defined below) have the benefit of an Agency Agreement (such Agency Agreement as amended and/or supplemented and/or restated from time to time, the "**Agency Agreement**") dated 21 November 2019 and made between the Issuer, the Trustee, Nordea Bank Abp, filial i Norge, Issuer Service as VPS Agent (the "**VPS Agent**"), Deutsche Bank AG, London Branch as issuing and principal paying agent and agent bank (the "**Principal Paying Agent**", which expression shall include any successor principal paying agent) and the other paying agents named therein (together with the Principal Paying Agent, the "**Paying Agents**", which expression shall include any additional or successor paying agents), Deutsche Bank Luxembourg S.A. as registrar (the "**Registrar**", which expression shall include any successor registrar) and transfer agent (together with the Registrar, the "**Transfer Agents**", which expression shall include any additional or successor transfer agents). The Principal Paying Agent, the Registrar, the Paying Agents and the Transfer Agents are together referred to as the "**Agents**".

The VPS Notes have the benefit of an agreement (such agreement as modified and/or supplemented and/or restated from time to time, the "**VPS Agency Agreement**") dated 14 November 2018 made between the Issuer and the VPS Agent. Each Tranche of VPS Notes will be created and held in uncertificated book entry form in accounts with the VPS. The VPS Agent will act as agent of the Issuer in respect of all dealings with the VPS in respect of VPS Notes as detailed in the VPS Agency Agreement and will also act as calculation agent in respect of the VPS Notes. References to the "**Calculation Agent**" shall be to the VPS Agent in respect of VPS Notes, the Principal Paying Agent in respect of Notes (other than VPS Notes) or as may be separately specified in the relevant Final Terms (such expression shall include any successor or alternative Calculation Agent that may be appointed).

The final terms for this Note (or the relevant provisions thereof) are set out in Part A of the Final Terms (except in the case of VPS Notes) attached to or endorsed on this Note which supplement these Terms and Conditions (the "**Conditions**"). References to the "**applicable Final Terms**" are, unless otherwise stated, to Part A of the Final Terms (or the relevant provisions thereof) attached to or endorsed on this Note.

Interest bearing definitive Bearer Notes have interest coupons ("**Coupons**") and, in the case of Bearer Notes which, when issued in definitive form, have more than 27 interest payments remaining, talons for further Coupons ("**Talons**") attached on issue. Any reference herein to Coupons or coupons shall, unless the context otherwise requires, be deemed to include a reference to Talons or talons. Registered Notes and Global Notes do not have Coupons or Talons attached on issue.

The Trustee acts for the benefit of the holders for the time being of the Notes (the "**Noteholders**", which expression shall, in relation to any Notes represented by a Global Note, and in relation to VPS Notes, be construed as provided below) and the holders of the Coupons (the "**Couponholders**", which expression shall, unless the context otherwise requires, include the holders of the Talons), in accordance with the provisions of the Trust Deed. Any reference to "**Noteholders**" or "**holders**" in relation to any Notes shall mean (in the case of Bearer Notes) the holders of the Notes and (in the case of Registered Notes) the persons in whose name the Notes are registered in the register and shall, in relation to any VPS Notes or Notes represented by a global Note, be construed as provided below. VPS Notes are in dematerialised form: any references in these Conditions to Coupons and Talons shall not apply to VPS Notes and no global or definitive Notes will be issued in respect thereof. These Conditions shall be construed accordingly. As used herein, "**Tranche**" means Notes which are identical in all respects (including as to listing and admission to trading) and "**Series**" means a Tranche of Notes together with any further Tranche or Tranches of Notes which (a) are expressed to be consolidated and form a single series and (b) have the same terms and conditions or terms and conditions which are the same in all respects save for the amount and date of the first payment of interest thereon and the date from which interest starts to accrue.

Copies of the Trust Deed and the Agency Agreement are available for inspection during normal business hours at the principal office for the time being of the Trustee being at Winchester House, 1 Great Winchester Street, London EC2N 2DB, United Kingdom and at the specified office of each of the Paying Agents. If the Notes are to be admitted to trading on the regulated market of Euronext Dublin the applicable Final Terms will be published on the website of the Central Bank of Ireland. Copies of the VPS Agency Agreement are available for inspection during normal business hours at the specified office for the time being of the VPS Agent at Essendrops gate 7, N-0368, Oslo, Norway. The Noteholders and the Couponholders are deemed to have notice of, and are entitled to the benefit of, all the provisions of the Trust Deed, the Agency Agreement, the VPS Agency Agreement and the applicable Final Terms which are applicable to them. The statements in the Conditions include summaries of, and are subject to, the detailed provisions of the Trust Deed, the Agency Agreement and the VPS Agency Agreement.

Words and expressions defined in the Trust Deed, the Agency Agreement, the VPS Agency Agreement, or used in the applicable Final Terms shall have the same meanings where used in the Conditions unless the context otherwise requires or unless otherwise stated and **provided that**, in the event of inconsistency between (i) the Trust Deed and the Agency Agreement, the Trust Deed will prevail, (ii) the Trust Deed or the Agency Agreement and the applicable Final Terms, the applicable Final Terms will prevail, (iii) VPS Agency Agreement and the applicable Final Terms, the applicable Final Terms will prevail.

In the Conditions, "**euro**" means the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty on the Functioning of the European Union, as amended.

1. **FORM, DENOMINATION AND TITLE**

The Notes are in bearer form or in registered form or, in the case of VPS Notes, in uncertificated book entry form, as specified in the applicable Final Terms and, in the case of definitive Notes, serially numbered, in the currency (the "**Specified Currency**") and the denominations (the "**Specified Denomination(s)**") specified in the applicable Final Terms. Notes of one Specified Denomination may not be exchanged for Notes of another Specified Denomination. Bearer Notes may not be exchanged for Registered Notes and *vice versa*. VPS Notes may not be exchanged for Bearer Notes or Registered Notes and *vice versa*. This Note may be a Fixed Rate Note, a Floating Rate Note or a Zero Coupon Note, or a combination of any of the foregoing, depending upon the Interest Basis shown in the applicable Final Terms.

Definitive Bearer Notes are issued with Coupons attached, unless they are Zero Coupon Notes in which case references to Coupons and Couponholders in the Conditions are not applicable.

Subject as set out below, title to the Bearer Notes and Coupons will pass by delivery and title to the Registered Notes will pass upon registration of transfers in accordance with the provisions of the Agency Agreement. The Issuer, the Trustee and any Agent will (except as otherwise required by law) deem and treat the bearer of any Bearer Note or Coupon and the registered holder of any Registered Note as the absolute owner thereof (whether or not overdue and notwithstanding any notice of ownership or writing thereon or notice of any previous loss or theft thereof) for all purposes but, in the case of any Global Note, without prejudice to the provisions set out in the next succeeding paragraph. The holder of a VPS Note will be the person evidenced as such by a book entry in the records of the VPS.

For so long as any of the Notes is represented by a Global Note held on behalf of Euroclear Bank SA/NV ("**Euroclear**") and/or Clearstream Banking S.A. ("**Clearstream, Luxembourg**"), each person (other than Euroclear or Clearstream, Luxembourg) who is for the time being shown in the records of Euroclear or of Clearstream, Luxembourg as the holder of a particular nominal amount of such Notes (in which regard any certificate or other document issued by Euroclear or Clearstream, Luxembourg as to the nominal amount of such Notes standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error) shall be treated by the Issuer, the Trustee and the Agents as the holder of such nominal amount of such Notes for all purposes other than with respect to the payment of principal or interest on such nominal amount of such Notes, for which purpose the bearer of the relevant Bearer Global Note or the registered holder of the relevant Registered Global Note shall be treated by the Issuer, the Trustee and any Agent as the holder of such nominal amount of such Notes in accordance with and subject to the terms of the relevant Global Note and the expressions "**Noteholder**" and "**holder of Notes**" and related expressions shall be construed accordingly.

In determining whether a particular person is entitled to a particular nominal amount of Notes as aforesaid, the Trustee may rely on such evidence and/or information and/or certification as it shall, in its absolute discretion, think fit and, if it does so rely, such evidence and/or information and/or certification shall, in the absence of manifest error, be conclusive and binding on all concerned.

Notes which are represented by a Global Note and VPS Notes will be transferable only in accordance with the rules and procedures for the time being of Euroclear and/or Clearstream, Luxembourg, and/or the VPS, as the case may be. References to Euroclear and/or Clearstream, Luxembourg and/or the VPS shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system specified in Part B of the applicable Final Terms.

Title to the VPS Notes will pass by registration in the VPS between the direct or indirect accountholders at the VPS in accordance with the Norwegian Securities Register Act of 5 July 2002 no. 64 and the rules and procedures of the VPS that are in force from time to time. Where a nominee is so evidenced, it shall be treated by the Issuer, the Trustee, any Agent and the VPS Agent as the holder of the relevant VPS Note. Each person who is for the time being shown in the records of the VPS as the holder of a particular nominal amount of VPS Notes (in which regard any certificate or other document issued by the VPS as to the nominal amount of such VPS Notes standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error) shall be treated by the Issuer, the Trustee, and the VPS Agent as the holder of such nominal amount of such VPS Notes for all purposes.

VPS Notes will be transferable only in accordance with the Norwegian Securities Register Act of 5 July 2002 no. 64 and the rules and procedures for the time being of the VPS. The registration of VPS Notes in the VPS as well as the recording and transfer of ownership to, and other interests in, VPS Notes will be governed by, and construed in accordance with, Norwegian law.

2. **TRANSFERS OF REGISTERED NOTES AND VPS NOTES**

2.1 **Transfers of interests in Registered Global Notes**

Transfers of beneficial interests in Registered Global Notes will be effected by Euroclear or Clearstream, Luxembourg, as the case may be, and, in turn, by other participants and, if appropriate, indirect participants in such clearing systems acting on behalf of transferors and transferees of such interests. A beneficial interest in a Registered Global Note will, subject to compliance with all applicable legal and regulatory restrictions, be transferable for Notes in definitive form or for a beneficial interest in another Registered Global Note of the same series only in the authorised denominations set out in the applicable Final Terms and only in accordance with the rules and operating procedures for the time being of Euroclear or Clearstream, Luxembourg, as the case may be, and in accordance with the terms and conditions specified in the Trust Deed and the Agency Agreement.

2.2 **Transfers of Interests in VPS Notes**

Settlement of sale and purchase transactions in respect of VPS Notes will take place two Oslo business days after the date of the relevant transaction. VPS Notes may be transferred between accountholders at the VPS in accordance with the procedures and regulations of the VPS from time to time. A transfer of VPS Notes which is held through Euroclear or Clearstream, Luxembourg is only possible by using an account operator linked to the VPS.

2.3 **Transfers of Registered Notes in definitive form**

Subject as provided in Condition 2.4 (*Registration of transfer upon partial redemption*) below, upon the terms and subject to the conditions set forth in the Trust Deed and the Agency Agreement, a Registered Note in definitive form may be transferred in whole or in part (in the authorised denominations set out in the applicable Final Terms). In order to effect any such transfer (a) the holder or holders must (i) surrender the Registered Note for registration of the transfer of the Registered Note (or the relevant part of the Registered Note) at the specified office of any Transfer Agent, with the form of transfer thereon duly executed by the holder or holders thereof or his or their attorney or attorneys duly authorised in writing and (ii) complete and deposit such other certifications as may be required by the relevant Transfer Agent and (b) the relevant Transfer Agent must, after due and careful enquiry, be satisfied with the documents of title and the identity of the person making the request. Any such transfer will be subject to such reasonable regulations as the Issuer, the Trustee and the Registrar may from time to time prescribe (the initial such regulations being set out in Schedule 2 to the Agency Agreement). Subject as provided above, the relevant Transfer Agent will, within three business days (being for this purpose a day on which banks are open for business in the city where the specified office of the relevant Transfer Agent is located) of the request (or such longer period as may be required to comply with any applicable fiscal or other laws or regulations), authenticate and deliver, or procure the authentication and delivery of, at its specified office to the transferee or (at the risk of the transferee) send by uninsured mail, to such address as the transferee may request, a new Registered Note in definitive form of a like aggregate nominal amount to the Registered Note (or the relevant part of the Registered Note) transferred. In the case of the transfer of part only of a Registered Note in definitive form, a new Registered Note in definitive form in respect of the balance of the Registered Note not transferred will be so authenticated and delivered or (at the risk of the transferor) sent to the transferor.

2.4 **Registration of transfer upon partial redemption**

In the event of a partial redemption of Notes under Condition 7 (*Redemption and Purchase*), the Issuer shall not be required to register the transfer of any Registered Note, or part of a Registered Note, called for partial redemption.

In the event of partial redemption of VPS Notes under Condition 7 (*Redemption and Purchase*), the Issuer shall not be required to register the transfer of any VPS Note, or part of a VPS Note, called for partial redemption.

2.5 **Costs of registration**

Noteholders will not be required to bear the costs and expenses of effecting any registration of transfer as provided above, except for any costs or expenses of delivery other than by regular uninsured mail and except that the Issuer may require the payment of a sum sufficient to cover any stamp duty, tax or other governmental charge that may be imposed in relation to the registration.

3. **STATUS OF THE NOTES**

The Notes and any relative Coupons are direct, unconditional, unsubordinated and (subject to the provisions of Condition 4.1 (*Negative Pledge*)) unsecured obligations of the Issuer and rank *pari passu* among themselves and (save for certain obligations required to be preferred by law) equally with all other unsecured obligations (other than subordinated obligations, if any) of the Issuer, from time to time outstanding.

4. **COVENANTS**

4.1 **Negative Pledge**

So long as any of the Notes remains outstanding (as defined in the Trust Deed) the Issuer will not, and will procure that none of its Subsidiaries (as defined below) will, create or have outstanding any mortgage, charge, lien, pledge or other security interest (each a "**Security Interest**") (in each case other than a Permitted Security Interest), upon, or with respect to, any of the present or future business, undertaking, assets or revenues (including any uncalled capital) of the Issuer and/or any of its Subsidiaries to secure any Relevant Indebtedness (as defined below), unless the Issuer, in the case of the creation of the Security Interest, before or at the same time and, in any other case, promptly, takes any and all action necessary to ensure that:

- (i) all amounts payable by it under the Notes, the Coupons and the Trust Deed are secured by the Security Interest equally and rateably with the Relevant Indebtedness to the satisfaction of the Trustee; or
- (ii) such other Security Interest or other arrangement (whether or not it includes the giving of a Security Interest) is provided either (A) as the Trustee in its absolute discretion deems not materially less beneficial to the interests of the Noteholders or (B) as is approved by an Extraordinary Resolution (as defined in the Trust Deed) of the Noteholders;

"**Permitted Security Interest**" means any Security Interest securing any Relevant Indebtedness of any Subsidiary of the Issuer acquired, so long as such Security Interest was outstanding on the date on which the relevant entity became a Subsidiary of the Issuer, was not created in contemplation of such entity becoming a Subsidiary of the Issuer and the principal amount of Relevant Indebtedness so secured was not increased in contemplation of such entity becoming a Subsidiary of the Issuer or since such entity became a Subsidiary of the Issuer.

4.2 **Financial Covenants**

- (a) **Limitations on the Incurrence of Financial Indebtedness:** So long as any Note remains outstanding the Issuer will not, and will not permit any Subsidiary to, incur directly or indirectly any Financial Indebtedness or any guarantee and/or indemnity in respect of any Financial Indebtedness (excluding for the purposes of this Condition 4.2(a) any Permitted Refinancing Indebtedness) if, on the date of such incurrence and after giving pro forma effect thereto (including pro forma application of the proceeds), the Consolidated Solvency Ratio would exceed 65 per cent;
- (b) **Maintenance of Consolidated Coverage Ratio:** So long as any Note remains outstanding the Issuer undertakes that on each Testing Date the Consolidated Coverage Ratio is not less than 1.5:1; and
- (c) **Limitations on the Incurrence of Secured Indebtedness:** So long as any Note remains outstanding the Issuer will not, and will not permit any Subsidiary to incur directly or indirectly, any Secured Indebtedness (excluding for the purposes of this Condition 4.2(b) any Permitted Refinancing Indebtedness relating to the same previously secured assets) if,

on the date of such incurrence and after giving pro forma effect thereto (including pro forma application of the proceeds) the total value of Secured Indebtedness of the Group (on a consolidated basis) would exceed 45 per cent. of Consolidated Total Assets.

The Issuer will promptly notify the Trustee in accordance with the Trust Deed in the event that any of the undertakings in this Condition 4.2 is breached at any time.

For so long as the Notes remain outstanding, the Issuer will deliver a certificate to the Trustee on each Reporting Date signed by any two Authorised Signatories (as defined in the Trust Deed) of the Issuer, certifying that the Issuer is in compliance with, and there has been no breach of, the undertakings set out in this Condition 4.2.

A certificate by any two Authorised Signatories of the Issuer as to any of the amounts referred to in this Condition 4.2, or any of the terms defined for the purposes of this Condition 4.2, shall be conclusive and binding on all parties.

4.3 Interpretation

For the purposes of these Conditions:

"Consolidated Coverage Ratio" means, in respect of any Testing Date, the ratio of (i) the aggregate amount of Consolidated Profit Before Financial Items for the period of the most recent four consecutive financial quarters ending on such Testing Date, to (ii) the aggregate amount of Net Interest Charges, for the period of the most recent four consecutive financial quarters ending on such Testing Date;

"Consolidated Profit Before Financial Items" means, in respect of any Testing Date, the number set out under the heading "Profit before financial items" (or any equivalent line item) in the consolidated financial statements of the Group;

"Consolidated Solvency Ratio" means (i) the aggregate of the total Financial Indebtedness (on a consolidated basis) of the Group (less cash and cash equivalents and listed shares) and any guarantee and/or indemnity in respect of any Financial Indebtedness (except for any guarantee and/or indemnity in respect of any Financial Indebtedness that the Issuer has directly or indirectly accounted for in its consolidated financial statements) divided by (ii) Consolidated Total Assets, in each case as set out in the most recent annual or interim, as the case may be, consolidated financial statements of the Group;

"Consolidated Total Assets" means the value of the consolidated total assets of the Group as shown in the most recent annual or interim, as the case may be, consolidated financial statements of the Group;

"Financial Indebtedness" means, with respect to any Person at any date of determination (without duplication) any indebtedness of such Person, including:

- (i) all indebtedness of such Person for borrowed money in whatever form;
- (ii) any amounts raised by such Person evidenced by bonds, debentures, notes, loan stock or other similar instruments;
- (iii) any amounts raised by acceptance under any acceptance credit facility or dematerialised equivalent;
- (iv) receivables sold or discounted (other than any receivables to the extent they are sold on a non-recourse basis);
- (v) the amount of any liability in respect of leases or hire purchase contracts (excluding the amount of any liability in respect of leasehold properties) which would, in accordance with applicable law and generally accepted accounting principles applicable to the Group, be treated as finance or capital leases;

- (vi) the amount of any liability in respect of any purchase price of property, assets or services the payment of which is deferred for a period in excess of 90 days.

For the avoidance of doubt deferred tax liabilities shall not be considered Financial Indebtedness;

"Group" means the Issuer and its consolidated Subsidiaries;

"Net Interest Charges" means the net amount calculated as the number set out under the heading "Financial income" (or equivalent line item) in the consolidated financial statements of the Issuer from which is deducted the numbers set out under the heading "Financial costs" (or equivalent line items) in the consolidated financial statements of the Issuer;

"Permitted Refinancing Indebtedness" means any Financial Indebtedness of the Issuer or any of its Subsidiaries raised or issued in exchange for, or the net proceeds of which are used to renew, refund, refinance, replace, exchange or discharge other Financial Indebtedness of the Issuer or any member of the Group (other than intra-group Financial Indebtedness); **provided that:**

- (a) the aggregate principal amount (or accretable value) of such Permitted Refinancing Indebtedness does not exceed the principal amount (or accreted value, if applicable) of the Financial Indebtedness renewed, refunded, refinanced, replaced, exchanged or discharged (plus all accrued interest on the Financial Indebtedness and the amount of all fees and expenses, including premiums, incurred in connection therewith);
- (b) such Permitted Refinancing Indebtedness has a final maturity date, or may only be redeemed or repaid at the option of the Issuer, either (i) no earlier than the final maturity date of the Financial Indebtedness being renewed, refunded, refinanced, replaced, exchanged or discharged or (ii) after the final maturity date of the Notes;
- (c) if the Financial Indebtedness being renewed, refunded, refinanced, replaced, exchanged or discharged is expressly, contractually subordinated in right of payment to the Notes, such Permitted Refinancing Indebtedness is subordinated in right of payment to the Notes; and
- (d) if the Issuer was the obligor on the Financial Indebtedness being renewed, refunded, refinanced, replaced, exchanged or discharged, such Financial Indebtedness is incurred by the Issuer;

"Person" means any individual, company, corporation, firm, unincorporated association or body, partnership, trust, fund, joint venture or consortium, association, organisation, government, state or agency of a state or other entity, whether or not having separate legal personality;

"Relevant Indebtedness" means (i) any Financial Indebtedness (whether being principal, premium, interest or other amounts) which is in the form of or represented by any notes, bonds, debentures, debenture stock, loan stock or other securities which are for the time being, or are capable of being, quoted, listed or ordinarily dealt in on any stock exchange, over-the-counter or other securities market, and (ii) any guarantee or indemnity in respect of any such indebtedness;

"Reporting Date" means a date falling no later than 30 days after (i) the publication of the Issuer's annual consolidated financial statements, or (ii) the publication of the Issuer's quarterly consolidated financial statements;

"Secured Indebtedness" means any Financial Indebtedness or any guarantee and/or indemnity in respect of any Financial Indebtedness that is secured in whole or in part by a Security Interest granted over any assets of any member of the Group;

"Subsidiary" means in relation to any person (the **"first person"**) at any particular time, any other person (the **"second person"**):

- (i) which is a subsidiary (*Sw. dotterföretag*) to the first Person, directly or indirectly, as defined in the Swedish Companies Act (*Sw. aktiebolagslagen 2005:551*); or

- (ii) whose financial statements are, in accordance with applicable law and generally accepted accounting principles, consolidated with those of the first person, and includes any Person that is a Subsidiary of a Subsidiary; and

"**Testing Date**" means each day which is: (i) the last day of the Issuer's financial year in any year; or (ii) the last day of each of the first three quarters of the Issuer's financial year in any year.

5. INTEREST

5.1 Interest on Fixed Rate Notes

Each Fixed Rate Note bears interest from (and including) the Interest Commencement Date at the rate(s) per annum equal to the Rate(s) of Interest. Interest will be payable in arrear on the Interest Payment Date(s) in each year up to (and including) the Maturity Date.

If the Notes are in definitive form, except as provided in the applicable Final Terms, the amount of interest payable on each Interest Payment Date in respect of the Fixed Interest Period ending on (but excluding) such date will amount to the Fixed Coupon Amount. Payments of interest on any Interest Payment Date will, if so specified in the applicable Final Terms, amount to the Broken Amount so specified.

As used in the Conditions, "**Fixed Interest Period**" means the period from (and including) an Interest Payment Date (or the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date.

Except in the case of Notes in definitive form where an applicable Fixed Coupon Amount or Broken Amount is specified in the applicable Final Terms, interest shall be calculated in respect of any period by applying the Rate of Interest to:

- (a) in the case of Fixed Rate Notes which are represented by a Global Note, the aggregate outstanding nominal amount of the Fixed Rate Notes represented by such Global Note; or
- (b) in the case of Fixed Rate Notes in definitive form, the Calculation Amount;

and, in each case, multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention. Where the Specified Denomination of a Fixed Rate Note in definitive form is a multiple of the Calculation Amount, the amount of interest payable in respect of such Fixed Rate Note shall be the product of the amount (determined in the manner provided above) for the Calculation Amount and the amount by which the Calculation Amount is multiplied to reach the Specified Denomination, without any further rounding.

In these Conditions:

"**Day Count Fraction**" means, in respect of the calculation of an amount of interest, in accordance with this Condition 5.1:

- (i) if "**Actual/Actual (ICMA)**" is specified in the applicable Final Terms:
 - (A) in the case of Notes where the number of days in the relevant period from (and including) the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to (but excluding) the relevant payment date (the "**Accrual Period**") is equal to or shorter than the Determination Period during which the Accrual Period ends, the number of days in such Accrual Period divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Dates (as specified in the applicable Final Terms) that would occur in one calendar year; or

- (B) in the case of Notes where the Accrual Period is longer than the Determination Period during which the Accrual Period ends, the sum of:
 - (1) the number of days in such Accrual Period falling in the Determination Period in which the Accrual Period begins divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates that would occur in one calendar year; and
 - (2) the number of days in such Accrual Period falling in the next Determination Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates that would occur in one calendar year; and
- (ii) if "30/360" is specified in the applicable Final Terms, the number of days in the period from (and including) the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to (but excluding) the relevant payment date (such number of days being calculated on the basis of a year of 360 days with 12 30-day months) divided by 360.

"**Determination Period**" means each period from (and including) a Determination Date to (but excluding) the next Determination Date (including, where either the Interest Commencement Date or the final Interest Payment Date is not a Determination Date, the period commencing on the first Determination Date prior to, and ending on the first Determination Date falling after, such date); and

"**sub-unit**" means, with respect to any currency other than euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, with respect to euro, one cent.

5.2 Interest on Floating Rate Notes

(a) *Interest Payment Dates*

Each Floating Rate Note bears interest from (and including) the Interest Commencement Date and such interest will be payable in arrear on either:

- (i) the Specified Interest Payment Date(s) in each year specified in the applicable Final Terms; or
- (ii) if no Specified Interest Payment Date(s) is/are specified in the applicable Final Terms, each date (each such date, together with each Specified Interest Payment Date, an "**Interest Payment Date**") which falls the number of months or other period specified as the Specified Period in the applicable Final Terms after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date.

Such interest will be payable in respect of each Interest Period. In these Conditions, "**Interest Period**" means the period from (and including) an Interest Payment Date (or the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date.

If a Business Day Convention is specified in the applicable Final Terms and (x) if there is no numerically corresponding day in the calendar month in which an Interest Payment Date should occur or (y) if any Interest Payment Date would otherwise fall on a day which is not a Business Day, then, if the Business Day Convention specified is:

- (A) in any case where Specified Periods are specified in accordance with Condition 5.2(a)(ii) above, the Floating Rate Convention, such Interest Payment Date (a) in the case of (x) above, shall be the last day that is a Business Day in the relevant month and the provisions of (ii) below shall apply *mutatis mutandis* or (b) in the case of (y) above, shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event (i) such Interest Payment Date shall be brought forward to the immediately preceding Business Day and (ii) each subsequent Interest Payment Date shall be the last

Business Day in the month which falls the Specified Period after the preceding applicable Interest Payment Date occurred; or

- (B) the Following Business Day Convention, such Interest Payment Date shall be postponed to the next day which is a Business Day; or
- (C) the Modified Following Business Day Convention, such Interest Payment Date shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event such Interest Payment Date shall be brought forward to the immediately preceding Business Day; or
- (D) the Preceding Business Day Convention, such Interest Payment Date shall be brought forward to the immediately preceding Business Day.

In these Conditions, "**Business Day**" means:

- (a) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in London and each Additional Business Centre (other than TARGET2 System) specified in the applicable Final Terms;
- (b) if TARGET2 System is specified as an Additional Business Centre in the applicable Final Terms, a day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET2) System (the "**TARGET2 System**") is open; and
- (c) either (1) in relation to any sum payable in a Specified Currency other than euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Specified Currency (which if the Specified Currency is Australian dollars or New Zealand dollars shall be Sydney and Auckland, respectively) or (2) in relation to any sum payable in euro, a day on which the TARGET2 System is open.

(b) **Rate of Interest**

The Rate of Interest payable from time to time in respect of Floating Rate Notes will be determined in the manner specified in the applicable Final Terms.

(i) *ISDA Determination for Floating Rate Notes*

Where ISDA Determination is specified in the applicable Final Terms as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Period will (subject to Condition 5.2(e) below) be the relevant ISDA Rate plus or minus (as indicated in the applicable Final Terms) the Margin (if any). For the purposes of this subparagraph (i), "**ISDA Rate**" for an Interest Period means a rate equal to the Floating Rate that would be determined by the Principal Paying Agent or, in the case of VPS Notes, the Calculation Agent, under an interest rate swap transaction if also acting as Calculation Agent for that swap transaction under the terms of an agreement incorporating the 2006 ISDA Definitions, as published by the International Swaps and Derivatives Association, Inc. and as amended and updated as at the Issue Date of the first Tranche of the Notes (the "**ISDA Definitions**") and under which:

- (A) the Floating Rate Option is as specified in the applicable Final Terms;
- (B) the Designated Maturity is a period specified in the applicable Final Terms; and
- (C) the relevant Reset Date is the day specified in the applicable Final Terms.

For the purposes of this subparagraph (i), "**Floating Rate**", "**Calculation Agent**", "**Floating Rate Option**", "**Designated Maturity**" and "**Reset Date**" have the meanings given to those terms in the ISDA Definitions.

Unless otherwise stated in the applicable Final Terms the Minimum Rate of Interest shall be deemed to be zero.

(ii) *Screen Rate Determination for Floating Rate Notes*

Where Screen Rate Determination is specified in the applicable Final Terms as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Period will, subject as provided below, be either:

- (A) the offered quotation; or
- (B) the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) of the offered quotations,

(expressed as a percentage rate per annum) for the Reference Rate (being either LIBOR, EURIBOR, CIBOR, STIBOR or NIBOR, as specified in the applicable Final Terms) which appears or appear, as the case may be, on the Relevant Screen Page (or such replacement page on that service which displays the information) as at 11.00 a.m. (London time, in the case of LIBOR, Brussels time, in the case of EURIBOR, Copenhagen time, in the case of CIBOR or Stockholm time, in the case of STIBOR) or 12.00 noon (Oslo time, in the case of NIBOR) on the Interest Determination Date in question plus or minus (as indicated in the applicable Final Terms) the Margin (if any), all as determined by the Principal Paying Agent or, in the case of VPS Notes, the Calculation Agent. If five or more of such offered quotations are available on the Relevant Screen Page, the highest (or, if there is more than one such highest quotation, one only of such quotations) and the lowest (or, if there is more than one such lowest quotation, one only of such quotations) shall be disregarded by the Principal Paying Agent for the purpose of determining the arithmetic mean (rounded as provided above) of such offered quotations.

The Agency Agreement contains provisions for determining the Rate of Interest in the event that the Relevant Screen Page is not available or if, in the case of (A) above, no such offered quotation appears or, in the case of (B) above, fewer than three such offered quotations appear, in each case as at the time specified in the preceding paragraph.

(c) *Minimum Rate of Interest and/or Maximum Rate of Interest*

If the applicable Final Terms specifies a Minimum Rate of Interest for any Interest Period, then, in the event that the Rate of Interest in respect of such Interest Period determined in accordance with the provisions of paragraph (b) above is less than such Minimum Rate of Interest, the Rate of Interest for such Interest Period shall be such Minimum Rate of Interest.

If the applicable Final Terms specifies a Maximum Rate of Interest for any Interest Period, then, in the event that the Rate of Interest in respect of such Interest Period determined in accordance with the provisions of paragraph (b) above is greater than such Maximum Rate of Interest, the Rate of Interest for such Interest Period shall be such Maximum Rate of Interest.

(d) *Determination of Rate of Interest and calculation of Interest Amounts*

The Principal Paying Agent, in the case of Floating Rate Notes which are not VPS Notes, and the Calculation Agent, in the case of Floating Rate Notes which are VPS Notes, will at or as soon as practicable after each time at which the Rate of Interest is to be determined, determine the Rate of Interest for the relevant Interest Period.

The Principal Paying Agent or, in the case of Floating Rate Notes which are VPS Notes, the Calculation Agent, will calculate the amount of interest (the "**Interest Amount**") payable on the Floating Rate Notes for the relevant Interest Period by applying the Rate of Interest to:

- (i) in the case of Floating Rate Notes which are represented by a Global Note, the aggregate outstanding nominal amount of the Notes represented by such Global Note; or
- (ii) in the case of Floating Rate Notes in definitive form, the Calculation Amount;

and, in each case, multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention. Where the Specified Denomination of a Floating Rate Note in definitive form is a multiple of the Calculation Amount, the Interest Amount payable in respect of such Note shall be the product of the amount (determined in the manner provided above) for the Calculation Amount and the amount by which the Calculation Amount is multiplied to reach the Specified Denomination without any further rounding.

"**Day Count Fraction**" means, in respect of the calculation of an amount of interest in accordance with this Condition 5.2:

- (i) if "**Actual/Actual (ISDA)**" or "Actual/Actual" is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365 (or, if any portion of that Interest Period falls in a leap year, the sum of (I) the actual number of days in that portion of the Interest Period falling in a leap year divided by 366 and (II) the actual number of days in that portion of the Interest Period falling in a non-leap year divided by 365);
- (ii) if "**Actual/365 (Fixed)**" is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365;
- (iii) if "**Actual/365 (Sterling)**" is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365 or, in the case of an Interest Payment Date falling in a leap year, 366;
- (iv) if "**Actual/360**" is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 360;
- (v) if "**30/360**", "**360/360**" or "**Bond Basis**" is specified in the applicable Final Terms, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

"**Y₁**" is the year, expressed as a number, in which the first day of the Interest Period falls;

"**Y₂**" is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"**M₁**" is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

"**M₂**" is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"D₁" is the first calendar day, expressed as a number, of the Interest Period, unless such number is 31, in which case D₁ will be 30; and

"D₂" is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless such number would be 31 and D₁ is greater than 29, in which case D₂ will be 30;

- (vi) if "**30E/360**" or "**Eurobond Basis**" is specified in the applicable Final Terms, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

"Y₁" is the year, expressed as a number, in which the first day of the Interest Period falls;

"Y₂" is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"M₁" is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

"M₂" is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"D₁" is the first calendar day, expressed as a number, of the Interest Period, unless such number would be 31, in which case D₁ will be 30; and

"D₂" is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless such number would be 31, in which case D₂ will be 30;

- (vii) if "**30E/360 (ISDA)**" is specified in the applicable Final Terms, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

"Y₁" is the year, expressed as a number, in which the first day of the Interest Period falls;

"Y₂" is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"M₁" is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

"M₂" is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"D₁" is the first calendar day, expressed as a number, of the Interest Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case D₁ will be 30; and

"D₂" is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless (i) that day is the last day of February

but not the Maturity Date or (ii) such number would be 31, in which case D_2 will be 30.

(e) ***Linear Interpolation***

Where Linear Interpolation is specified as applicable in respect of an Interest Period in the applicable Final Terms, the Rate of Interest for such Interest Period shall be calculated by the Principal Paying Agent or, in the case of VPS Notes, the Calculation Agent, by straight line linear interpolation by reference to two rates based on the relevant Reference Rate (where Screen Rate Determination is specified as applicable in the applicable Final Terms) or the relevant Floating Rate Option (where ISDA Determination is specified as applicable in the applicable Final Terms), one of which shall be determined as if the Designated Maturity were the period of time for which rates are available next shorter than the length of the relevant Interest Period and the other of which shall be determined as if the Designated Maturity were the period of time for which rates are available next longer than the length of the relevant Interest Period **provided however that** if there is no rate available for a period of time next shorter or, as the case may be, next longer, then the Principal Paying Agent or, in the case of VPS Notes, the Calculation Agent, shall determine such rate at such time and by reference to such sources as it determines appropriate.

"**Designated Maturity**" means, in relation to Screen Rate Determination, the period of time designated in the Reference Rate.

(f) ***Notification of Rate of Interest and Interest Amounts***

The Principal Paying Agent or, in the case of VPS Notes, the Calculation Agent, will cause the Rate of Interest and each Interest Amount for each Interest Period and the relevant Interest Payment Date to be notified to the Issuer, the Trustee and any stock exchange on which the relevant Floating Rate Notes are for the time being listed and, in the case of VPS Notes, the VPS and the VPS Agent and notice thereof to be published in accordance with Condition 14 (*Notices*) as soon as possible after their determination but in no event later than the fourth London Business Day thereafter. Each Interest Amount and Interest Payment Date so notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without prior notice in the event of an extension or shortening of the Interest Period. Any such amendment will promptly be notified to each stock exchange on which the relevant Floating Rate Notes are for the time being listed and to the Noteholders in accordance with Condition 14 (*Notices*). For the purposes of this paragraph 5.2(f), the expression "**London Business Day**" means a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets are open for general business in London. The notification of any rate or amount, if applicable, shall be made to the VPS in accordance with and subject to the VPS rules and regulations for the time being in effect.

(g) ***Certificates to be final***

All certificates, communications, opinions, determinations, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 5.2 by the Principal Paying Agent or, if applicable, the Calculation Agent, shall (in the absence of manifest error) be binding on the Issuer, the Principal Paying Agent, the Calculation Agent (if applicable), the other Agents and all Noteholders and Couponholders and (in the absence of wilful default or gross negligence) no liability to the Issuer, the Noteholders or the Couponholders shall attach to the Principal Paying Agent or, if applicable, the Calculation Agent or the Trustee in connection with the exercise or non exercise by it of its powers, duties and discretions pursuant to such provisions.

5.3 **Accrual of interest**

Each Note (or in the case of the redemption of part only of a Note, that part only of such Note) will cease to bear interest (if any) from the date for its redemption unless payment of principal is

improperly withheld or refused. In such event, interest will continue to accrue until whichever is the earlier of:

- (a) the date on which all amounts due in respect of such Note have been paid; and
- (b) as provided in the Trust Deed.

5.4 **Adjustment of Rate of Interest for Fixed Rate Notes and Floating Rate Notes**

If a Step Up Rating Change and/or Step Down Rating Change is specified as being applicable in the applicable Final Terms, the following terms relating to the Rate of Interest for the Notes shall apply:

- (a) The Rate of Interest payable on the Notes will be subject to adjustment from time to time in the event of a Step Up Rating Change and/or a Step Down Rating Change, as the case may be.
- (b) Subject to Condition 5.4(d) and 5.4(h) below, from and including the first Interest Payment Date falling on or after the date of a Step Up Rating Change, the Rate of Interest (in the case of Fixed Rate Notes) or the Margin (in the case of Floating Rate Notes) payable on the Notes shall be increased by the Step Up Margin.
- (c) Subject to Condition 5.4(d) and 5.4(h) below, in the event of a Step Down Rating Change following a Step Up Rating Change, with effect from and including the first Interest Payment Date falling on or after the date of such Step Down Rating Change, the Rate of Interest (in the case of Fixed Rate Notes) or the Margin (in the case of Floating Rate Notes) payable on the Notes shall be decreased by the Step Up Margin back to the initial Rate of Interest (in the case of Fixed Rate Notes) or the initial Margin (in the case of Floating Rate Notes).
- (d) If a Step Up Rating Change and, subsequently, a Step Down Rating Change occur during the same Fixed Interest Period (in the case of Fixed Rate Notes) or the same Interest Period (in the case of Floating Rate Notes), the Rate of Interest (in the case of Fixed Rate Notes) or the Margin (in the case of Floating Rate Notes) on the Notes shall be neither increased nor decreased as a result of either such event.
- (e) The Issuer shall use all reasonable efforts to maintain credit ratings for its senior unsecured long-term debt from a Rating Agency. If, notwithstanding such reasonable efforts, any Rating Agency fails or ceases to assign a credit rating to the Issuer's senior unsecured long-term debt, the Issuer shall use all reasonable efforts to obtain a credit rating of its senior unsecured long-term debt from a Substitute Rating Agency approved (other than in the case of Moody's or Fitch) by the Trustee in writing (such approval not to be unreasonably withheld or delayed), and references herein to such Rating Agency or the credit ratings thereof, shall be to such Substitute Rating Agency or, as the case may be, the equivalent credit ratings thereof as specified in or determined in accordance with the remainder of this Condition 5.4.
- (f) The Issuer will cause the occurrence of a Step Up Rating Change or a Step Down Rating Change giving rise to an adjustment to the Rate of Interest (in the case of Fixed Rate Notes) or the Margin (in the case of Floating Rate Notes) payable on the Notes pursuant to this Condition 5.4 to be notified to the Trustee and the Principal Paying Agent and, in the case of VPS Notes, the VPS and the VPS Agent and (in accordance with Condition 14 (*Notices*)) the Noteholders as soon as reasonably practicable after the occurrence of such Step Up Rating Change or Step Down Rating Change, but in no event later than the fifth London Business Day thereafter. Such notification, if applicable, shall be made to the VPS in accordance with and subject to the VPS rules and regulations for the time being in effect.
- (g) If the rating designations employed by any Rating Agency are changed from those which are described in this Condition 5.4 or if a rating is procured from a Substitute Rating Agency other than Moody's or Fitch, the Issuer shall determine, with the prior approval of the Trustee (such approval not to be unreasonably withheld or delayed), the rating designations of such Rating Agency or Substitute Rating Agency (as the case may be) as

are most equivalent to the prior rating designations of the existing Rating Agency (or Rating Agencies, as the case may be).

- (h) Notwithstanding any other provision contained herein, there shall be no limit on the number of times that the Rate of Interest may be adjusted pursuant hereto during the term of the Notes **provided that** at no time during the term of the Notes will the Rate of Interest be (i) less than the initial Rate of Interest or (ii) more than the initial Rate of Interest plus the Step Up Margin specified hereon.

Where:

"Rating Agency", **"Fitch"**, **"Moody's"**, **"S&P"** and **"Substitute Rating Agency"** have the meanings given to such terms in Condition 7.6 (*Redemption at the option of the Noteholders upon a Change of Control (Change of Control Put)*);

"Step Down Rating Change" means the first public announcement by S&P and, if applicable, each other Rating Agency appointed by or with the consent of the Issuer, after a Step Up Rating Change, that the credit rating of the Issuer's senior unsecured long-term debt is at least BBB- in the case of S&P and, if applicable, at least Baa3 in the case of Moody's and at least BBB- in the case of Fitch with the result that, following such public announcement, no Rating Agency assigns a credit rating below the aforementioned levels or any equivalent rating. For the avoidance of doubt, any further increase in the credit rating of the Issuer's senior unsecured long-term debt above BBB- in the case of S&P and, if applicable, at least Baa3 in the case of Moody's and at least BBB- in the case of Fitch and in respect of any other Substitute Rating Agency, an equivalent rating or above shall not constitute a further Step Down Rating Change;

"Step Up Margin" means the rate per annum specified in the applicable Final Terms; and

"Step Up Rating Change" means the first public announcement by S&P or, if applicable, any other Rating Agency appointed by or with the consent of the Issuer of a decrease in the credit rating of the Issuer's senior unsecured long-term debt to below BBB- (in the case of S&P) or below Baa3 (in the case of Moody's) or below BBB- (in the case of Fitch). For the avoidance of doubt, any further decrease in the credit rating of the Issuer's senior unsecured long-term debt below BBB- in the case of S&P or, if applicable, below Baa3 in the case of Moody's or below BBB- in the case of Fitch and in respect of any other Substitute Rating Agency, an equivalent rating or below shall not constitute a further Step Up Rating Change.

5.5 Calculation Agent

The Issuer shall procure that there shall at all times be one or more Calculation Agents if provision is made for them in respect of any Notes and for so long as such Note is outstanding. Where more than one Calculation Agent is appointed in respect of any Notes, references in these Conditions to the Calculation Agent shall be construed as each Calculation Agent performing its respective duties under the Conditions. If the Calculation Agent is unable or unwilling to act as such or if the Calculation Agent fails duly to establish the Rate of Interest payable from time to time or to calculate any Interest Amount, Final Redemption Amount or Optional Redemption Amount, as the case may be, or to comply with any other requirement, the Issuer, shall (with prior notification to the Trustee) appoint a leading bank or investment banking firm engaged in the inter-bank market (or, if appropriate, money, swap or over-the-counter index options market) that is most closely connected with the calculation or determination to be made by the Calculation Agent (acting through its principal London office or any other office actively involved in such market) to act as such in its place. The Calculation Agent may not resign its duties without a successor having been appointed as aforesaid.

6. PAYMENTS

6.1 Method of payment

Subject as provided below:

- (a) payments in a Specified Currency other than euro will be made by credit or transfer to an account in the relevant Specified Currency maintained by the payee with a bank in the principal financial centre of the country of such Specified Currency (which, if the Specified Currency is Australian dollars or New Zealand dollars, shall be Sydney and Auckland, respectively); and
- (b) payments will be made in euro by credit or transfer to a euro account (or any other account to which euro may be credited or transferred) specified by the payee.

Payments will be subject in all cases to (i) any fiscal or other laws and regulations applicable thereto in the place of payment, but without prejudice to the provisions of Condition 8 (*Taxation*) and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 (the "**Code**") or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof, or (without prejudice to the provisions of Condition 8 (*Taxation*)) any law implementing an intergovernmental approach thereto.

6.2 Presentation of definitive Bearer Notes and Coupons

Payments of principal in respect of definitive Bearer Notes will (subject as provided below) be made in the manner provided in Condition 6.1 (*Method of Payment*) above only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of definitive Bearer Notes, and payments of interest in respect of definitive Bearer Notes will (subject as provided below) be made as aforesaid only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of Coupons, in each case at the specified office of any Paying Agent outside the United States (which expression, as used herein, means the United States of America (including the States and the District of Columbia and its possessions)).

Fixed Rate Notes in definitive bearer form (other than Long Maturity Notes (as defined below)) should be presented for payment together with all unmatured Coupons appertaining thereto (which expression shall for this purpose include Coupons falling to be issued on exchange of matured Talons), failing which the amount of any missing unmatured Coupon (or, in the case of payment not being made in full, the same proportion of the amount of such missing unmatured Coupon as the sum so paid bears to the sum due) will be deducted from the sum due for payment. Each amount of principal so deducted will be paid in the manner mentioned above against surrender of the relative missing Coupon at any time before the expiry of 10 years after the Relevant Date (as defined in Condition 8 (*Taxation*)) in respect of such principal (whether or not such Coupon would otherwise have become void under Condition 9 (*Prescription*) or, if later, five years from the date on which such Coupon would otherwise have become due, but in no event thereafter).

Upon any Fixed Rate Note in definitive bearer form becoming due and repayable prior to its Maturity Date, all unmatured Talons (if any) appertaining thereto will become void and no further Coupons will be issued in respect thereof.

Upon the date on which any Floating Rate Note or Long Maturity Note in definitive bearer form becomes due and repayable, unmatured Coupons and Talons (if any) relating thereto (whether or not attached) shall become void and no payment or, as the case may be, exchange for further Coupons shall be made in respect thereof. A "**Long Maturity Note**" is a Fixed Rate Note (other than a Fixed Rate Note which on issue had a Talon attached) whose nominal amount on issue is less than the aggregate interest payable thereon **provided that** such Note shall cease to be a Long Maturity Note on the Interest Payment Date on which the aggregate amount of interest remaining to be paid after that date is less than the nominal amount of such Note.

If the due date for redemption of any definitive Bearer Note is not an Interest Payment Date, interest (if any) accrued in respect of such Note from (and including) the preceding Interest Payment Date

or, as the case may be, the Interest Commencement Date shall be payable only against surrender of the relevant definitive Bearer Note.

6.3 **Payments in respect of Bearer Global Notes**

Payments of principal and interest (if any) in respect of Notes represented by any Global Note in bearer form will (subject as provided below) be made in the manner specified above in relation to definitive Bearer Notes or otherwise in the manner specified in the relevant Global Note, where applicable against presentation or surrender, as the case may be, of such Global Note at the specified office of any Paying Agent outside the United States. A record of each payment made, distinguishing between any payment of principal and any payment of interest, will be made either on such Global Note by the Paying Agent to which it was presented or in the records of Euroclear and Clearstream, Luxembourg, as applicable.

6.4 **Payments in respect of Registered Notes**

Payments of principal in respect of each Registered Note (whether or not in global form) will be made against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of the Registered Note at the specified office of the Registrar or any of the Paying Agents. Such payments will be made by transfer to the Designated Account (as defined below) of the holder (or the first named of joint holders) of the Registered Note appearing in the register of holders of the Registered Notes maintained by the Registrar (the "**Register**") (i) where in global form, at the close of the business day (being for this purpose a day on which Euroclear and Clearstream, Luxembourg are open for business) before the relevant due date, and (ii) where in definitive form, at the close of business on the third business day (being for this purpose a day on which banks are open for business in the city where the specified office of the Registrar is located) before the relevant due date. For these purposes, "**Designated Account**" means the account (which, in the case of a payment in Japanese yen to a non resident of Japan, shall be a non resident account) maintained by a holder with a Designated Bank and identified as such in the Register and "**Designated Bank**" means (in the case of payment in a Specified Currency other than euro) a bank in the principal financial centre of the country of such Specified Currency (which, if the Specified Currency is Australian dollars or New Zealand dollars, shall be Sydney and Auckland, respectively) and (in the case of a payment in euro) any bank which processes payments in euro.

Payments of interest in respect of each Registered Note (whether or not in global form) will be made by transfer on the due date to the Designated Account of the holder (or the first named of joint holders) of the Registered Note appearing in the Register (i) where in global form, at the close of the business day (being for this purpose a day on which Euroclear and Clearstream, Luxembourg are open for business) before the relevant due date, and (ii) where in definitive form, at the close of business on the fifteenth day (whether or not such fifteenth day is a business day) before the relevant due date (the "**Record Date**"). Payment of the interest due in respect of each Registered Note on redemption will be made in the same manner as payment of the principal amount of such Registered Note.

No commissions or expenses shall be charged to the holders by the Registrar in respect of any payments of principal or interest in respect of Registered Notes.

None of the Issuer, the Trustee or the Agents will have any responsibility or liability for any aspect of the records relating to, or payments made on account of, beneficial ownership interests in the Registered Global Notes or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

6.5 **Payments in respect of VPS Notes**

Payments of principal and interest in respect of VPS Notes will be made to the Noteholders shown in the records of the VPS in accordance with and subject to the rules and regulations from time to time governing the VPS.

The VPS Agent and any Calculation Agent act solely as agents of the Issuer and do not assume any obligation or relationship of agency or trust for or with any holder of VPS Notes. The Issuer reserves the right at any time, with prior notification to the Trustee, to vary or terminate the

appointment of the VPS Agent or the Calculation Agent and to appoint additional or other agents, **provided that** the Issuer shall at all times maintain (i) a VPS Agent authorised to act as an account operating institution with the VPS, (ii) one or more Calculation Agent(s) where the Conditions so require, and (iii) such other agents as may be required by any stock exchange on which the VPS Notes may be listed. Notice of any such change or of any change of any specified office shall promptly be given to the holders of VPS Notes in accordance with Condition 14 (*Notices*).

6.6 **General provisions applicable to payments**

The holder of a Global Note shall be the only person entitled to receive payments in respect of Notes represented by such Global Note and the Issuer will be discharged by payment to, or to the order of, the holder of such Global Note in respect of each amount so paid. Each of the persons shown in the records of Euroclear or Clearstream, Luxembourg as the beneficial holder of a particular nominal amount of Notes represented by such Global Note must look solely to Euroclear or Clearstream, Luxembourg, as the case may be, for his share of each payment so made by the Issuer to, or to the order of, the holder of such Global Note.

Notwithstanding the foregoing provisions of this Condition 6.6, if any amount of principal and/or interest in respect of Bearer Notes is payable in U.S. dollars, such U.S. dollar payments of principal and/or interest in respect of such Notes will be made at the specified office of a Paying Agent in the United States if:

- (a) the Issuer has appointed Paying Agents with specified offices outside the United States with the reasonable expectation that such Paying Agents would be able to make payment in U.S. dollars at such specified offices outside the United States of the full amount of principal and interest on the Bearer Notes in the manner provided above when due;
- (b) payment of the full amount of such principal and interest at all such specified offices outside the United States is illegal or effectively precluded by exchange controls or other similar restrictions on the full payment or receipt of principal and interest in U.S. dollars; and
- (c) such payment is then permitted under United States law without involving, in the opinion of the Issuer, adverse tax consequences to the Issuer.

6.7 **Payment Day**

If the date for payment of any amount in respect of any Note or Coupon is not a Payment Day, the holder thereof shall not be entitled to payment until the next following Payment Day in the relevant place and shall not be entitled to further interest or other payment in respect of such delay. For these purposes, "**Payment Day**" means any day which (subject to Condition 9 (*Prescription*)) is:

- (a) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits):
 - (i) in the case of Notes in definitive form only, in the relevant place of presentation; and
 - (ii) in each Additional Financial Centre (other than TARGET2 System) specified in the applicable Final Terms;
- (b) if TARGET2 System is specified as an Additional Financial Centre in the applicable Final Terms, a day on which the TARGET2 System is open; and
- (c) either (1) in relation to any sum payable in a Specified Currency other than euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Specified Currency (which if the Specified Currency is Australian dollars or New Zealand dollars shall be Sydney and Auckland, respectively) or (2) in relation to any sum payable in euro, a day on which the TARGET2 System is open.

6.8 Interpretation of principal and interest

Any reference in the Conditions to principal in respect of the Notes shall be deemed to include, as applicable:

- (a) any additional amounts which may be payable with respect to principal under Condition 8 (*Taxation*) or under any undertaking or covenant given in addition thereto, or in substitution therefor, pursuant to the Trust Deed;
- (b) the Final Redemption Amount of the Notes;
- (c) the Early Redemption Amount of the Notes;
- (d) the Optional Redemption Amount(s) (if any) of the Notes;
- (e) the Change of Control Redemption Amount (if any) of the Notes; and
- (f) any premium and any other amounts (other than interest) which may be payable by the Issuer under or in respect of the Notes.

Any reference in the Conditions to interest in respect of the Notes shall be deemed to include, as applicable, any additional amounts which may be payable with respect to interest under Condition 8 (*Taxation*) or under any undertaking or covenant given in addition thereto, or in substitution therefor, pursuant to the Trust Deed.

7. REDEMPTION AND PURCHASE

7.1 Redemption at maturity

Unless previously redeemed or purchased and cancelled as specified below, each Note will be redeemed by the Issuer at its Final Redemption Amount specified in the applicable Final Terms in the relevant Specified Currency on the Maturity Date specified in the applicable Final Terms.

7.2 Redemption for tax reasons

The Notes may be redeemed at the option of the Issuer in whole, but not in part, at any time (if this Note is not a Floating Rate Note) or on any Interest Payment Date (if this Note is a Floating Rate Note), on giving not less than the minimum period nor more than the maximum period of notice each as specified in the applicable Final Terms to the Trustee and the Principal Paying Agent (or, in the case of VPS Notes, the Trustee and the VPS Agent) and, in accordance with Condition 14 (*Notices*), the Noteholders (which notice shall be irrevocable), if the Issuer satisfies the Trustee immediately before the giving of such notice that:

- (a) on the occasion of the next payment due under the Notes, the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 8 (*Taxation*) as a result of any change in, or amendment to, the laws or regulations of a Tax Jurisdiction (as defined in Condition 8 (*Taxation*)) or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the date on which agreement is reached to issue the first Tranche of the Notes; and
- (b) such obligation cannot be avoided by the Issuer taking reasonable measures available to it,

provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such additional amounts were a payment in respect of the Notes then due.

Prior to the publication of any notice of redemption pursuant to this Condition 7.2, the Issuer shall deliver to the Trustee and, in the case of VPS Notes, the VPS Agent, to make available at their specified office to the Noteholders (i) a certificate signed by two Authorised Signatories of the Issuer stating that the Issuer is entitled to effect such redemption and setting forth a statement of

facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred and (ii) an opinion of independent legal advisers of recognised standing to the effect that the Issuer has or will become obliged to pay such additional amounts as a result of such change or amendment. The Trustee shall be entitled to accept the certificate as sufficient evidence of the satisfaction of the conditions precedent set out above, in which event it shall be conclusive and binding on the Noteholders and the Couponholders.

Notes redeemed pursuant to this Condition 7.2 will be redeemed at their Early Redemption Amount referred to in Condition 7.7 (*Early Redemption Amounts*) below together with any interest accrued to (but excluding) the date of redemption.

7.3 **Redemption at the option of the Issuer (Issuer Call)**

If Issuer Call is specified as being applicable in the applicable Final Terms, the Issuer may, having given not less than the minimum period nor more than the maximum period of notice each as specified in applicable Final Terms to the Noteholders in accordance with Condition 14 (*Notices*) (which notice shall be irrevocable and shall specify the date fixed for redemption), redeem all or some only of the Notes then outstanding on any Optional Redemption Date and at the Optional Redemption Amount(s) each as specified in the applicable Final Terms together, if appropriate, with interest accrued to (but excluding) the relevant Optional Redemption Date. Where the Optional Redemption Amount is Spens Amount or Make-whole Amount, any such notice of redemption may, at the Issuer's discretion, be subject to one or more conditions precedent, in which case such notice shall state that, in the Issuer's discretion, the Optional Redemption Date may be delayed until such time as any or all such conditions shall be satisfied (or waived by the Issuer in its sole discretion), or such redemption may not occur and such notice may be rescinded in the event that any or all such conditions shall not have been satisfied (or waived by the Issuer in its sole discretion) by the Optional Redemption Date, or by the Optional Redemption Date so delayed. Any such redemption must be of a nominal amount not less than the Minimum Redemption Amount and not more than the Maximum Redemption Amount, in each case as may be specified in the applicable Final Terms.

The Optional Redemption Amount will either be the specified percentage of the nominal amount of the Notes stated in the applicable Final Terms or, if either Spens Amount or Make-whole Amount is specified in the applicable Final Terms, will be:

- (a) if Spens Amount is specified as being applicable in the applicable Final Terms, the higher of (i) 100 per cent. of the nominal amount outstanding of the Notes to be redeemed and (ii) the nominal amount outstanding of the Notes to be redeemed multiplied by the price, as reported to the Issuer and the Trustee by the Determination Agent, at which the Gross Redemption Yield on such Notes on the Reference Date is equal to the Gross Redemption Yield (determined by reference to the middle market price) at the Quotation Time on the Reference Date of the Reference Bond, plus the Redemption Margin; or
- (b) if Make-whole Amount is specified as applicable in the applicable Final Terms, the higher of (i) 100 per cent. of the nominal amount outstanding of the Notes to be redeemed and (ii) the sum of the present values of the nominal amount outstanding of the Notes to be redeemed and the Remaining Term Interest on such Notes (exclusive of interest accrued to the date of redemption) and such present values shall be calculated by discounting such amounts to the date of redemption on an annual basis (assuming a 360-day year consisting of twelve 30-day months or, in the case of an incomplete month, the number of days elapsed) at the Reference Bond Rate, plus the Redemption Margin, all as determined by the Determination Agent.

In this Condition 7.3:

"DA Selected Bond" means a government security or securities (which if the Specified Currency is euro, will be a German *Bundesobligationen*) selected by the Determination Agent as having an actual or interpolated maturity comparable with the remaining term of the Notes, that would be utilised, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities denominated in the Specified Currency and of a comparable maturity to the remaining term of the Notes;

"Determination Agent" means a leading investment bank or financial institution of international standing selected by the Issuer;

"Gross Redemption Yield" means, with respect to a security, the gross redemption yield on such security, expressed as a percentage and calculated by the Determination Agent on the basis set out by the United Kingdom Debt Management Office in the paper "Formulae for Calculating Gilt Prices from Yields", page 4, Section One: Price/Yield Formulae "Conventional Gilts"; "Double dated and Undated Gilts with Assumed (or Actual) Redemption on a Quasi-Coupon Date" (published 8 June 1998, as amended or updated from time to time) on a semi-annual compounding basis (converted to an annualised yield and rounded up (if necessary) to four decimal places) or, if such formula does not reflect generally accepted market practice at the time of redemption, a gross redemption yield calculated in accordance with generally accepted market practice at such time as determined by the Determination Agent;

"Quotation Time" shall be as set out in the applicable Final Terms;

"Redemption Margin" shall be as set out in the applicable Final Terms;

"Reference Bond" shall be as set out in the applicable Final Terms or the DA Selected Bond;

"Reference Bond Price" means, with respect to any date of redemption, (a) the arithmetic average of the Reference Government Bond Dealer Quotations for such date of redemption, after excluding the highest and lowest such Reference Government Bond Dealer Quotations, or (b) if the Determination Agent obtains fewer than four such Reference Government Bond Dealer Quotations, the arithmetic average of all such quotations;

"Reference Bond Rate" means, with respect to any date of redemption, the rate per annum equal to the annual or semi-annual yield (as the case may be) to maturity or interpolated yield to maturity (on the relevant day count basis) of the Reference Bond, assuming a price for the Reference Bond (expressed as a percentage of its nominal amount) equal to the Reference Bond Price for such date of redemption;

"Reference Date" will be set out in the relevant notice of redemption;

"Reference Government Bond Dealer" means each of five banks selected by the Issuer, or their affiliates, which are (A) primary government securities dealers, and their respective successors, or (B) market makers in pricing corporate bond issues;

"Reference Government Bond Dealer Quotations" means, with respect to each Reference Government Bond Dealer and any date of redemption, the arithmetic average, as determined by the Determination Agent, of the bid and offered prices for the Reference Bond (expressed in each case as a percentage of its nominal amount) at the Quotation Time on the Reference Date quoted in writing to the Determination Agent by such Reference Government Bond Dealer; and

"Remaining Term Interest" means, with respect to any Note, the aggregate amount of scheduled payment(s) of interest on such Note for the remaining term to maturity of such Note (or, if Issuer Par Call is specified as being applicable in the applicable Final Terms, the remaining term up to the Par Call Period Commencement Date as specified in the applicable Final Terms) determined on the basis of the rate of interest applicable to such Note from and including the date on which such Note is to be redeemed by the Issuer pursuant to this Condition 7.3.

In the case of a partial redemption of Notes, the Notes to be redeemed ("**Redeemed Notes**") will (i) in the case of Redeemed Notes represented by definitive Notes, be selected individually by lot, not more than 30 days prior to the date fixed for redemption and (ii) in the case of Redeemed Notes represented by a Global Note, be selected in accordance with the rules of Euroclear and/or Clearstream, Luxembourg, (to be reflected in the records of Euroclear and Clearstream, Luxembourg as either a pool factor or a reduction in nominal amount, at their discretion). In the case of Redeemed Notes represented by definitive Notes, a list of the serial numbers of such Redeemed Notes will be published in accordance with Condition 14 (*Notices*) not less than 15 days prior to the date fixed for redemption.

7.4 **Redemption at the option of the Issuer (Issuer Par Call)**

If Issuer Par Call is specified as being applicable in the applicable Final Terms, the Issuer may, having given not less than the minimum period nor more than the maximum period of notice specified in applicable Final Terms to the Noteholders in accordance with Condition 14 (*Notices*) (which notice shall be irrevocable and specify the date fixed for redemption), redeem the Notes then outstanding in whole, but not in part, at any time during the Par Call Period specified as being applicable in the applicable Final Terms, at the Final Redemption Amount specified in the applicable Final Terms, together (if appropriate) with interest accrued but unpaid to (but excluding) the date fixed for redemption.

7.5 **Redemption at the option of the Noteholders (Investor Put)**

If Investor Put is specified as being applicable in the applicable Final Terms, upon the holder of any Note giving to the Issuer in accordance with Condition 14 (*Notices*) not less than the minimum period nor more than the maximum period of notice specified in the applicable Final Terms, the Issuer will, upon the expiry of such notice, redeem such Note on the Optional Redemption Date and at the Optional Redemption Amount together, if appropriate, with interest accrued to (but excluding) the Optional Redemption Date.

To exercise the right to require redemption of this Note the holder of this Note must, if this Note is in definitive form and held outside Euroclear and Clearstream, Luxembourg, deliver, at the specified office of any Paying Agent (in the case of Bearer Notes) or the Registrar (in the case of Registered Notes) at any time during normal business hours of such Paying Agent or, as the case may be, the Registrar falling within the notice period, a duly completed and signed notice of exercise in the form (for the time being current) obtainable from any specified office of any Paying Agent or, as the case may be, the Registrar (a "**Put Notice**") and in which the holder must specify a bank account to which payment is to be made under this Condition 7.5 and, in the case of Registered Notes, the nominal amount thereof to be redeemed and, if less than the full nominal amount of the Registered Notes so surrendered is to be redeemed, an address to which a new Registered Note in respect of the balance of such Registered Notes is to be sent subject to and in accordance with the provisions of Condition 2.3 (*Transfers of Registered Notes in definitive form*). If this Note is in definitive bearer form, the Put Notice must be accompanied by this Note or evidence satisfactory to the Paying Agent concerned that this Note will, following delivery of the Put Notice, be held to its order or under its control.

If this Note is represented by a Global Note or is in definitive form and held through Euroclear or Clearstream, Luxembourg, to exercise the right to require redemption of this Note the holder of this Note must, within the notice period, give notice to the Principal Paying Agent of such exercise in accordance with the standard procedures of Euroclear and Clearstream, Luxembourg (which may include notice being given on his instruction by Euroclear, Clearstream, Luxembourg, or any common depositary or common safekeeper, as the case may be for them to the Principal Paying Agent (in the case of Bearer Notes) or the Registrar (in the case of Registered Notes) by electronic means) in a form acceptable to Euroclear and Clearstream, Luxembourg from time to time.

If this Note is a VPS Note, to exercise the right to require redemption of the VPS Notes, the holder of the VPS Notes, must, within the notice period, give notice to the VPS Agent of such exercise in accordance with the standard procedures of the VPS from time to time.

Any Put Notice or other notice given in accordance with the standard procedures of Euroclear and Clearstream, Luxembourg by a holder of any Note pursuant to this Condition 7.5 shall be irrevocable except where, prior to the due date of redemption, an Event of Default has occurred and the Trustee has declared the Notes to be due and payable pursuant to Condition 10 (*Events of Default and Enforcement*), in which event such holder, at its option, may elect by notice to the Issuer to withdraw the notice given pursuant to this Condition 7.5 and instead to declare such Note forthwith due and payable pursuant to Condition 10 (*Events of Default and Enforcement*).

7.6 **Redemption at the option of the Noteholders upon a Change of Control (Change of Control Put)**

If a Change of Control Put is specified in the applicable Final Terms, upon the occurrence of a Change of Control Put Event (as defined below), each Noteholder will have the option (the "**Change of Control Put Option**") to require the Issuer to redeem or, at the Issuer's option, purchase (or procure the purchase of) that Noteholder's Notes on the Change of Control Put Date (as defined below) at the Change of Control Redemption Amount together with interest accrued to but excluding the date of redemption or purchase.

Promptly upon the Issuer becoming aware that a Change of Control Put Event has occurred and, in any event, within 5 days of the Issuer becoming aware that such Change of Control Put Event has occurred, the Issuer shall, and at any time upon the Trustee becoming so aware (the Issuer having failed to do so) the Trustee may, and, if so requested by the holders of at least one-fifth in principal amount of the Notes then outstanding, shall, (subject in each case to being indemnified and/or secured and/or prefunded to its satisfaction) give notice (a "**Change of Control Put Event Notice**") to the Noteholders in accordance with Condition 14 (*Notices*) specifying the nature of the Change of Control Put Event and the procedure for exercising the Change of Control Put Option.

To exercise the Change of Control Put Option, the holder of this Note must, if this Note is in definitive form and held outside Euroclear and Clearstream, Luxembourg, deliver, at the specified office of any Paying Agent (in the case of Bearer Notes) or the Registrar in the case of Registered Notes) at any time during normal business hours of such Paying Agent or, as the case may be, the Registrar, on any Payment Day (as defined in Condition 6.7 (*Payment Day*)) at the place of such specified office falling within the Change of Control Put Period (as defined below), a duly signed and completed notice of exercise in the form (for the time being current obtainable from any specified office of any Paying Agent or, as the case may be, the Registrar (a "**Change of Control Put Exercise Notice**") and in which the holder must specify a bank account (or, if payment is to be made by cheque, an address) to which payment is to be made under this Condition 7.6 and, in the case of Registered Notes, the nominal amount thereof to be redeemed and, if less than the full nominal amount of the Registered Notes so surrendered is to be redeemed, an address to which a new Registered Note in respect of the balance of such Registered Notes is to be sent subject to and in accordance with the provisions of Condition 2.3 (*Transfers of Registered Notes in definitive form*). If this Note is in definitive bearer form, the Change of Control Put Exercise Notice must be accompanied by this Note or evidence satisfactory to the Paying Agent concerned that this Note will, following the delivery of the Change of Control Put Exercise Notice, be held to its order or under its control.

If this Note is represented by a Global Note or is in definitive form and held through Euroclear or Clearstream, Luxembourg, to exercise the right to require redemption or, as the case may be, purchase of this Note under this Condition 7.6 the holder of this Note must, within the Change of Control Put Period, give notice to the Principal Paying Agent (in the case of Bearer Notes) or the Registrar (in the case of Registered Notes) of such exercise in accordance with the standard procedures of Euroclear and/or Clearstream, Luxembourg (which may include notice being given on his instruction by Euroclear and/or Clearstream, Luxembourg or any common depositary or common safekeeper, as the case may be, for them to the Principal Paying Agent (in the case of Bearer Notes) or the Registrar (in the case of Registered Notes) by electronic means) in a form acceptable to Euroclear and/or Clearstream, Luxembourg from time to time.

If this Note is a VPS Note, to exercise the right to require redemption or, as the case may be, purchase of a Note under this Condition 7.6, the holder of the VPS Note must, within the Change of Control Put Period, give notice to the VPS Agent of such exercise in accordance with the standard procedures of the VPS from time to time.

A Change of Control Put Exercise Notice given by a holder of any Note shall be irrevocable except where, prior to the due date of redemption or purchase, an Event of Default has occurred and the Trustee has declared the Notes to be due and payable pursuant to Condition 10 (*Events of Default and Enforcement*), in which event such holder, at its option, may elect by notice to the Issuer to withdraw the Change of Control Put Exercise Notice given pursuant to this Condition 7.6 and instead treat its Notes as being forthwith due and payable pursuant to Condition 10 (*Events of Default and Enforcement*).

Any Note which is the subject of a Change of Control Put Exercise Notice which has been delivered as described above prior to the expiry of the Change of Control Put Period shall be redeemed or, as the case may be, purchased by (or on behalf of) the Issuer on the date which is the seventh Business Day as defined in Condition 5.2(a) (*Interest Payment Dates*) immediately following the last day of the Change of Control Put Period (the "**Change of Control Put Date**").

The Trustee shall not be required to take any steps to ascertain whether a Change of Control Put Event or Change of Control or any event which could lead to the occurrence of, or could constitute, a Change of Control Put Event or Change of Control has occurred and, until it shall have received notice thereof pursuant to the Trust Deed to the contrary, the Trustee may assume that no Change of Control Put Event or Change of Control or other such event has occurred.

In these Conditions:

a "**Change of Control Put Event**" will be deemed to occur if:

- (a) any Person or any Persons acting in concert (other than Heimstaden AB (publ) or Alecta pensionsförsäkring ömsesidigt) shall acquire: (A) shares in the issued or allotted share capital of the Issuer carrying more than 50 per cent. of the voting rights normally exercisable at a general meeting of the Issuer; or (B) the power to appoint or remove the majority of the members of the board of directors of the Issuer (each such event being, a "**Change of Control**"); and
 - (b) on the date (the "**Relevant Announcement Date**") that is the earlier of (1) the date of the earliest Potential Change of Control Announcement (as defined below) (if any) and (2) the date of the first public announcement of the relevant Change of Control, the Notes carry:
 - (i) an investment grade credit rating (*Baa3/BBB-/BBB-, or equivalent, or better*) (an "**Investment Grade Rating**") from any Rating Agency (provided by such Rating Agency at the invitation or with the consent of the Issuer) and, within the Change of Control Period, any such Rating Agency downgrades its rating of the Notes to a non-investment grade credit rating (*Ba1/BB+/BB+ or equivalent, or worse*) or withdraws its rating of the Notes and such rating is not within the Change of Control Period (in the case of a downgrade) upgraded or (in the case of a withdrawal) reinstated to an Investment Grade Rating by such Rating Agency; or
 - (ii) a non-investment grade credit rating (*Ba1/BB+/BB+ or equivalent or worse*) from any Rating Agency (provided by such Rating Agency at the invitation or with the consent of the Issuer) and such rating from any Rating Agency is within the Change of Control Period downgraded by one or more notches (*for illustration, Ba1/BB+/BB+ to Ba2/BB/BB being one notch*) or withdrawn and is not within the Change of Control Period subsequently (in the case of a downgrade) upgraded or (in the case of a withdrawal) reinstated to its earlier credit rating or better by such Rating Agency; or
 - (iii) no credit rating from any Rating Agency and a Negative Rating Event also occurs within the Change of Control Period,
- and
- (c) in making the relevant decision(s) referred to above, the relevant Rating Agency announces publicly or confirms in writing to the Issuer or the Trustee that such downgrading and/or withdrawal resulted, directly or indirectly, from the Change of Control or the Potential Change of Control Announcement (whether or not the Change of Control shall have occurred at the time such rating is downgraded and/or withdrawn). Upon receipt by the Issuer or the Trustee of any such written confirmation, the Issuer shall forthwith give notice of such written confirmation to the Noteholders in accordance with Condition 14 (*Notices*)

If the rating designations employed by S&P, Moody's or Fitch are changed from those which are described in paragraph (b) of the definition of "Change of Control Put Event" above, or if a rating

is procured from a Substitute Rating Agency, the Issuer shall determine the rating designations of S&P, Moody's or Fitch or such Substitute Rating Agency (as appropriate) as are most equivalent to the prior rating designations of S&P, Moody's or Fitch and this Condition 7.6 shall be construed accordingly.

"Change of Control Period" means the period commencing on the Relevant Announcement Date and ending 120 days after the occurrence of the Change of Control or, where a Rating Agency has publicly announced that the Notes are under consideration for rating review or, as the case may be, rating (such public announcement being within the period ending 120 days after the Change of Control), the later of (i) such 120th day after the Change of Control and (ii) the date falling 60 days after such public announcement;

"Change of Control Put Period" means the period from, and including, the date of a Change of Control Put Event Notice to, but excluding, the 45th day following the date of the Change of Control Put Event Notice or, if earlier, the eighth day immediately preceding the Maturity Date;

"Fitch" means Fitch Ratings Limited;

"Moody's" means Moody's Investors Services Limited;

"Negative Rating Event" shall be deemed to have occurred if (i) the Issuer does not, prior to or not later than 21 days after the occurrence of the relevant Change of Control, seek, and thereafter throughout the Change of Control Period use all reasonable endeavours to obtain, a rating of the Notes or (ii) if the Issuer does so seek and use all such reasonable endeavours, it is unable to obtain such rating of at least investment grade (*Baa3/BBB-/BBB- or equivalent or better*) by the end of the Change of Control Period and the relevant Rating Agency announces publicly or confirms in writing to the Issuer or the Trustee that the failure to issue a rating of at least investment grade (*Baa3/BBB-/BBB- or equivalent or better*) was as a result, directly or indirectly, of the Change of Control or the Potential Change of Control Announcement (whether or not the Change of Control had occurred at such time);

"Potential Change of Control Announcement" means any public announcement or statement by or on behalf of the Issuer, any actual or potential bidder or any adviser acting on behalf of any actual or potential bidder relating to any potential Change of Control where within 180 days following the date of such announcement or statement, a Change of Control occurs; and

"Rating Agency" means S&P, Moody's or Fitch or any of their respective successors or any other rating agency (a **"Substitute Rating Agency"**) of equivalent international standing specified by the Issuer from time to time and approved by the Trustee in writing; and

"S&P" and **"Standard & Poor's"** means S&P Global Ratings Europe Limited.

7.7 **Early Redemption Amounts**

For the purpose of Condition 7.2 (*Redemption for tax reasons*) and Condition 10 (*Events of Default and Enforcement*):

- (a) each Note (other than a Zero Coupon Note) will be redeemed at its Early Redemption Amount as specified in the applicable Final Terms; or
- (b) each Zero Coupon Note will be redeemed at its Early Redemption Amount being an amount calculated in accordance with the following formula:

$$\text{Early Redemption Amount} = RP \times (1 + AY)^Y$$

where:

"RP" means the Reference Price;

"AY" means the Accrual Yield (as specified in the applicable Final Terms) expressed as a decimal; and

"y" is the Day Count Fraction specified in the applicable Final Terms which will be either (i) 30/360 (in which case the numerator will be equal to the number of days (calculated on the basis of a 360-day year consisting of 12 months of 30 days each) from (and including) the Issue Date of the first Tranche of the Notes to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such Note becomes due and repayable and the denominator will be 360) or (ii) Actual/360 (in which case the numerator will be equal to the actual number of days from (and including) the Issue Date of the first Tranche of the Notes to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such Note becomes due and repayable and the denominator will be 360) or (iii) Actual/365 (in which case the numerator will be equal to the actual number of days from (and including) the Issue Date of the first Tranche of the Notes to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such Note becomes due and repayable and the denominator will be 365).

7.8 Purchases

The Issuer, or any Subsidiary of the Issuer may at any time purchase Notes (**provided that**, in the case of definitive Bearer Notes, all unmatured Coupons and Talons appertaining thereto are purchased therewith) at any price in the open market or otherwise. Such Notes may be held, reissued, resold or, at the option of the Issuer (in the case of Notes other than VPS Notes), surrendered to any Paying Agent and/or the Registrar for cancellation or, in the case of VPS Notes, cancelled by causing such VPS Notes to be deleted from the records of the VPS.

7.9 Cancellation

All Notes which are redeemed will forthwith be cancelled (together with all unmatured Coupons and Talons attached thereto or surrendered therewith at the time of redemption). All Notes so cancelled and any Notes purchased and cancelled pursuant to Condition 7.8 (*Purchases*) above (together with all unmatured Coupons and Talons cancelled therewith) shall be forwarded to the Principal Paying Agent or, in the case of VPS Notes, shall be deleted from the records of the VPS, and in each case cannot be reissued or resold.

7.10 Late payment on Zero Coupon Notes

If the amount payable in respect of any Zero Coupon Note upon redemption of such Zero Coupon Note pursuant to Condition 7.1 (*Redemption at maturity*), 7.2 (*Redemption for tax reasons*), 7.3 (*Redemption at the option of the Issuer (Issuer Call)*) or 7.4 (*Redemption at the option of the Issuer (Issuer Par Call)*) above or upon its becoming due and repayable as provided in Condition 10 (*Events of Default and Enforcement*) is improperly withheld or refused, the amount due and repayable in respect of such Zero Coupon Note shall be the amount calculated as provided in Condition 7.7(b) as though the references therein to the date fixed for the redemption or the date upon which such Zero Coupon Note becomes due and payable were replaced by references to the date which is the earlier of:

- (a) the date on which all amounts due in respect of such Zero Coupon Note have been paid; and
- (b) five days after the date on which the full amount of the moneys payable in respect of such Zero Coupon Notes has been received by the Trustee or the Principal Paying Agent or the Registrar or, in the case of VPS Notes, the VPS and notice to that effect has been given to the Noteholders in accordance with Condition 14 (*Notices*).

8. TAXATION

8.1 Taxation provisions applicable to Notes other than VPS Notes

All payments of principal and interest in respect of the Notes (other than VPS Notes) and Coupons by or on behalf of the Issuer will be made without withholding or deduction for or on account of any present or future taxes or duties of whatever nature imposed or levied by or on behalf of any Tax Jurisdiction unless such withholding or deduction is required by law. In such event, the Issuer will pay such additional amounts as shall be necessary in order that the net amounts received by the holders of the Notes (other than VPS Notes) or Coupons after such withholding or deduction

shall equal the respective amounts of principal and interest which would otherwise have been receivable in respect of the Notes (other than VPS Notes) or Coupons, as the case may be, in the absence of such withholding or deduction; except that no such additional amounts shall be payable with respect to any Note (other than a VPS Note) or Coupon:

- (a) presented for payment in the Kingdom of Sweden; or
- (b) the holder of which is liable for such taxes or duties in respect of such Note (other than a VPS Note) or Coupon by reason of his having some connection with a Tax Jurisdiction other than the mere holding of such Note (other than a VPS Note) or Coupon; or
- (c) presented for payment more than 30 days after the Relevant Date (as defined below) except to the extent that the holder thereof would have been entitled to an additional amount on presenting the same for payment on such thirtieth day assuming that day to have been a Payment Day (as defined in Condition 6.7 (*Payment Day*)).

8.2 Taxation provisions applicable to VPS Notes

All payments of principal and interest in respect of the VPS Notes by the Issuer shall be made without withholding or deduction for or on account of any present or future taxes or duties of whatever nature imposed or levied by or on behalf of any Tax Jurisdiction unless such withholding or deduction is required by law. In such event, the Issuer will pay such additional amounts as shall be necessary in order that the net amounts received by the holders of the VPS Notes after such withholding or deduction shall equal the respective amounts of principal and interest which would otherwise have been receivable in respect of the VPS Notes in the absence of such withholding or deduction; except that no such additional amounts shall be payable with respect to any VPS Note the holder of which is liable for such taxes or duties in respect of such VPS Note by reason of his having some connection with a Tax Jurisdiction other than the mere holding of such VPS Note.

8.3 As used in these Conditions:

- (i) "**Tax Jurisdiction**" means the Kingdom of Sweden (or any political subdivision or any authority thereof or therein having power to tax) or any other jurisdiction (or any political subdivision or any authority thereof or therein having power to tax) to which payments made by the Issuer of principal and interest on the Notes become generally subject; and
- (ii) the "**Relevant Date**" means the date on which such payment first becomes due, except that, if the full amount of the moneys payable has not been duly received by the Trustee or the Principal Paying Agent or the Registrar (or, in the case of VPS Notes, the VPS Agent), as the case may be, on or prior to such due date, it means the date on which, the full amount of such moneys having been so received, notice to that effect is duly given to the Noteholders in accordance with Condition 14 (*Notices*).

9. PRESCRIPTION

The Notes (whether in bearer or registered form) and Coupons will become void unless claims in respect of principal and/or interest are made within a period of 10 years (in the case of principal) and five years (in the case of interest) after the Relevant Date (as defined in Condition 8 (*Taxation*)) therefor.

There shall not be included in any Coupon sheet issued on exchange of a Talon any Coupon the claim for payment in respect of which would be void pursuant to this Condition 9 or Condition 6.2 (*Presentation of definitive Bearer Notes and Coupons*) or any Talon which would be void pursuant to Condition 6.2 (*Presentation of definitive Bearer Notes and Coupons*).

10. EVENTS OF DEFAULT AND ENFORCEMENT

10.1 Events of Default

The Trustee at its discretion may, and if so requested in writing by the holders of at least one-fifth in nominal amount of the Notes then outstanding or if so directed by an Extraordinary Resolution shall (subject in each case to being indemnified and/or secured and/or pre-funded to its

satisfaction), (but in the case of the happening of any of the events described in paragraphs 10.1(b) to 10.1(e) (other than the winding up or dissolution of the Issuer) and 10.1(f) to (h) inclusive below, only if the Trustee shall have certified in writing to the Issuer that such event is, in its opinion, materially prejudicial to the interests of the Noteholders), give notice in writing to the Issuer that each Note is, and each Note shall thereupon immediately become, due and repayable at its Early Redemption Amount together with accrued interest as provided in the Trust Deed if any of the following events (each an "**Event of Default**") occurs and is continuing:

- (a) if default is made in the payment in the Specified Currency of any principal or interest due in respect of the Notes or any of them and the default continues for a period of seven days in the case of principal and 14 days in the case of interest; or
- (b) if the Issuer fails to maintain the Consolidated Coverage Ratio in accordance with Condition 4.2(b) (*Financial Covenants – Maintenance of Consolidated Coverage Ratio*) and such breach continues for 90 days;
- (c) if the Issuer fails to perform or observe any of its other obligations under these Conditions or the Trust Deed and (except in any case where, in the opinion of the Trustee, the failure is incapable of remedy when no such continuation or notice as is hereinafter mentioned will be required) the failure continues unremedied for the period of 30 days or such longer period as the Trustee may agree after the service by the Trustee on the Issuer of written notice requiring the same to be remedied; or
- (d) if (i) any Financial Indebtedness of the Issuer or any of its Subsidiaries becomes due and repayable prior to its stated maturity by reason of an event of default (however described); (ii) the Issuer or any of its Subsidiaries fails to make any payment in respect of any Financial Indebtedness on the due date for payment (as extended by any originally applicable grace period); (iii) any security given by the Issuer or any of its Subsidiaries for any Financial Indebtedness becomes enforceable and steps are taken to enforce the same; or (iv) default is made by the Issuer or any of its Subsidiaries in making any payment due under any guarantee and/or indemnity given by it in relation to any Financial Indebtedness of any other person; **provided that** no event described in this subparagraph 10.1(d) shall constitute an Event of Default unless the relevant amount of Financial Indebtedness or other relative liability due and unpaid, either alone or when aggregated (without duplication) with other amounts of Financial Indebtedness and/or other liabilities due and unpaid relative to all (if any) other events specified in (i) to (iv) above, amounts to at least 1 per cent. of the Consolidated Total Assets; or
- (e) if any order is made by any competent court or resolution passed for the winding up or dissolution of the Issuer or any of its Material Subsidiaries, save for the purposes of reorganisation, amalgamation, adjustment or restructuring of the Group whilst solvent on terms previously approved in writing by the Trustee or by an Extraordinary Resolution; or
- (f) if the Issuer or any of its Material Subsidiaries ceases or threatens to cease to carry on the whole or a substantial part of its business, save for the purposes of any reorganisation, amalgamation, adjustment or restructuring of the Group whilst solvent or on terms previously approved in writing by the Trustee or by an Extraordinary Resolution, or the Issuer or any of its Material Subsidiaries becomes insolvent or is unable to, or admits inability to, pay, its debts (or any class of its debts) as they fall due, or is deemed unable to pay its debts pursuant to or for the purposes of any applicable law, or is adjudicated or found bankrupt or insolvent; or
- (g) if (i) proceedings are initiated against the Issuer or any of its Material Subsidiaries under any applicable liquidation, insolvency, composition, reorganisation or other similar laws, or an application is made (or documents filed with a court) for the appointment of an administrative or other receiver, manager, administrator or other similar official, or an administrative or other receiver, manager, administrator or other similar official is appointed, in relation to the Issuer or any of its Material Subsidiaries or, as the case may be, in relation to the whole or any part of the undertaking or assets of any of them, or an encumbrancer takes possession of the whole or any part of the undertaking or assets of any of them, or a distress, execution, attachment, sequestration or other process is levied,

enforced upon, sued out or put in force against the whole or any part of the undertaking or assets of any of them and (ii) in any case (other than the appointment of an administrator) is not discharged within 60 days; or

- (h) if the Issuer or any of its Material Subsidiaries (or their respective directors or shareholders) initiates or consents to judicial proceedings relating to itself under any applicable liquidation, insolvency, composition, reorganisation or other similar laws (including the obtaining of a moratorium) or makes a conveyance or assignment for the benefit of, or enters into any composition or other arrangement with, its creditors generally (or any class of its creditors) or any meeting is convened to consider a proposal for an arrangement or composition with its creditors generally (or any class of its creditors); or
- (i) if any event occurs which, under the laws of any relevant jurisdiction, has or may have, in the Trustee's opinion, an analogous effect to any of the events referred to in paragraphs (e) to (h) above.

"**continuing**" for the purposes of this Condition 10 is an Event of Default that has not been waived or remedied;

10.2 **Enforcement**

The Trustee may at any time, at its discretion and without notice, take such proceedings against the Issuer as it may think fit to enforce the provisions of the Trust Deed, the Notes and/or the Coupons, but it shall not be bound to take any such proceedings or any other action in relation to the Trust Deed, the Notes or the Coupons unless (a) it shall have been so directed by an Extraordinary Resolution or so requested in writing by the holders of at least one-fifth in nominal amount of the Notes then outstanding and (b) it shall have been indemnified and/or secured and/or pre-funded to its satisfaction.

No Noteholder or Couponholder shall be entitled to proceed directly against the Issuer unless the Trustee, having become bound so to proceed (i) fails so to do within a reasonable period, or (ii) is unable for any reason to do so and the failure or inability shall be continuing.

10.3 **Definitions**

For the purposes of the Conditions:

"**Material Subsidiary**" means, at any particular time, a Subsidiary of the Issuer:

- (a) whose total assets (consolidated in the case of a Subsidiary which itself has Subsidiaries) or whose rental revenue (consolidated in the case of a Subsidiary which itself has Subsidiaries) represent in each case not less than 5 per cent. of the consolidated total assets or, as the case may be, consolidated rental revenue of the Group, all as calculated respectively by reference to the then latest audited financial statements (consolidated or, as the case may be, unconsolidated) of such Subsidiary and the then latest audited consolidated financial statements of the Group, **provided that** in the case of a Subsidiary of the Issuer acquired after the end of the financial period to which the then latest audited consolidated financial statements of the Group relate, the reference to the then latest audited consolidated financial statements of the Group for the purposes of the calculation above shall, until consolidated financial statements for the financial period in which the acquisition is made have been prepared and audited as aforesaid, be deemed to be a reference to such first-mentioned financial statements as if such Subsidiary had been shown in such accounts by reference to its then latest relevant audited financial statements, adjusted as deemed appropriate by the Issuer;
- (b) to which is transferred the whole or substantially the whole of the undertaking and assets of a Subsidiary of the Issuer which immediately prior to such transfer is a Material Subsidiary pursuant to (a) above, **provided that** the transferor Subsidiary shall upon such transfer forthwith cease to be a Material Subsidiary and the transferee Subsidiary shall cease to be a Material Subsidiary pursuant to this subparagraph (b) on the date on which the consolidated financial statements of the Group for the financial period current at the date of such transfer have been prepared and audited as aforesaid but so that such

transferor Subsidiary or such transferee Subsidiary may be a Material Subsidiary on or at any time after the date on which such consolidated financial statements have been prepared and audited as aforesaid by virtue of the provisions of subparagraph (a) above or, prior to or after such date, by virtue of any other applicable provision of this definition; or

- (c) to which is transferred an undertaking or assets which, taken together with the undertaking or assets of the transferee Subsidiary, generated (or, in the case of the transferee Subsidiary being acquired after the end of the financial period to which the then latest audited consolidated financial statements of the Group relate, generate rental revenue equal to) not less than 5 per cent. of the consolidated rental revenue, or represent (or, in the case aforesaid, are equal to) not less than 5 per cent. of the consolidated total assets, of the Group, all as calculated as referred to in subparagraph (a) above, **provided that** the transferor Subsidiary (if a Material Subsidiary) shall upon such transfer forthwith cease to be a Material Subsidiary unless immediately following such transfer its undertaking and assets generate (or, in the case aforesaid, generate rental revenue equal to) not less than 5 per cent. of the consolidated rental revenue, or its assets represent (or, in the case aforesaid, are equal to) not less than 5 per cent. of the consolidated total assets, of the Group, all as calculated as referred to in subparagraph (a) above, and the transferee Subsidiary shall cease to be a Material Subsidiary pursuant to this subparagraph (c) on the date on which the consolidated financial statements of the Group for the financial period current at the date of such transfer have been prepared and audited but so that such transferor Subsidiary or such transferee Subsidiary may be a Material Subsidiary on or at any time after the date on which such consolidated accounts have been prepared and audited as aforesaid by virtue of the provisions of subparagraph (a) above or, prior to or after such date, by virtue of any other applicable provision of this definition,

all as more particularly defined in the Trust Deed.

A report by two Authorised Signatories of the Issuer (whether or not addressed to the Trustee) that in their opinion a Subsidiary of the Issuer is or is not or was or was not at any particular time or throughout any specified period a Material Subsidiary may be relied upon by the Trustee without further enquiry or evidence and, if relied upon by the Trustee, shall, in the absence of manifest error, be conclusive and binding on all parties.

11. **REPLACEMENT OF NOTES, COUPONS AND TALONS**

Should any Note, Coupon or Talon be lost, stolen, mutilated, defaced or destroyed, it may be replaced at the specified office of the Principal Paying Agent (in the case of Bearer Notes or Coupons) or the Registrar (in the case of Registered Notes) upon payment by the claimant of such costs and expenses as may be incurred in connection therewith and on such terms as to evidence and indemnity as the Issuer may reasonably require. Mutilated or defaced Notes, Coupons or Talons must be surrendered before replacements will be issued.

12. **AGENTS**

The initial Agents are set out above. If any additional Paying Agents are appointed in connection with any Series, the names of such Paying Agents will be specified in Part B of the applicable Final Terms.

The Issuer is entitled, with the prior written approval of the Trustee, to vary or terminate the appointment of any Agent and/or appoint additional or other Agents and/or approve any change in the specified office through which any Agent acts, **provided that:**

- (a) there will at all times be a Principal Paying Agent and a Registrar;
- (b) so long as the Notes are listed on any stock exchange or admitted to listing by any other relevant authority, there will at all times be a Paying Agent (in the case of Bearer Notes) and a Transfer Agent (in the case of Registered Notes) with a specified office in such place as may be required by the rules and regulations of the relevant stock exchange or other relevant authority; and

- (c) there will at all times be a Paying Agent in a jurisdiction within Europe, other than the jurisdiction in which the Issuer is incorporated.

In addition, the Issuer shall forthwith appoint a Paying Agent having a specified office in New York City in the circumstances described in Condition 6.5 (*Payments in respect of VPS Notes*). Notice of any variation, termination, appointment or change in Paying Agents will be given to the Noteholders promptly by the Issuer in accordance with Condition 14 (*Notices*).

In acting under the Agency Agreement, the Agents act solely as agents of the Issuer and, in certain circumstances specified therein, of the Trustee and do not assume any obligation to, or relationship of agency or trust with, any Noteholder or Couponholder. The Agency Agreement contains provisions permitting any entity into which any Agent is merged or converted or with which it is consolidated or to which it transfers all or substantially all of its assets to become the successor agent.

13. **EXCHANGE OF TALONS**

On and after the Interest Payment Date on which the final Coupon comprised in any Coupon sheet matures, the Talon (if any) forming part of such Coupon sheet may be surrendered at the specified office of any Paying Agent in exchange for a further Coupon sheet including (if such further Coupon sheet does not include Coupons to (and including) the final date for the payment of interest due in respect of the Note to which it appertains) a further Talon, subject to the provisions of Condition 9 (*Prescription*).

14. **NOTICES**

All notices regarding the Bearer Notes will be deemed to be validly given if published in a leading English language daily newspaper of general circulation in London. It is expected that any such publication in a newspaper will be made in the *Financial Times* in London. The Issuer shall also ensure that notices are duly published in a manner which complies with the rules of any stock exchange or other relevant authority on which the Bearer Notes are for the time being listed or by which they have been admitted to trading including publication on the website of the relevant stock exchange or relevant authority if required by those rules. Any such notice will be deemed to have been given on the date of the first publication or, where required to be published in more than one newspaper, on the date of the first publication in all required newspapers. If publication as provided above is not practicable, a notice will be given in such other manner, and will be deemed to have been given on such date, as the Trustee shall approve.

All notices regarding the Registered Notes will be deemed to be validly given if sent by first class mail or (if posted to an address overseas) by airmail to the holders (or the first named of joint holders) at their respective addresses recorded in the Register and will be deemed to have been given on the fourth day after mailing and, in addition, for so long as any Registered Notes are listed on a stock exchange or are admitted to trading by another relevant authority and the rules of that stock exchange or relevant authority so require, such notice will be published on the website of the relevant stock exchange or relevant authority and/or in a daily newspaper of general circulation in the place or places required by those rules.

Until such time as any definitive Notes are issued, there may, so long as any Global Notes representing the Notes are held in their entirety on behalf of Euroclear and/or Clearstream, Luxembourg, be substituted for such publication in such newspaper(s) or such mailing the delivery of the relevant notice to Euroclear and/or Clearstream, Luxembourg for communication by them to the holders of the Notes and, in addition, for so long as any Notes are listed on a stock exchange or are admitted to trading by another relevant authority and the rules of that stock exchange or relevant authority so require, such notice will be published on the website of the relevant stock exchange or relevant authority and/or in a daily newspaper of general circulation in the place or places required by those rules. Any such notice shall be deemed to have been given to the holders of the Notes on the day after the day on which the said notice was given to Euroclear and/or Clearstream, Luxembourg.

In the case of VPS Notes, notices shall be given in accordance with the procedures of the VPS. Notices to holders of VPS Notes shall be valid if given to the VPS for communication by it to the

holders and, so long as the VPS Notes are listed on a stock exchange, the Issuer shall ensure that notices are duly published in a manner which complies with the rules of such exchange. Any such notice shall be deemed to have been given to the holders of the VPS Notes one day after delivery of such notice to the VPS.

Notices to be given by any holder of Notes (other than VPS Notes) shall be in writing and given by lodging the same, together (in the case of any Note in definitive form) with the relative Note or Notes, with the Principal Paying Agent (in the case of Bearer Notes) or the Registrar (in the case of Registered Notes). Whilst any of the Notes are represented by a Global Note, such notice may be given by any holder of a Note to the Principal Paying Agent or the Registrar through Euroclear and/or Clearstream, Luxembourg, as the case may be, in such manner as the Principal Paying Agent, the Registrar and Euroclear and/or Clearstream, Luxembourg, as the case may be, may approve for this purpose.

15. **SUBSTITUTION**

The Trustee shall, without the consent of the Noteholders or Couponholders, agree with the Issuer to the substitution in place of the Issuer (or of any previous substitute under this Condition 15) as the principal debtor under the Notes, the Coupons and the Trust Deed of any company being a Subsidiary of the Issuer, subject to:

- (a) the Notes being unconditionally and irrevocably guaranteed by the Issuer;
- (b) certain other conditions set out in the Trust Deed being complied with; and
- (c) in connection with VPS Notes, the substitute becoming party to the VPS Agency Agreement, with any appropriate consequential amendments, as if it had been an original party to it.

The Trustee may, without the consent of the Noteholders or Couponholders, agree with the Issuer to the substitution in place of the Issuer (or of any previous substitute under this Condition 15) as the principal debtor under the Notes, the Coupons and the Trust Deed of any company being a Subsidiary of the Issuer, subject to:

- (a) the Trustee being satisfied that the substitution is not materially prejudicial to the interests of the Noteholders;
- (b) certain other conditions set out in the Trust Deed being complied with; and
- (c) in connection with VPS Notes, the substitute becoming party to the VPS Agency Agreement, with any appropriate consequential amendments, as if it had been an original party to it.

16. **MEETINGS OF NOTEHOLDERS, MODIFICATION, WAIVER, AUTHORISATION AND DETERMINATION**

16.1 **Meetings of Noteholders**

The Trust Deed contains provisions for convening meetings of the Noteholders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of the Notes, the Coupons or any of the provisions of the Trust Deed. Such a meeting may be convened by the Issuer or the Trustee and shall be convened by the Issuer if required in writing by Noteholders holding not less than five per cent. in nominal amount of the Notes for the time being remaining outstanding. The quorum at any such meeting for passing an Extraordinary Resolution is one or more persons holding or representing not less than 50 per cent. in nominal amount of the Notes for the time being outstanding, or at any adjourned meeting one or more persons being or representing Noteholders whatever the nominal amount of the Notes so held or represented, except that at any meeting the business of which includes the modification of certain provisions of the Notes or the Coupons or the Trust Deed (including modifying the date of maturity of the Notes or any date for payment of interest thereon, reducing or cancelling the amount of principal or the rate of interest payable in respect of the Notes or altering the currency of payment of the Notes or the Coupons in certain respects), the quorum shall be one or more persons holding

or representing not less than two-thirds in nominal amount of the Notes for the time being outstanding, or at any adjourned such meeting one or more persons holding or representing not less than one-third in nominal amount of the Notes for the time being outstanding. The Trust Deed provides that (i) a resolution passed at a meeting duly convened and held in accordance with the Trust Deed by a majority consisting of not less than three-fourths of the votes cast on such resolution, (ii) a resolution in writing signed by or on behalf of the holders of not less than three-fourths in nominal amount of the Notes for the time being outstanding or (iii) consent given by way of electronic consents through the relevant clearing system(s) (in a form satisfactory to the Trustee) by or on behalf of the holders of not less than three-fourths in nominal amount of the Notes for the time being outstanding, shall, in each case, be effective as an Extraordinary Resolution of the Noteholders. An Extraordinary Resolution passed by the Noteholders will be binding on all Noteholders, whether or not they are present at any meeting and whether or not they voted on the resolution, and on all Couponholders.

16.2 **Modification, Waiver, Authorisation and Determination**

The Trustee may agree, without the consent of the Noteholders or Couponholders, to any modification of, or to the waiver or authorisation of any breach or proposed breach of, any of these Conditions or any of the provisions of the Trust Deed or the Agency Agreement, or determine, without any such consent as aforesaid, that any Event of Default or Potential Event of Default (as defined in the Trust Deed) shall not be treated as such (**provided that**, in any such case, it is not, in the opinion of the Trustee, materially prejudicial to the interests of the Noteholders) or may agree, without any such consent as aforesaid, to any modification which, in its opinion, is of a formal, minor or technical nature or to correct a manifest error or an error which, in the opinion of the Trustee, is proven.

16.3 **Trustee to have Regard to Interests of Noteholders as a Class**

In connection with the exercise by it of any of its trusts, powers, authorities and discretions (including, without limitation, any modification, waiver, authorisation, determination or substitution), the Trustee shall have regard to the general interests of the Noteholders as a class but shall not have regard to any interests arising from circumstances particular to individual Noteholders or Couponholders (whatever their number) and, in particular but without limitation, shall not have regard to the consequences of any such exercise for individual Noteholders or Couponholders (whatever their number) resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory or any political sub-division thereof and the Trustee shall not be entitled to require, nor shall any Noteholder or Couponholder be entitled to claim, from the Issuer, the Trustee or any other person any indemnification or payment in respect of any tax consequences of any such exercise upon individual Noteholders or Couponholders except to the extent already provided for in Condition 8 (*Taxation*) and/or any undertaking or covenant given in addition to, or in substitution for, Condition 8 (*Taxation*) pursuant to the Trust Deed.

16.4 **Notification to the Noteholders**

Any modification, abrogation, waiver, authorisation, determination or substitution shall be binding on the Noteholders and the Couponholders and, unless the Trustee agrees otherwise, any modification or substitution shall be notified by the Issuer to the Noteholders as soon as practicable thereafter in accordance with Condition 14 (*Notices*).

17. **INDEMNIFICATION AND PROTECTION OF THE TRUSTEE AND ITS CONTRACTING WITH THE ISSUER**

17.1 **Indemnification and protection of the Trustee**

The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility and liability towards the Issuer, the Noteholders and the Couponholders, including (i) provisions relieving it from taking action unless indemnified and/or secured and/or pre-funded to its satisfaction and (ii) provisions limiting or excluding its liability in certain circumstances. The Trust Deed provides that, when determining whether an indemnity or any security or pre-funding is satisfactory to it, the Trustee shall be entitled (i) to evaluate its risk in any given circumstance

by considering the worst-case scenario and (ii) to require that any indemnity or security given to it by the Noteholders or any of them be given on a joint and several basis and be supported by evidence satisfactory to it as to the financial standing and creditworthiness of each counterparty and/or as to the value of the security and an opinion as to the capacity, power and authority of each counterparty and/or the validity and effectiveness of the security. The Trustee may rely without liability to the Noteholders or Couponholders on a report, confirmation or certificate or opinion or any advice of any accountants, financial advisers, financial institution or other expert, whether or not addressed to it and whether their liability in relation thereto is limited (by its terms or by any engagement letter relating thereto entered into by the Trustee or in any other manner) by reference to a monetary cap, methodology or otherwise. The Trustee may accept and shall be entitled to rely on any such report, opinion, confirmation or certificate or advice and such report, opinion, confirmation, or certificate or advice shall be binding on the Issuer, the Trustee, the Noteholders and the Couponholders.

17.2 **Trustee Contracting with the Issuer**

The Trust Deed also contains provisions pursuant to which the Trustee is entitled, *inter alia*, (a) to enter into business transactions with the Issuer, and/or any of its Subsidiaries and to act as trustee for the holders of any other securities issued or guaranteed by, or relating to, the Issuer or any of its Subsidiaries, (b) to exercise and enforce its rights, comply with its obligations and perform its duties under or in relation to any such transactions or, as the case may be, any such trusteeship without regard to the interests of, or consequences for, the Noteholders or Couponholders and (c) to retain and not be liable to account for any profit made or any other amount or benefit received thereby or in connection therewith.

17.3 **Trustee Actions**

The Trustee may refrain from taking any action in any jurisdiction if the taking of such action in that jurisdiction would, in its opinion based upon legal advice in the relevant jurisdiction, be contrary to any law of that jurisdiction. Furthermore, the Trustee may also refrain from taking such action if it would otherwise render it liable to any person in that jurisdiction or if, in its opinion based upon such legal advice, it would not have the power to do the relevant thing in that jurisdiction by virtue of any applicable law in that jurisdiction or if it is determined by any court or other competent authority in that jurisdiction that it does not have such power.

18. **FURTHER ISSUES**

The Issuer shall be at liberty from time to time without the consent of the Noteholders or the Couponholders to create and issue further notes having terms and conditions the same as the Notes or the same in all respects save for the amount and date of the first payment of interest thereon and the date from which interest starts to accrue and so that the same shall be consolidated and form a single Series with the outstanding Notes.

19. **CONTRACTS (RIGHTS OF THIRD PARTIES) ACT 1999**

No person shall have any right to enforce any term or condition of this Note under the Contracts (Rights of Third Parties) Act 1999, but this does not affect any right or remedy of any person which exists or is available apart from that Act.

20. **GOVERNING LAW AND SUBMISSION TO JURISDICTION**

20.1 **Governing law**

- (a) The Trust Deed, the Agency Agreement, the Notes and the Coupons and any non-contractual obligations arising out of or in connection with the Trust Deed, the Agency Agreement, the Notes and the Coupons are governed by, and construed in accordance with, English law, except that the registration of VPS Notes in the VPS as well as the recording and transfer of ownership to, and other interests in, VPS Notes are governed by, and construed in accordance with, Norwegian law.
- (b) VPS Notes must comply with the Norwegian Securities Register Act of 5 July 2002 no. 64, as amended from time to time and the holders of VPS Notes will be entitled to the

rights and are subject to the obligations and liabilities which arise under this Act and any related regulations and legislation.

- (c) The VPS Agency Agreement (and any non-contractual obligations arising out of or in connection with the VPS Agency Agreement) are governed by, and shall be construed in accordance with, Norwegian law.

20.2 **Submission to jurisdiction**

- (a) Subject to Condition 20.2(c) below, the English courts have exclusive jurisdiction to settle any dispute arising out of or in connection with the Trust Deed, the Notes and/or the Coupons, including any dispute as to their existence, validity, interpretation, performance, breach or termination or the consequences of their nullity and any dispute relating to any non-contractual obligations arising out of or in connection with the Trust Deed, the Notes and/or the Coupons (a "**Dispute**") and accordingly each of the Issuer and the Trustee and any Noteholders or Couponholders in relation to any Dispute submits to the exclusive jurisdiction of the English courts.
- (b) For the purposes of this Condition 20.2, the Issuer waives any objection to the English courts on the grounds that they are an inconvenient or inappropriate forum to settle any Dispute.
- (c) To the extent allowed by law, the Trustee, the Noteholders and the Couponholders may, in respect of any Dispute or Disputes, take (i) proceedings in any other court with jurisdiction; and (ii) concurrent proceedings in any number of jurisdictions.

20.3 **Appointment of Process Agent**

The Issuer irrevocably appoints The Swedish Trade & Invest Council at 5 Upper Montagu Street, London W1H 2AG as its agent for service of process in any proceedings before the English courts in relation to any Dispute and agrees that, in the event of The Swedish Trade & Invest Council being unable or unwilling for any reason so to act, it will immediately appoint another person approved by the Trustee as its agent for service of process in England in respect of any Dispute. The Issuer agrees that failure by a process agent to notify it of any process will not invalidate service. Nothing herein shall affect the right to serve process in any other manner permitted by law.

20.4 **Other documents**

The Issuer has in the Trust Deed and Agency Agreement submitted to the jurisdiction of the English courts and appointed an agent for service of process in terms substantially similar to those set out above.

USE OF PROCEEDS

The net proceeds of the issue of the Notes will be used by the Issuer for general corporate purposes, unless otherwise specified in the relevant Final Terms.

In particular, if so specified in the use of proceeds section of the applicable Final Terms, the Issuer intends to apply the net proceeds from an offer of Notes specifically for green or sustainable projects. Such Notes may also be referred to as "**Green Bonds**".

DESCRIPTION OF THE ISSUER

General Information

The Issuer's legal and commercial name is Heimstaden Bostad AB (publ) (the "**Issuer**"), its corporate registration number is 556864-0873 and it was incorporated on 12 September 2011.

The Issuer is incorporated in Sweden and registered with the Swedish Companies Registration Office (*Bolagsverket*). The Issuer is a public limited liability company (*publikt aktiebolag*) subject to the Swedish Companies Act (*aktiebolagslagen (2005:551)*) and the Swedish Annual Accounts Act (*årsredovisningslagen (1995:1554)*). The Issuer's registered office is Östra Promenaden 7A, SE-211 28 Malmö, Sweden. The telephone number of the Issuer is +46 (0)77-011 10 50.

The Issuer is a property company whose principal business is to invest in residential properties primarily in growth areas in Northern Europe, and may contemplate investments in other locations in the future.

In 2013, the Issuer was established and owned by Heimstaden AB (publ) (a Swedish residential company), Alecta pensionsförsäkring, ömsesidigt (with SEK 829 billion under management as at 31 December 2018 (www.alecta.se)), and the pension funds of the two Swedish companies: Sandvik AB (publ) and Ericsson AB (publ). The partnership has enabled the Issuer to build up a large Nordic residential portfolio in areas with residential property shortages.

The Issuer benefits from having Heimstaden AB (publ) as an owner, given its operational experience in the residential property sector. The Group also benefits from a group-wide management agreement with Heimstaden AB (publ), whereby Heimstaden AB (publ) provides head office functions such as legal, group accounting, group treasury, transaction team, HR, communication and senior management. Wholly owned subsidiaries of Heimstaden AB (publ) (Heimstaden Förvaltning AB in Sweden, Heimstaden A/S in Denmark and Heimstaden AS in Norway) are responsible for providing property management and technical management to the Group.

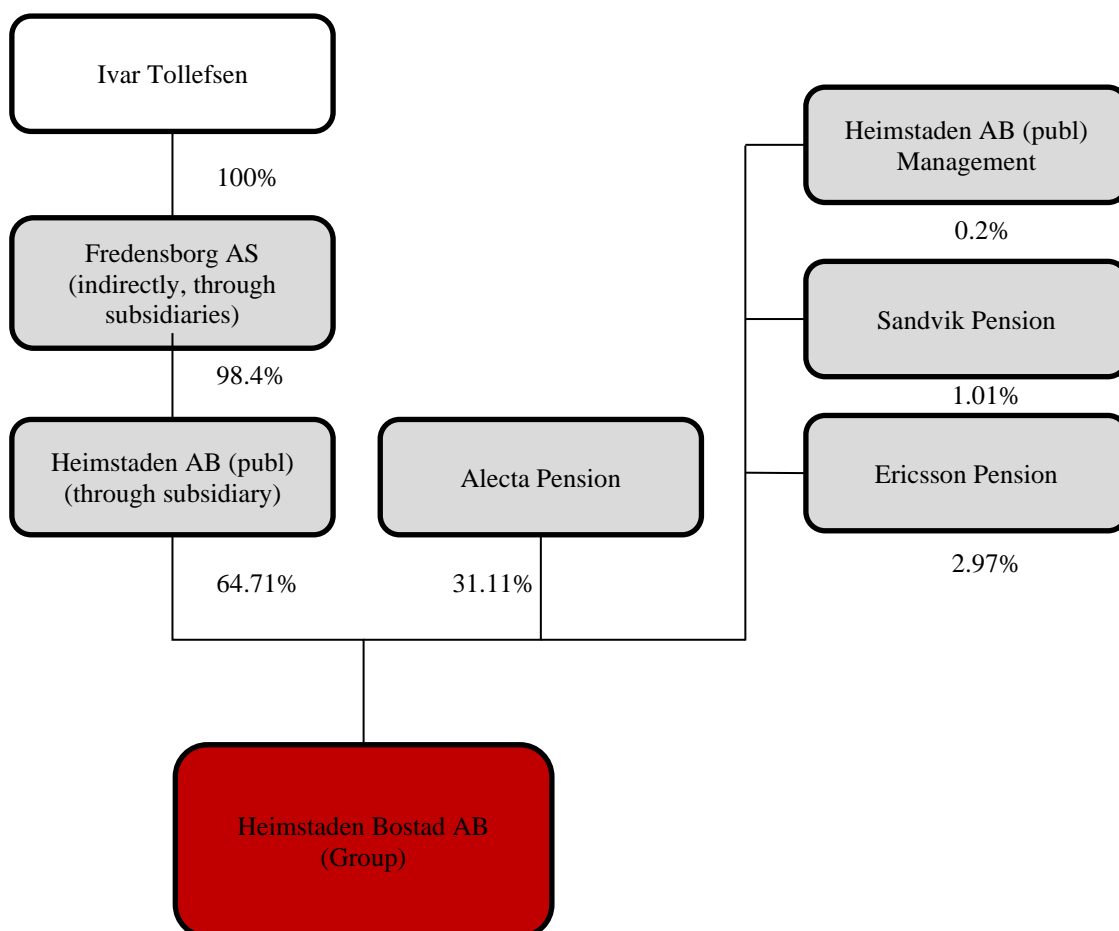
Group Structure

The Issuer's ownership structure (based on voting rights) is as follows as at 30 September 2019 (see "*Recent Developments - New share issue*" for recent changes):

- Heimstaden AB (publ) (through subsidiary), 64.71 per cent;
- Alecta pensionsförsäkring, ömsesidigt, 31.11 per cent;
- Pension fund of Ericsson AB (publ), 2.97 per cent;
- Pension fund of Sandvik AB (publ), 1.01 per cent; and
- Heimstaden AB (publ) management, 0.2 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 the ownership structure of the Issuer based on voting rights as at 30 September 2019.



The History of the Issuer

2013

The Issuer's first property portfolio was acquired from Heimstaden AB (publ). Initially, the strategy of the owners was to establish a "static" company with no growth ambitions.

Assets under management: SEK 3 billion.

2015

With decreasing interest rates the owners saw an opportunity to acquire additional real estate. Portfolios in Trelleborg, Skellefteå and Katrineholm in Sweden were acquired.

Assets under management: SEK 6.1 billion.

2016

The second substantial acquisition from Heimstaden AB (publ) was finalised on 31 August 2016. In addition, portfolios in Luleå and Växjö in Sweden were acquired from real estate companies owned by the local municipalities.

Assets under management: SEK 19.9 billion.

2017

The third substantial acquisition from Heimstaden AB (publ) was finalised on 10 October 2017, when the Issuer entered the Danish and Norwegian markets for the first time. The shareholder loans of the Issuer

were converted into equity on 10 October 2017. In addition, portfolios in Umeå and Stockholm in Sweden were acquired.

Assets under management: SEK 43.7 billion.

2018

In the fourth quarter of 2018, the Issuer secured an "investment grade" rating from S&P of "BBB-" and issued its first multi-tranche bond under its newly established Euro Medium Term Note Programme. Furthermore, the Issuer acquired complementary portfolios of residential properties primarily in Denmark and Sweden.

Assets under management: SEK 72.3 billion.

Shareholders

Equity

The Issuer has three classes of shares: Class A preference shares, Class B preference shares and common shares. The Issuer's total share capital as at 30 September 2019 (unaudited), amounted to SEK 26,669,270 distributed across SEK 1,000 of Class A preference shares, SEK 2,403,780 of Class B preference shares and SEK 24,294,490 of common shares. All shares are issued and fully paid for. Each Class A preference share and Class B preference share entitles the holder to one tenth of one vote and each common share entitles the holder to one vote.

The Issuer's shares are privately held and all shareholders have holdings in the common shares. Heimstaden AB (publ) (through its subsidiaries) is the only holder of the Class A preference shares. If a shareholder decides to dispose of a stake in the Issuer, the sale is required to include common shares and Class B shares. Heimstaden AB (publ) is not required to dispose of its Class A shares.

Shareholders

The table below shows the number of shares held by shareholders of the Issuer from the unaudited figures as at 30 September 2019.

Shareholders	Common shares	Class B preference shares	Class A preference shares	Total	Share total (per cent.)	Allocation of common shares (per cent.)	Allocation of total votes (per cent.)
Heimstaden AB (publ) (through subsidiary)	1,579,141	84,143	100	1,663,384	62.30	65.00	64.71
Alecta.....	748,801	144,059	0	892,860	33.44	30.82	31.11
Ericsson.....	71,854	9,072	0	80,926	3.03	2.96	2.97
Sandvik	24,573	3,104	0	27,677	1.04	1.01	1.01
Patrik Hall	2.54	0	0	2.54	0.10	0.10	0.10
Magnus Nordholm	2.54	0	0	2.54	0.10	0.10	0.10
Total number of shares....	2,429,449	240,378	100	2,669,927	100	100	100
Votes per share.....	1	0.1	0.1				
Total number of votes	2,429,449	24,038	10	2,453,497			
Votes (per cent.).....	99.0199	0.9797	0.0004	100			

The table below shows the value of the shares held by shareholders of the Issuer from the unaudited figures as at 30 September 2019.

Shareholders	Common shares <i>(SEK)</i>	Class B preference shares <i>(SEK)</i>	Class A preference shares <i>(SEK)</i>	Total <i>(SEK)</i>
Heimstaden AB (publ) (through subsidiary).....	9,061,378,401	8,645,338,289	137,772,533	17,844,489,223
Alecta.....	4,296,746,907	14,798,443,055	-	19,095,189,962
Ericsson.....	412,310,417	934,348,301	-	1,346,658,717
Sandvik.....	141,004,034	319,689,147	-	460,693,181
Patrik Hall.....	14,574,950	-	-	14,574,950
Magnus Nordholm.....	14,574,950	-	-	14,574,950
Total equity value.....	13,940,589,660	24,697,818,792	137,772,533	38,776,180,984

Goals and Strategy

The Issuer's strategy is to acquire, develop and manage primarily residential properties in Scandinavia and Northern Europe. The Issuer focuses on properties in areas that combine both population and economic growth.

The Issuer's goal is to generate long-term returns for its owners. To reach this goal, the Issuer seeks continued growth through the following core processes:

- property acquisitions;
- property development; and
- active property management.

Management Strategy

Analysis and transaction

The Issuer continuously develops its property portfolio by acquiring properties in line with its strategy and by selling non-strategic properties.

The Issuer's acquisition analysis is based on forces which generate long-term demand for residential premises, such as population growth, urbanisation and positive economic development. With this as a starting point, the Issuer has so far identified a number of locations in Northern Europe that it has considered attractive and chosen to invest in. For each location, an analysis is performed of local industry, infrastructure, proximity to universities and colleges, and the current residential property and population situation. If a location meets the Issuer's established criteria, the Issuer monitors the market to be prepared when appropriate projects appear on sale. The properties targeted should be centrally located and preferably adjacent to one another to facilitate efficient management. The management has a general objective to build a portfolio of at least 600 apartments in each location and, as a result, the management considers it cost-effective to have local management functions.

Project and property development

The Group develops its existing property stock, while making use of land and building rights to develop new residential properties. The aim of this is to both benefit the local areas in which the Group operates and enhance the value of the properties in the Group's portfolio.

Property management

Heimstaden AB (publ)'s locally-based property management organisation builds long-term relationships with customers. The Issuer aims to ensure that the focus of its property management is on providing high quality properties and attractive residential accommodation. The Issuer follows a maintenance and investment plan based on the technical inspection performed when properties are acquired by the Group. The asset management agreement between the Group and Heimstaden AB (publ) and the locally based

property management companies of Heimstaden AB (publ) is running until 10 October 2032. From 31 September 2026, the Issuer will have the sole discretion to terminate the agreement by giving 6 months' notice.

Dividend Strategy

The Issuer has been prioritising growth, capital structure and liquidity in recent years. Hence, the dividend historically distributed has either been low or not paid at all. Since 2013, the shareholders have injected SEK 30.4 billion into the Issuer and received SEK 1.8 billion as dividends up to 30 September 2019.

Competitors

The Nordic residential sector is characterised by diversified ownership. The Group's competitors comprise several different investor categories such as municipality-owned real estate companies, property funds, listed and unlisted property companies as well as high net worth individuals and family offices.

Property Portfolio

The Group has a relatively geographically diversified property portfolio with properties in various locations across Sweden, Norway, Denmark and the Netherlands.

2019

From the unaudited figures as at 30 September 2019, the Group's property portfolio had a fair value of investment properties (i.e. market value reflected in the Group's accounts) of SEK 89,629 million, split between SEK 38,774 million in Sweden, SEK 33,422 million in Denmark and SEK 17,433 million in Norway.

From the unaudited figures as at 30 September 2019, the Group's property portfolio comprised of 983 properties with a lettable area of 2,953,201 thousand square metres, of which 2,633,187 thousand square metres (89 per cent.) were residential.

From the unaudited figures, during the nine months ending 30 September 2019, 90 per cent. of the Group's total rental income derived from residential and 9 per cent. from commercial premises. The letting ratio for existing residential premises amounted to 97.6 per cent. at 30 September 2019.

From the unaudited figures, during the nine months ending 30 September 2019, properties were acquired at a fair value of SEK 10,163 million.

2018

As at 31 December 2018, the Group's property portfolio had a fair value of investment properties of SEK 72,329 million, split between Sweden SEK 35,881 million, Denmark SEK 20,927 million and Norway SEK 15,521 million.

As at 31 December 2018, the Group's property portfolio comprised of 916 properties with a lettable area of 2,627,931 thousand square metres, of which 2,328,840 thousand square metres (88.6 per cent.) were residential.

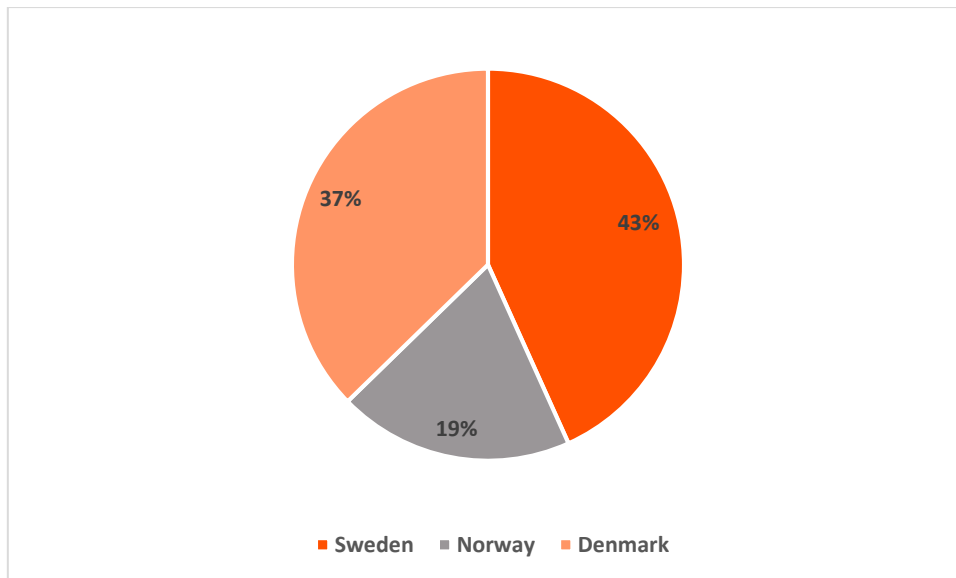
During the year ending 31 December 2018, 90 per cent. of the Group's total rental income derived from residential premises and 10 per cent. from commercial premises. The letting ratio for existing residential premises amounted to 97.4 per cent as at 31 December 2018.

During the year ending 31 December 2018, properties were acquired for a total property value of SEK 24,737 million, of which SEK 18,230 million was attributable to transactions with Heimstaden AB (publ) and Heimstaden AB (publ)'s parent company Fredensborg AS.

Fair Value of Investment Properties

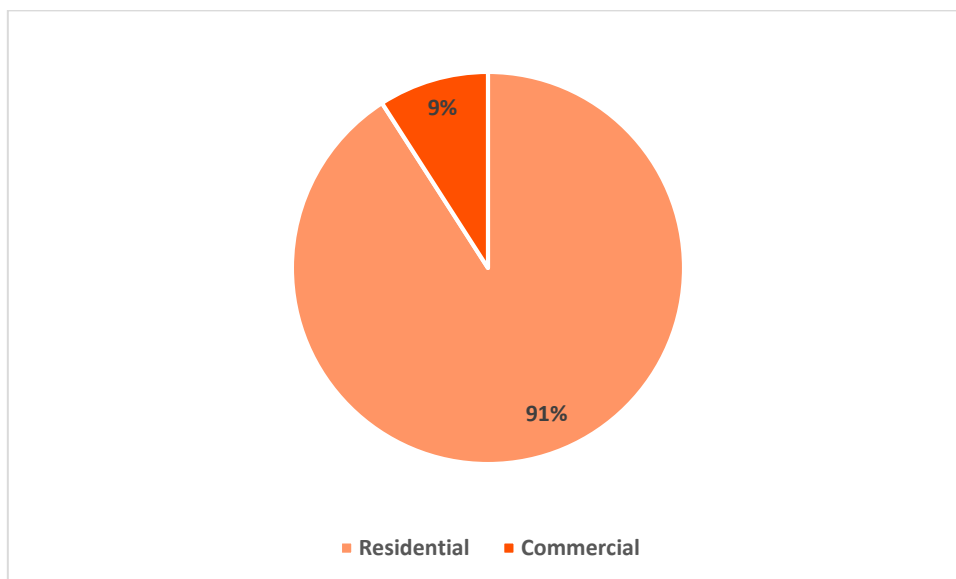
The chart below shows the unaudited fair value of investment properties of the Group in Sweden, Denmark and Norway as a percentage of the unaudited total fair value of investment properties of the Group as at 30 September 2019.

Geographic distribution of fair value of investment properties (SEK 89,629 million) as at 30 September 2019 (unaudited) (per cent.)



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

Residential and commercial distribution as at 30 September 2019 (unaudited) (by lettable area)



Real Estate Portfolio

The table below shows the Group's property portfolio as at 30 September 2019 (unaudited).

Country	No. of Properties	No. of Apartments	Apartments	Commercial	Total	Average size per Apartment	Occupancy rate Apartment	Fair Value of Investment Properties	Average market value
			(square metres, thousands)			(square metres)	(per cent.)	(SEK millions)	(SEK thousands per square metre)
Sweden	763	28,151	1,716,291	225,290	1,941,581	61	98.0	38,774	20.0
Denmark	136	8,716	762,316	31,976	794,292	87	96.4	33,422	42.1
Norway	84	4,441	154,580	62,748	217,328	35	97.7	17,433	80.2
Total	983	41,308	2,633,187	320,014	2,953,201	64	97.6	89,629	30.3

The table below shows a comparison of the value and composition of the Group's property portfolio across Sweden, Norway and Denmark. As can be seen in the table, the Group has substantially increased its presence in Denmark, but Sweden remains its largest market. From the unaudited figures as at 30 September 2019, the portfolio is well diversified between the three Nordic markets.

	Year ending 31 December 2018				Nine months ending 30 September 2019 (unaudited)			
	Sweden	Norway	Denmark	Total	Sweden	Norway	Denmark	Total
	Rental income (SEK millions)	2,014	601	616	3,231	1,648	516	866
Operating costs (SEK millions)	-1,029	-235	-216	-1,480	-840	-172	-279	-1,291
Rental income (per cent. of total)	62	19	19	100	54	17	29	100
Net operating income (SEK millions)	985	366	400	1,751	808	344	587	1,739
Surplus ratio (per cent.)	49	61	65	54	49	67	68	57

	As at 31 December 2018				As at 30 September 2019 (unaudited)			
	Sweden	Norway	Denmark	Total	Sweden	Norway	Denmark	Total
Fair value of investment properties (SEK millions)	35,881	15,521	20,927	72,329	38,774	17,433	33,422	89,629
Number of properties	751	82	83	916	763	84	136	983
Number of apartments	27,864	4,398	5,075	37,337	28,151	4,441	8,716	41,308
Number of commercial premises	1,813	99	83	1,995	2,311	106	175	2,592
Parking spaces	14,028	1,287	1,125	16,440	14,153	1,252	1,815	17,220
Apartment area (square metres)	1,694,497	151,523	482,820	2,328,840	1,716,291	154,580	762,316	2,633,187
Commercial area (square metres)	223,044	64,824	11,223	299,091	225,290	62,748	31,976	320,014
Total area (square metres)	1,917,541	216,347	494,043	2,627,931	1,941,581	217,328	794,292	2,953,201
Apartments	88	70	98	89	88	71	96	89
Commercial	12	30	2	11	12	29	4	11
Fair value of investment properties (per cent. of total)	50	21	29	100	43	19	37	100
Apartments (per cent. of total area)	73	6	21	100	65	6	29	100
Commercial (per cent. of total area)	74	22	4	100	70	20	10	100
Area total (per cent. of total)	73	8	19	100	66	7	27	100

Sweden

The Group continues to expand its property portfolio in Sweden. In the nine months ending 30 September 2019, the Group acquired residential properties in existing locations where it perceived new opportunities.

Property stock

From the unaudited figures as at 30 September 2019, the Swedish portfolio comprised 763 properties with a total lettable area of 1,941,581 square metres. Of the total stock, 88 per cent. consisted of residential premises and 12 per cent. consisted of commercial premises.

Choice of location

The Group's Swedish property stocks have a broad geographical spread, from Luleå in the north to Trelleborg in the south. As at 30 September 2019, the Group was present in 28 locations, and had a strategy to grow through acquisitions and by developing residential properties in areas with population growth, good infrastructure and preferably close proximity to universities or colleges.

Denmark

In Denmark, the Group has progressed from owning a few modern residential properties in central Copenhagen and Frederiksberg to owning a comprehensive and geographically diversified residential portfolio, consisting of condominium apartments, rental apartments and new construction projects.

Property stock

From the unaudited figures as at 30 September 2019, the Danish portfolio comprised 136 properties with a total lettable area of 794,292 square metres. Of the total stock, 96 per cent. consisted of residential premises and 4 per cent. consisted of commercial premises.

Choice of location

While the Group continued to search for attractive stocks in central locations in Copenhagen and Frederiksberg, it also gradually expanded its geographical presence to the entire Copenhagen region, as well as to other communities, including Odense and Århus.

Norway

In the nine months ending 30 September 2019, the Group did not acquire any properties in Norway. The properties are primarily located in the central parts of Oslo.

Property stock

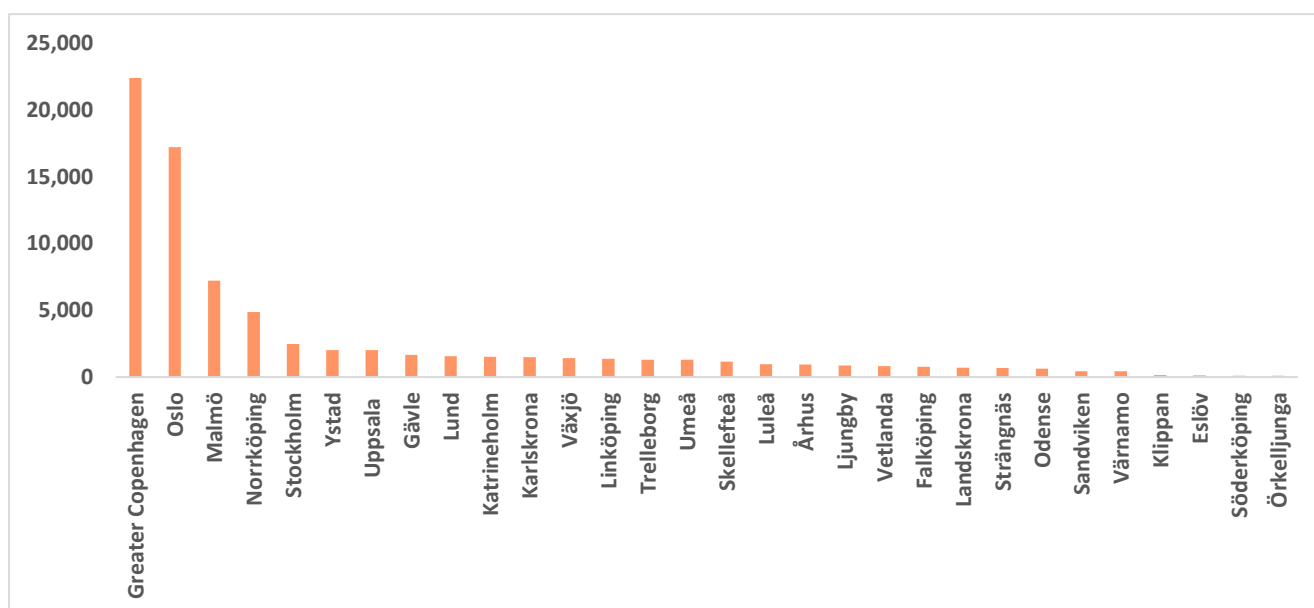
From the unaudited figures as at 30 September 2019, the Norwegian portfolio comprised 84 properties with a total lettable area of 217,328 square metres. Of the total stock, 71 per cent. consists of residential premises and 29 per cent. consisted of commercial premises.

Choice of location

The Group's properties are located almost exclusively in Oslo and its environs. The rationale for this is the positive economic development and high purchasing power in Oslo, along with the availability of sufficient residential stock to enable the Issuer to establish an efficient local property management function. The apartments are small because the Group perceives a greater demand for smaller apartments, and thus opportunities for better value growth.

The chart below shows the unaudited fair value of investment properties distribution across the cities in which the Group holds property as at 30 September 2019.

Property value (SEK, million)



The value of the Issuer's portfolio is distributed across strong growth regions such as the Scandinavian capitals and other growth areas in the Nordics such as the Öresund region (Malmö) or university cities such as Uppsala, Växjö and Linköping.

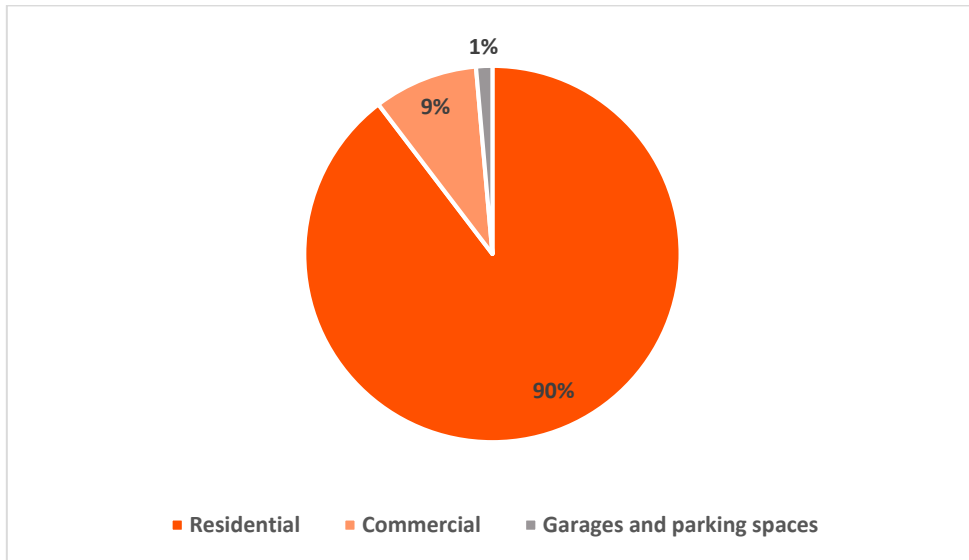
Rental Income

The table below shows the Group's rental income by property type for the years ending 31 December 2017 and 31 December 2018 and for the nine months ending 30 September 2018 and 30 September 2019. As can be seen in the table and chart below, the Issuer has recently increased its rental income but remains focused on residential premises (according to the unaudited figures as at 30 September 2019, 90 per cent. of the rental income is generated from residential premises).

Rental income	Nine months ending 30 September		Year ending 31 December	
	2019 (unaudited)	2018 (unaudited)	2018	2017
	<i>(SEK millions)</i>			
Residential.....	2,712	2,107	2,969	1,427
Commercial.....	271	161	213	163
Garages and parking spaces.....	42	33	49	30
Other	5	2	-	-
Total	3,030	2,303	3,231	1,620

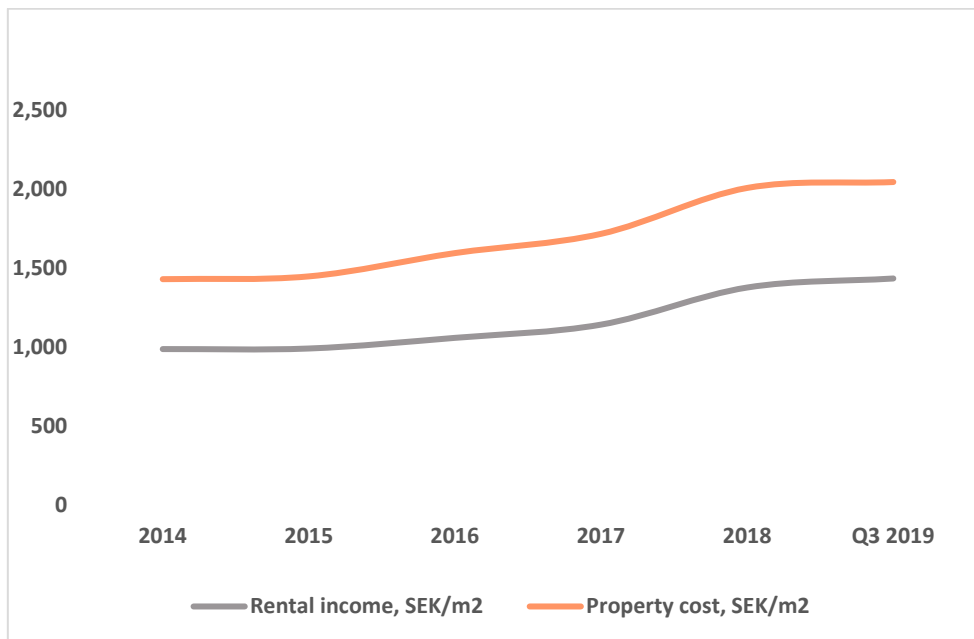
The chart below shows the percentage of the Group's rental income by type of property according to the unaudited figures in the nine months ending 30 September 2019. As can be seen in the chart, the rental income of the Issuer is primarily generated from rental apartments which are let out to private households. The rental income generated by commercial tenants is limited.

Rental income distribution (nine months ending 30 September 2019, unaudited)



The chart below shows the Group's rental income per square metre and property costs per square metre from the year ending 31 December 2014 to the nine months ending 30 September 2019 (where the figures for the nine months ending 30 September 2018 and 2019 are unaudited).

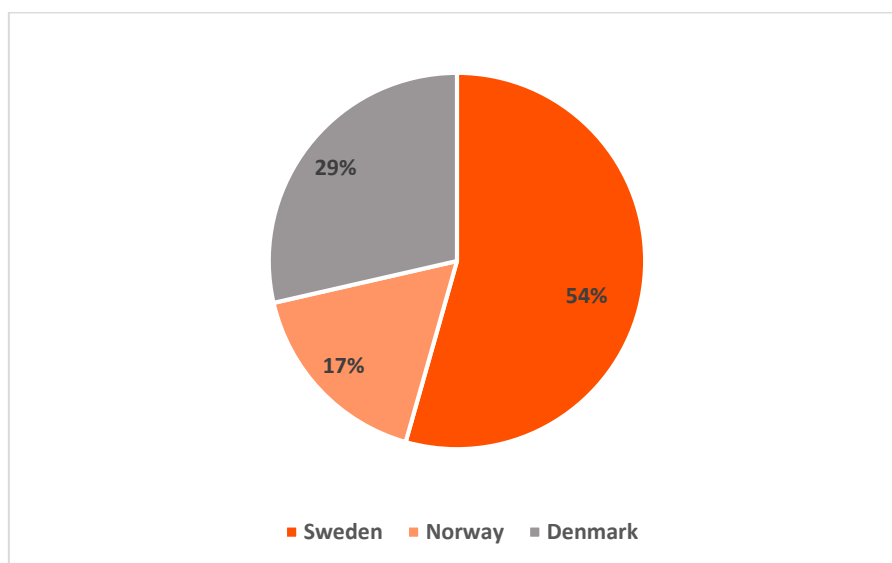
Rental income per square metre (31 December 2014 – 30 September 2019)



The rental income per square metre has increased over the last two years, primarily due to acquisitions of properties in Copenhagen and Oslo.

The chart below shows the Group's unaudited rental income in Sweden, Denmark and Norway as a percentage of the Group's unaudited total rental income for the nine months ending 30 September 2019. As can be seen in the graph, despite substantial growth of the Issuer's Danish portfolio, Sweden remains its largest market.

Rental income distribution (nine months ending 30 September 2019, unaudited)



Operational Data

Potential Earnings Capacity

The earnings capacity is not a forecast for the current year or the next 12 months but is an assessment of potential earnings capacity from rental income. The Issuer uses this assessment to evaluate its current operations. Current earning capacity looks at the properties held on the balance sheet date and is based on the contracted rental income, current property costs and administrative costs (for a projected 12 month period). The costs for the interest-bearing liabilities have been based on the Group's average interest rate, including the effect of derivative instruments on the balance sheet date. Accordingly, the current earnings capacity does not include any assessment of the future development of rent levels, vacancy rates, property costs and interest rates, nor does it include an assessment of value changes, or acquisitions and disposals of properties. There can be no assurance that such figures will not change in the future and therefore it is not a forecast of actual future earnings.

The following table sets out the unaudited earnings capacity as at 30 September 2019.

Earning capacity	As at 30 September 2019 (unaudited) (SEK millions)
Current earning capacity	
Rental income	4,377
Property costs	-1,781
Net operating income	2,595
Central administration	-155
Other operating income	10
Other operating costs	-
Profit from participations in associated companies	-
Profit before financial items	2,450
Financial income	-
Financial costs – interest on subordinated shareholder loans	-
Financial costs – interest-bearing liabilities	-985
Profit from property management	1,465
Key data	
Surplus ratio (<i>per cent.</i>)	59.3
Interest coverage ratio (ICR), multiple	2.5

Operating Costs

The Group's operating costs have increased since 2016 due to substantial acquisitions. The Group's portfolio is highly diversified, ranging from newly built properties with very low operating costs to properties acquired for refurbishment with the potential of reduced operating costs.

The following table sets out the operating costs for the Group's portfolio in the nine months ending 30 September 2018 (unaudited), the nine months ending 30 September 2019 (unaudited) and for the year ending 31 December 2017 and the year ending 31 December 2018.

	Nine months ending 30 September		Year ending 31 December	
	2019	2018	2018	2017
	<i>(unaudited)</i>			
	<i>(SEK millions)</i>			
Operating costs				
Operation	719	621	941	479
Maintenance	303	174	280	185
Property tax	94	58	85	31
Property administration	175	145	174	121
Ground rent*	-	2	-	-
	1,291	1,002	1,480	816
	<i>(SEK per square metre)</i>			
Operating costs				
Operation	340	366	401	338
Maintenance	144	34	119	130
Property tax	44	86	36	22
Property administration	83	86	74	85
Ground rent*	-	1	-	-
	611	591	631	575

Notes:

* Due to IFRS 16, Ground rent is considered a financial cost from 2019

"Operating" costs include costs for electricity, heating, water, property management, cleaning and insurance. "Maintenance" costs consist of both periodic and ongoing measures to maintain the properties' standard. "Property administration" refers to rental costs, financial services and the cost of certain overarching property management services.

Valuations of Properties

The Group values its properties internally three times a year. At the end of the year, an external valuation of each property is performed, providing a basis for the financial statements. During 2018, external valuations were conducted by Newsec and Forum Fastighetsekonomi for Sweden, Colliers International for Denmark, and Eie Eiendomsmegling, Aktiv Eiendomsmegling and Nyverdi AS for Norway.

For Norway, the most recent valuation has been updated with changes in apartment prices according to official statistics. In Sweden and Denmark, the valuation is performed using cash flow analysis based on each property's net operating income, as well as analysis of local prices. Based on the estimated net operating income, a simulation is performed for the ensuing five to ten years' earnings capacity and a present value is calculated based on annual flows and a terminal value calculated according to the Gordon growth model. The sum of the calculated present values represents the estimated market value of the property. The Group and the external valuers apply the following assumptions in the individual valuations:

- Rent levels develop largely in line with the anticipated rate of inflation, taking into account the indexation level for each rental contract.
- The discount rate and return requirement are based on local price analysis of completed transactions, as well as individual assessments of the risk level and the property's market position.

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

Differences in leasing systems between the countries in which the Group operates

The leasing systems differ between the countries in which the Group operates. In Sweden, customers lease their apartments until further notice and rent levels for the entire residential stock are negotiated once a year with the local office of the Swedish Tenant Association. The period of notice is three months. Customer turnover is relatively limited compared to Denmark and Norway.

In Denmark, rental systems vary depending on the age of the property. Rental systems for properties constructed after 1991 are regulated according to the net price index ("NPI") but also through annual review in accordance with the relevant leases. For older properties, rent levels are generally determined according to utility costs and taxes, with the rent being adjusted in line with increases in, for example, taxes and fees. There is also a variant called "lejeværdi", a form of utility value rent for remodelled apartments constructed before 1992. However, to be able to charge "lejeværdi", the owner must be able to show invoices for valid investments exceeding DKK 250,000 for the individual apartment. Regardless of the property type, leases apply until further notice with a notice period of three months.

In Norway, a three-year lease is signed, with the rent level being adjusted upwards annually during the lease period in line with the consumer price index. Before the end of the contract, customers are contacted to determine whether they want to sign a new three-year agreement. Market rent levels apply for each new three-year period, which can lead to relatively large changes in rent levels. This system, *ceteris paribus*, results in a higher customer turnover compared with Sweden and Denmark.

The tables below shows the shares of regulated/unregulated net operating income and number of units of the total portfolio of the Group as at 30 September 2019 (unaudited). 51 per cent. of the total net operating income is generated from properties included in regulated rental systems.

Share of regulated/unregulated net operating income of Group's total portfolio, as at 30 September 2019 (unaudited)

<u>Rental System</u>	<u>Market</u>	<u>Share of total net operating income</u> (per cent.)
Residential - unregulated.....	Norway and Denmark	49
Residential – regulated.....	Sweden and Denmark	51
Total		100

Share of regulated/unregulated units of Group's total portfolio, as at 30 September 2019 (unaudited)

<u>Rental System</u>	<u>Market</u>	<u>Share of total number of units</u> (per cent.)
Residential - unregulated.....	Norway and Denmark	28
Residential – regulated.....	Sweden and Denmark	72
Total		100

Lease maturities

The table below shows the value of the Group's leases by date of maturity.

<u>Lease maturities</u>	<u>Number of contracts</u>	<u>Estimated contract value, 2018</u> (SEK millions)	<u>Portion of value</u> (per cent.)
2019	471	51	1
2020	340	65	2
2021	270	68	2
2022	138	35	1
2023-	86	86	2

Lease maturities	Number of contracts	Estimated contract value, 2018	Portion of value
Total, premises	1,305	305	8
Vacant premises	827	30	1
Residential.....	36,683	3,141	89
Garages and parking spaces.....	15,444	57	2
Total	54,259	3,533	100

The table below shows the occupancy rates across the Group's property portfolio for the years ending 31 December 2017, 31 December 2018 and the nine months ending 30 September 2018 (unaudited) and 30 September 2019 (unaudited).

Occupancy rates apartments	Nine months ending 30 September		Year ending 31 December	
	2019 (unaudited)	2018 (unaudited)	2018	2017
Sweden.....	98.0	98.4	98.1	99.3
Denmark.....	96.4	94.3	94.1	91.3
Norway.....	97.7	97.3	96.6	95.4
Total	97.6	97.8	97.4	98.6

Moreover, by discounting vacant apartments currently under refurbishment, the occupancy rates as at 30 September 2019 would be 99.5 per cent. for Sweden, 98.4 per cent. for Denmark and 99.1 per cent. for Norway, resulting in an average occupancy rate of 99.2 per cent. across the three countries.

Property Development and Refurbishment

The Group is an active developer in the Swedish, Danish and Norwegian residential property markets. The development portfolio has been located in growth areas within the respective markets.

Denmark

The majority of new build projects in Denmark are based on "turnkey" contracts, where buildings are constructed so that they can be sold to any buyer as a completed product (in contrast to "build to order" projects), hence the Group mitigates construction risk. Payment of the fixed price will be made to the developer on the completion and handover of each project.

The Issuer has in Denmark signed agreements relating to the construction of 1,033 apartments and seven commercial premises which are scheduled to be completed by the end of 2020. The residential apartments are expected to cover an aggregate area of approximately 78,210 square metres, with the commercial premises covering a further 2,045 square metres. Collectively, both commercial and residential premises are expected to have a fair value of approximately SEK 4,442 million, with each square metre being valued at approximately SEK 55,348.

The Group is responsible for and holds the occupancy risk. Heimstaden AB (publ)'s asset management team initiates the letting process 6-9 months before the project is completed.

Norway

In Norway, plans to redevelop existing properties mean that approximately 1,700 new apartments are currently in the pipeline (in the period from 2019 to 2027).

Sweden

In Sweden, the Group currently plans to refurbish approximately 1,200 apartments per year. With each apartment having an average size of 70 square metres and with calculated refurbishment costs of SEK 6,500 per square metre, the expected annual mean investment amounts to approximately SEK 491.4 million.

Based on negotiations with the Tenant Association, the refurbishment is expected to result in an average rental increase of SEK 350 per square metre, with an average decrease in running costs of SEK 100 per square metre.

Considering the relatively low yields of residential properties (as compared to other property types), an improvement in the operational cash flow would be expected to have a positive gearing effect on the yield, as illustrated below.

The table below shows the Group's refurbishment plans in Sweden over the period from 2019 to 2022.

Preconditions	Number
Total number of apartments relevant for refurbishment	>15,000
Yearly number of apartments to be refurbished (<i>thousands</i>)	1.2
Average size (<i>square metres</i>)	70
Renovation costs per square metre (<i>SEK</i>)	6,500
Improved cash flow from operations due to refurbishment per square metre (<i>SEK</i>)	400
Average yield (<i>per cent.</i>)	3.7

The table below shows the cost of the Group's refurbishment plans in Sweden and the estimated impact of such plans on the Group's future rental income and operating costs.

	2019	2020	2021	2022
Apartments to be refurbished (<i>thousands</i>)	1.2	1.2	1.2	1.2
Area to be refurbished (<i>square metres, thousands</i>)	84	84	84	84
Investment (<i>SEK, millions</i>)	-546	-546	-546	-546
Rental income increase (<i>SEK, millions</i>)	33.6	33.6	33.6	33.6
Operating cost reduction (<i>SEK, millions</i>)	8.4	8.4	8.4	8.4
Net operating income effect (<i>SEK, millions</i>)	42	42	42	42
Gross value of investment (<i>SEK, millions</i>)	1135.1	1135.1	1135.1	1135.1
Accumulated value increase (<i>SEK, millions</i>)	1135.1	2270.2	3405.3	4540.4

The Group has signed a framework agreement with Magnolia (a Swedish project coordinator) to construct a total of 13 residential projects between 2019 and 2024. The terms of this framework agreement place a fixed price on each of the residential projects, meaning the Issuer has no cost overrun risk. The total value of the project is SEK 8.8 billion, of which 88 per cent. of the value is residential. A total number of 4,809 apartments is planned to be built, with the average size of each apartment being 44 square metres. The location of the residential projects is primarily in the Stockholm area, with each property being located close to public transportation. The Issuer has the right to withdraw from any project prior to the start of construction by paying a penalty fee of 3 per cent. of the project value. The Issuer will fund the construction of each of the projects based on individual payment plans. The Issuer will be responsible for letting each of the projects out and will subsequently bear risk for occupancy of the apartments.

Future Acquisitions

The Issuer constantly looks for opportunities for potential acquisitions of residential properties and portfolios that fit with its existing business activities. Such acquisitions may in the future be purchased using a combination of available cash, equity injections from shareholders and future debt financing. The Issuer has entered into letters of intent with Heimstaden AB, its parent company, and Alecta, a shareholder in the Issuer, for the Issuer to acquire from Heimstaden AB and Alecta (as applicable) portfolios in Germany, Norway and Sweden with an aggregate market value of SEK 2,600 million. Negotiations are ongoing and the estimated closing date of the transaction is during December 2019. The Issuer is also considering viable investment opportunities in such countries and may in the future place bids to acquire properties and portfolios that fit with its existing business activities. Such bids are typically competitive in nature and there can be no assurance that the Issuer's bids will be accepted, or that acquisitions will be available at a price that is attractive to the Issuer. Furthermore, any bids or acquisitions are the subject of due diligence and may not be completed on time or at all. In order to continue to grow through acquisitions the Issuer will need to fund its activities through a combination of equity injections and debt raising. The ability of the Issuer to complete any acquisitions will therefore be dependent on the ability to attract and raise additional finance at commercially attractive rates, that maintain compliance with the Issuer's financial covenants.

Finance and Capital Structure

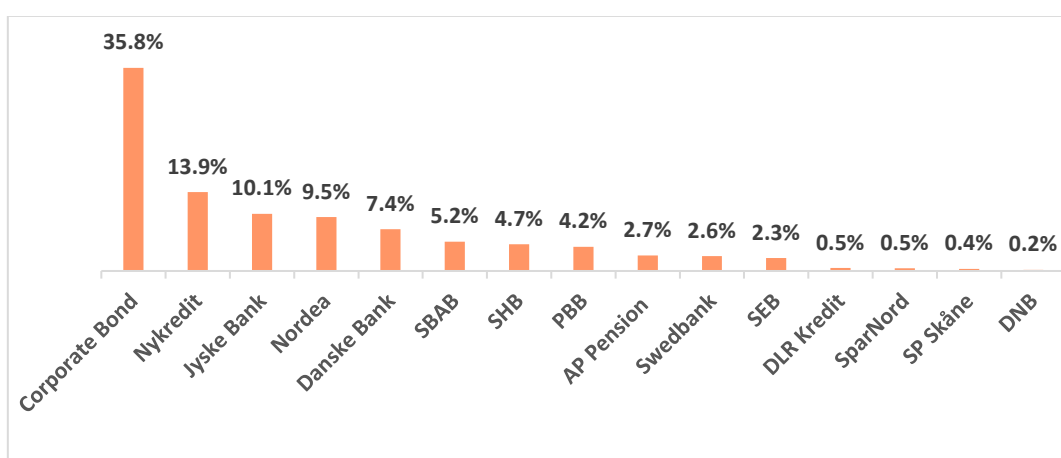
Funding Strategy

The Issuer pursues capital-intensive operations and access to capital is an essential prerequisite for the development of a successful property business. Operations are funded using a combination of shareholders' equity, interest-bearing liabilities and other liabilities. As at 30 September 2019, the Group had interest-bearing liabilities amounting to SEK 51,326 million (unaudited) (compared with SEK 41,593 million as at 31 December 2018). The external bank financing of SEK 32,951 million is secured entirely by property mortgages, and provided by Nordic commercial institutions, Nordic mortgage banks and one German mortgage bank. In total the interest-bearing debt was divided between 14 financial institutions. Existing financing has been and future financing may be entered into by subsidiaries of the Issuer.

Funding

The chart below shows an overview of the Group's existing lenders as at 30 September 2019.

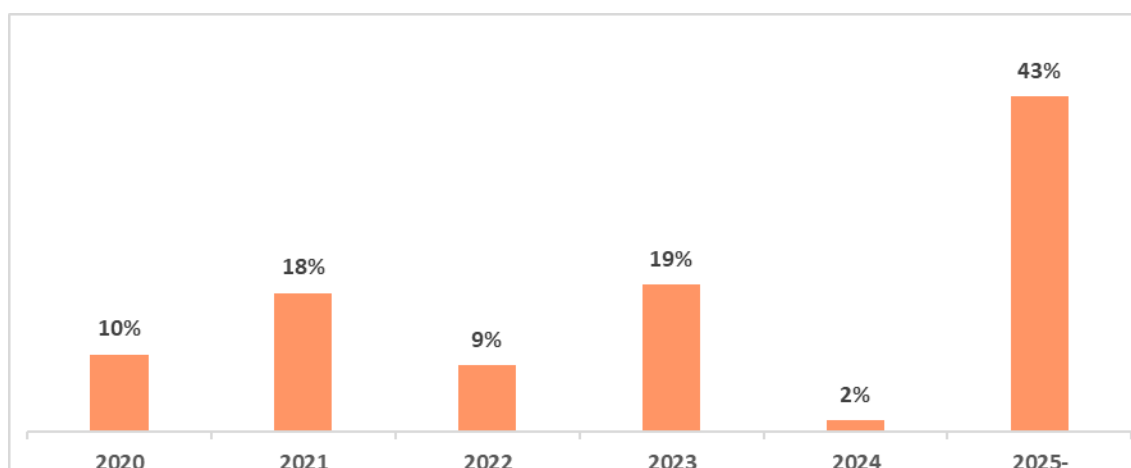
Funding distribution by lender (as at 30 September 2019, unaudited)



From the unaudited figures as at 30 September 2019, the average period for fixed interest-bearing loans, adjusted for derivative instruments was 2.4 years (compared to 2.6 years as at 31 December 2018) and the average period during which capital was tied up for the loans was 11.6 years (compared to 8.1 years as at 31 December 2018). From the unaudited figures as at 30 September 2019, the average interest rate was 1.9 per cent. (compared to 1.8 per cent. as at 31 December 2018).

The chart below shows an overview of the Group's loan tenors from the unaudited figures as at 30 September 2019.

Loan tenors (as at 30 September 2019, unaudited)



The table below shows the Group's utilised and unutilised credit commitments and whether the financing is secured by the Group's assets as at 30 September 2019.

Financing source	Credit (SEK, millions)	Secured credit (per cent.)	Unutilised credit (SEK, millions)	Share of total (per cent.)
Corporate bonds	18,375	-	-	30
Mortgages	20,187	100	-	33
Bank loans.....	12,764	100	8,998	36
Total	51,326	64	8,998	100.0

The table below shows the Group's unencumbered assets by country as at 30 September 2019.

Country	Unencumbered Assets (per cent.)
Sweden.....	25.2
Denmark.....	0.6
Norway.....	90.2
Total	28.3

Board of Directors, Management and Auditors

Board of Directors

Brief biographies of the members of the board of directors of the Issuer, as at the date of this Base Prospectus, are set out below.

Frans Heijbel

Mr Heijbel is Head of International Real Assets at Alecta where he previously held the role Head of Investment, Real Estate Sweden. Prior to his seven years at Alecta, he held senior roles at Trinova Real Estate LLP, Bank of Ireland REIM and JLL. Mr Heijbel is responsible for Alecta's international real estate and infrastructure investments, with a combined portfolio value of around SEK 50 billion in equity including Heimstaden Bostad AB.

Ramsay Brufer

Mr Brufer has been the Head of Corporate Governance at Alecta for over 20 years. Mr Brufer is also a board member of several companies in the Swedish real estate and infrastructure sector where Alecta is shareholder.

Magnus Nordholm

Mr Nordholm is the acting CFO of the Issuer. He is also the CEO and a member of the board of Fredensborg AS. Mr Nordholm has been on the board of Heimstaden AB since 2008. Before that he was Head of Nordic Structured Real Estate Finance at HSH Nordbank AG, Copenhagen branch.

Stefan Attefall

From 2010 to 2014, Mr Attefall was the minister for Construction and Housing and a Civil minister of the Swedish government. Today, he is an active senior advisor and board member of several companies in the Nordic construction and residential property segment.

The business address of each of the members of the board is Östra Promenaden 7A, SE-211 28 Malmö, Sweden.

Erik Glaesel Gullestad

Mr Gullestad is director and co-head of the Investment Team in Fredensborg AS. Prior to his five years at Fredensborg, he worked at Arctic Securities and Arkwright.

John Giverholt

Mr Giverholt has been on the board of Issuer's majority shareholder, Heimstaden AB, since 2018. He was previously CEO at Ferd, Deputy CFO at NorskHydro, Executive VP at DnB, and VP at Orkla ASA amongst others.

Christer Franzén

Mr Franzén is the Chief Investment Officer at Ericsson Pensionsstiftelse, which has a broad investment portfolio with a capital preservation approach and focus on cash generating investments. Mr Franzén has held his role for more than ten years. He is also a board member of several other real estate companies with Nordic focus.

Senior Management

The Issuer has entered a group-wide management agreement (the "**Management Agreement**") with Heimstaden AB (publ) and has no direct contracts with senior management or any other personnel. Brief biographies of the Issuer's senior management team (acting under the Management Agreement) as at the date of this Base Prospectus, are set out below.

Patrik Hall

Mr Hall is registered as the Managing Director of the Issuer. He is also the CEO and a board member of Heimstaden AB (publ). Prior to this, he was a negotiation manager at the Tenant Association.

Magnus Nordholm

Please refer to "*Board of Directors*" above.

Goran Bengtsson

Mr Bengtsson has been the Chief Asset Management Officer of the Issuer since 2018. Mr Bengtsson has previously worked at Barings Real Estate Advisors, Aberdeen Asset Management and Ericsson.

Christian Fladeland

Mr Fladeland is the Chief Investment Officer of the Issuer, having joined in 2019. Mr Fladeland was previously a partner at Colliers International Denmark.

Suzanna Malmgren

Ms Malmgren is the Chief Human Resources Officer of the Issuer, having joined in 2017. Ms Malmgren was previously a partner at Alumni Harvey Nash Nordic EE and was a Manager at Impact Executives Nordic.

Helge Krogsbol

Mr Krogsbol has been the Chief Operating Officer of the Issuer since 2018. Mr Krogsbol has previously worked as SVP at Pandox AB, and as GM/RDO at Benelux Thon Hotels. Mr Krogsbol was also a Managing Partner at Room2Room and the VPO/CEO at First Hotels.

Conflicts of Interest

Other than as set out below, to the Issuer's knowledge, there are no potential conflicts of interest between any duties owed to the Issuer by members of the board or the management of the Issuer and their private interests and/or other duties. Although the Issuer is not currently aware of any potential conflicts of interest, it cannot be excluded that conflicts of interest may come to arise between companies in which members of the board and members of the management have duties, and the Issuer.

As at the date of this Base Prospectus:

- Magnus Nordholm and Patrik Hall are direct shareholders in Heimstaden Bostad AB (publ) (each holding 0.1 per cent. of the share total) and are employed by one of the majority shareholders.

- Frans Heijbel, Ramsay Brufer, Erik Glaesel Gullestad and Christer Franzén are employed by one of the shareholders.
- John Giverholt is a board member of one of the shareholders.
- Stefan Attefall works as a consultant to the majority shareholder.

Auditors

At the Issuer's annual general meeting, held on 15 May 2019, Ernst & Young AB and Moore Stephens Malmö AB were appointed as the Issuer's auditors and Peter von Knorring from Ernst & Young AB, an authorised auditor, was appointed as the auditor in charge, each to serve until the end of the next annual general meeting.

Peter von Knorring has been the auditor in charge of the Issuer since 2015. Peter von Knorring is member of FAR (*Föreningen Auktoriserade Revisorer*), which is the professional institute for the accountancy sector in Sweden.

Ernst & Young AB's address is Drottninggatan 24, Norrköping 602 24, Sweden. Moore Stephens' address is Stortorget 8, 211 34 Malmö, Sweden

Employees

The Issuer has no employees as its properties and property-owning companies are instead managed by Heimstaden Förvaltnings AB in Sweden, Heimstaden A/S in Denmark and Heimstaden AS in Norway. Group-wide management is provided by Heimstaden AB.

Recent Developments

Capital Securities

On 19 November 2019, the Issuer issued subordinated hybrid fixed to reset rate capital securities in the amount of EUR 800,000,000 with an initial annual fixed rate coupon of 3.248 per cent. and a non-call period of 5.25 years. The proceeds from the issue are intended to be used for general corporate purposes.

Capital Contribution

On 30 August 2019, the Issuer received a capital contribution of SEK 3,000 million from its existing owners, following an issue of 30,000 Class B shares with a quota value of SEK 100,000 each. The capital contribution was prorated amongst Heimstaden AB and Alecta to their existing holdings of Class B shares with Heimstaden AB and Alecta being issued 10,500 and 19,500 Class B shares respectively. The Class B shares issued are perpetual and do not contain any repayment structures. The purpose of the capital contribution is to prepare the Issuer for further growth based on solid credit ratios.

Acquisition of Dutch property portfolio

On 25 October 2019, the Issuer acquired properties in the Netherlands valued at EUR 1,675 million (SEK 17,917 million as at 25 October 2019) from Heimstaden AB, the Issuer's parent company, for an amount of EUR 722 million (SEK 7,726 million as at 25 October 2019) (subject to adjustment following diligence). The acquisition comprises three property portfolios with a total of 555 properties and 10,447 apartments. The acquisition was carried out as a purchase of Heimstaden AB's Swedish subsidiary Heimstaden Castor AB, which owns the three Dutch property portfolios through its own subsidiaries. The lettable area amounts to approximately 865,419 square metres, of which about 852,859 square metres is residential accommodation and about 12,560 square metres is commercial space.

Property stock

From the unaudited figures as at 30 September 2019 provided by Heimstaden AB, the occupancy rate for apartments of the Dutch portfolio was 96.5 per cent. and the fair value of investment properties was SEK 17,650 million as at 30 September 2019. The figures for the portfolio are prepared on a consistent basis to the figures for the Group's total portfolio. All of the assets in the Dutch portfolio were encumbered as at 30 September 2019.

The majority of the portfolio has been held by Heimstaden AB since May 2019 and the first Dutch properties were acquired in October 2018. Post transfer to the Issuer, the Dutch properties will continue to be managed by Heimstaden AB's locally-based property management organisations pursuant to the asset management agreement described in "Goals and Strategy – Management Strategy – Property management" above.

Rental system

The Dutch residential system is divided into two residential regimes (or sectors):

1. the regulated sector; and
2. the unregulated (liberalised) sector.

The WOZ value and WWS (Dutch: *Woningwaarderingssstelsel*) points of a regulated unit determine the maximum rent that can be collected. This can be influenced with capital expenditure and, beyond 142 WWS-points, a unit becomes liberalised once the tenant at the time leaves. WOZ-value is a government-determined fiscal value for every house, is renewed every year, and serves as the basis for occupier taxes. It is based on house transaction prices, incorporating the latest market developments.

A residential unit is categorised as a regulated or unregulated unit depending on the residential unit's WWS-points and the monthly rent. The WWS-system is a transparent way of determining the attractiveness of a residential unit based on certain characteristics such as location, standard, equipment and size. The more attractive, the higher the points and consequently the higher the rent.

The Dutch government discloses a list on an annual basis informing the landlords in the country exactly how much they are allowed to charge in rent based on the WWS-points achieved. For instance, if a unit has 130 WWS-points the maximum allowed rent is EUR 657/month.

If the monthly rent exceeds EUR 720/month, equivalent to the same or more than 142 WWS-points, the unit is characterised as "liberalised" and you are generally allowed to charge free market rent. All units below EUR 720/month, or the same or less than 141 WWS-points, must however follow the government's maximum allowed rents in the WWS-system.

Details of the share of regulated/unregulated units of the Dutch residential portfolio are set out below and these are broadly in line with the Group's total portfolio.

Rental System	Share of total number of units
	<i>(per cent.)</i>
Residential - unregulated.....	31
Residential – regulated.....	69
Total	100

Choice of location

The locations of the Dutch portfolio are dispersed across the Netherlands with a small concentration in Rotterdam (with a market value of SEK 1.6 billion as at 30 September 2019).

Lease maturities

Under Dutch law there are no temporary tenancy agreements for residential units. The basic rental contract is one of unlimited duration. The Issuer's Dutch portfolio contains a limited amount of commercial units (approximately 1 per cent.) which have lease end dates, though most units are residential with a one month termination period.

Valuation mechanism

All property values reflected in the Group's accounting are based on external valuations by acknowledged global real estate advisory companies such as Newsec, Colliers, CBRE and Cushman & Wakefield. Appraisers CBRE and Cushman & Wakefield are employed for valuation of the Dutch property portfolio.

The external valuations are conducted once every quarter, with a full valuation report once a year and quarterly desktop updates thereafter.

The valuation methodology is based on market practice in each respective country where the Group is present. In the Netherlands the valuation is performed using a 10-year cash flow analysis. The cash flow analysis reflects the estimated net operating income for the coming 10 years. Based on the stabilised net operating income in year 10 a terminal value is calculated. The sum of the calculated present values (cash flow and terminal value) represents the estimated market value of the property.

In all countries where the Group is present the discount rate and return requirement are based on local price analysis of completed transactions, as well as individual assessments of the risk level and the property's market position.

Competitors

The Dutch market consists of approximately 7.7 million homes of which 43 per cent. or 3.4 million are rental homes. The rental segment is dominated by the large social housing associations which together own approximately 70 per cent. of the rental stock. The other 30 per cent. is characterised by diversified ownership and different types of investors such as institutions, property funds, family offices as well as listed and unlisted property companies.

Loan tenors

The table below shows an overview of the Group's loan tenors from the unaudited figures as at 30 September 2019 on a pro forma basis as if the acquisition of Heimstaden Castor AB had been completed as at 30 September 2019.

Loan tenors	Portion of value (per cent.)
2020	8
2021	16
2022	6
2023	17
2024	19
2025	33

New share issue

The Issuer's financing of the acquisition of the Dutch property portfolio described above has been carried out as a partial offset issue. On 25 October 2019, the Issuer issued 4,008,665 Class B preference shares (series 2) and 456,604 common shares, valued at around SEK 9,500 million, of which SEK 3,271 million is offset against Heimstaden AB's receivable (subject to adjustment following diligence) of SEK 7,726 million in respect of the Issuer's acquisition of Heimstaden Castor AB. The cash received by the Issuer as a result of the share issue is SEK 6,229 million and resulting in a net capital contribution of SEK 1,774 million (after deducting the cash payable to Heimstaden AB in respect of the acquisition of Heimstaden Castor AB).

As at the date of this Base Prospectus, the Issuer's shareholder structure is as set out in the table below.

Shareholders	Allocation of total shares (per cent.)	Allocation of total votes (per cent.)
Heimstaden AB (publ) (through subsidiary).....	41.76	51.91
Alecta.....	54.25	44.80
Ericsson.....	2.94	2.36
Sandvik	1.01	0.81
Patrik Hall	0.02	0.06
Magnus Nordholm	0.02	0.06

Shareholder agreement and future capital contributions

Following the execution of a new shareholder agreement amongst the shareholders of the Issuer, the Issuer may now raise capital through issuing additional equity to new investors. The Issuer will consider opportunities for equity capital increases from time to time, in order to fund its investment strategy.

PRO FORMA FINANCIAL INFORMATION IN RESPECT OF PORTFOLIO ACQUISITIONS IN THE NETHERLANDS

As of 25 October 2019, the Issuer has carried out a major property transaction, acquiring a Dutch property portfolio, and a new share issue as described in "*Recent Developments*" above (the "**Transactions**"). The Transactions will affect the Issuer's future earnings, financial position and cash flows. The pro forma income statement has therefore been created as an illustration of how the result for the period 1 January 2019 to 30 September 2019 could have looked if these transactions were carried out on 1 January 2019 and the pro forma balance sheet and earnings capacity are only intended to describe the hypothetical financial position and earnings capacity as if the Transactions had been completed as of 30 September 2019.

The following pro forma financial information is only intended to describe a hypothetical situation and has been produced for illustrative purposes only and, therefore, does not in any way reflect the Issuer's actual financial position or results. It is not intended to show the financial position or the result for the period if the above events had occurred at the above-mentioned date. It also does not show the financial position or the results of the business at a future point in time.

The pro forma income statement and the pro forma balance sheet have been prepared in a manner consistent with the accounting policies adopted by the Issuer in preparing the Issuer financial statements for the nine months ended 30 September 2019.

Independent auditors assurance report on the compilation of pro forma financial information included in this Base Prospectus

To the Board of Directors of Heimstaden Bostad AB (publ)

Norrköping, 21 November 2019

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

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of Heimstaden Bostad AB (publ) (the "**Company**") by the Board of Directors. The pro forma financial information consists of the unaudited pro forma balance sheets as at September 30, 2019, the unaudited pro forma income statement for the nine-month period ended September 30, 2019 and related notes as set out on pages 113-115 of the base prospectus issued by the Company dated 21 November 2019. The applicable criteria on the basis of which the Board of Directors has compiled the pro forma financial information are specified in the Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017, the Commission delegated Regulation (EU) 2019/980 of 14 March 2019 and described in the notes (applicable criteria).

The pro forma financial information has been compiled by the Board of Directors to illustrate the impact of the acquisition of all shares in Heimstaden Castor AB, set out on pages 113-115 on the basis of the applicable criteria as if the acquisition of all shares in Heimstaden Castor AB and the new share issue (as described in "*Recent Developments*"), had taken place at January 1, 2019 and September 30, 2019, respectively.

As part of this process, information about the Company's financial position and financial performance has been extracted by the Board of Directors from the unaudited consolidated interim financial statements of Heimstaden Castor AB for the nine-month period ended September 30, 2019, on which no auditors' review report has been published and from the unaudited published financial statements of Heimstaden Bostad AB (publ) prepared in accordance with International Financial Reporting Standards (IFRS) for the nine-month period ended September 30, 2019.

The Board of Directors' Responsibility for the Pro Forma Financial Information

The Board of Directors is responsible for compiling the pro forma financial information on the basis of the applicable criteria.

Independent Auditor's Responsibilities

Our responsibility is to express an opinion about whether the pro forma financial information has been compiled, in all material respects, by the Board of Directors on the basis of the applicable criteria.

We conducted our engagement in accordance with International Standard on Assurance Engagements (ISAE) 3420, Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus, issued by the International Auditing and Assurance Standards Board. This standard requires that the independent auditor comply with ethical requirements and plan and perform procedures to obtain reasonable assurance about whether the Board of Directors has compiled, in all material respects, the pro forma financial information on the basis of the applicable criteria. We confirm that we do not have a material interest in the Company.

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

The purpose of pro forma financial information included in a prospectus is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the entity as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction at October 25, 2019 would have been as presented.

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

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

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

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

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

Opinion

In our opinion, the pro forma financial information has been compiled, in all material respects, on the basis stated and such basis is consistent with the accounting policies of Heimstaden Bostad AB (publ).

Ernst & Young AB

Peter von Knorring
Authorised public accountant

Balance Sheet

As at 30 September 2019	Heimstaden Bostad AB ⁽¹⁾	Heimstaden Castor AB ⁽²⁾	New share issue	Pro forma Adjustments		Pro forma
				Acquisition related adjustments	Footnotes	
			(SEK, millions)			
ASSETS						
Non-current assets						
Investment properties	89,629	17,650		267	A	107,546
Leases, right-of-use	655	0				655
Other long-term receivables.....	180	0				180
Total non-current assets	90,464	17,650		267		108,381
Current assets						
Development properties and tenant-owned apartments in progress	756	0				756
Other receivables	913	27				940
Cash and cash equivalents	2,381	297	6,229	-4,455	B	4,452
Total current assets	4,050	323	6,229	-4,455		6,147
TOTAL ASSETS	94,514	17,973	6,229	-4,188		114,528
EQUITY AND LIABILITIES						
EQUITY	38,776	7,332	9,500	-7,223	A, C, E	48,385
LIABILITIES						
Non-current liabilities						
Long-term interest-bearing liabilities.....	50,641	10,141	-3,271	3,271	B	60,781
Non-current liability, financial leasing	655	0				655
Financial derivative instruments	127	148				275
Deferred tax liability.....	2,096	291		-236	A, D	2,151
Total non-current liabilities	53,519	10,579	-3,271	3,035		63,862
Current liabilities						
Current interest-bearing liabilities	685	0				685
Other short-term liabilities.....	1,534	62				1,596
Total current liabilities	2,219	62				2,281
TOTAL EQUITY AND LIABILITIES	94,514	17,973	6,229	-4,188		114,528

Notes:

- (1) The financial information in respect of Heimstaden Bostad AB is sourced from its unaudited reviewed consolidated financial statements for Heimstaden Bostad AB in respect of the nine months ended 30 September 2019, incorporated by reference into this Base Prospectus.
- (2) The financial information in respect of Heimstaden Castor AB is sourced from its management accounts in respect of the nine months ended 30 September 2019.

Adjustments (each with a continuing impact on the Issuer):

- A. Market value in the acquisition agreement results in an increase in value of investment properties of SEK 267 million and deferred tax is increased by SEK 55 million and equity is increased by SEK 213 million.

- B. The acquisition is paid from existing cash which results in liquid funds being reduced by SEK 4,455 million where the amount comprises the purchase price SEK 7,726 million offset by SEK 3,271 million. Long-term interest-bearing liabilities are simultaneously offset by SEK 3,271 million.
- C. Shareholder's equity in the acquired companies is eliminated, totaling SEK 7,332 million.
- D. The reported deferred tax liability, which relates to unrealised change in value of investment properties, is decreased by SEK 291 million to reflect the acquisition.
- E. Equity is decreased by SEK 104 million, which corresponds to the difference between the higher purchase price (subject to adjustment following diligence) of SEK 7,726 million and the reported value of equity and deferred tax as of 30 September 2019 of SEK 7,622 million

Income Statement

Nine months ending 30 September 2019	Heimstaden Bostad AB ⁽¹⁾	Heimstaden Castor AB ⁽²⁾	Pro forma Adjustments		Pro forma*
			Acquisition related adjustments <i>(SEK, millions)</i>	Footnotes	
Rental income.....	3,030	681			3,711
Property costs.....	-1,291	-309			-1,601
Net operating income.....	1,739	372			2,111
Central administration.....	-127	0			-127
Other operating income.....	10	0			10
Other operating expenses.....	-11	0			-11
Profit before financial items.....	1,611	372			1,982
Financial income.....	10	0			10
Financial costs - interest bearing liabilities.....	-727	-255			-983
Financial costs - interest bearing subordinated shareholder loans.....	0	0			0
Financial costs - right-of-use assets.....	0	0			0
Other financial income/costs.....	-155	0			-155
Profit from property management.....	738	117			855
Value change, properties.....	3,324	1,392	267	A	4,984
Changes in value interest rate derivatives.....	-284	-146			-430
Profit before tax.....	3,778	1,363	267		5,408
Current tax.....	-136	-43			-179
Deferred tax.....	-737	-255	-55	A	-1,047
Profit for the period.....	2,904	1,065	213		4,182
Other comprehensive income.....	1,074	0			1,074
Comprehensive income for the period.....	3,978	1,065	213		5,256

Notes:

- (1) The financial information in respect of Heimstaden Bostad AB is sourced from its unaudited reviewed consolidated financial statements for Heimstaden Bostad AB in respect of the nine months ended 30 September 2019, incorporated by reference into this Base Prospectus.
- (2) The financial information in respect of Heimstaden Castor AB is sourced from its management accounts in respect of the nine months ended 30 September 2019 apart from (i) in respect of the Vermeer portfolio (which constituted SEK 623 million of rental income for the period), which was acquired by Heimstaden Castor AB on 1 May 2019 and for the period from 1 January 2019 to 30 April 2019 the financial information was sourced from Patrizia AG, the seller of the portfolio and (ii) in respect of the Coral portfolio (which constituted SEK 48 million of rental income for the period), which was acquired by Heimstaden Castor AB on 3 July 2019 and for the period from 1 January 2019 to 2 July 2019 the financial information has been extrapolated by straight line interpolation from the financial information for the period from 1 July 2019 to 30 September 2019.

Adjustments (without a continuing impact on the Issuer):

- A. Market value in the acquisition agreement results in an increase in value of investment properties of SEK 267 million and deferred tax is increased by SEK 55 million.

Key Performance Indicators

In order to describe the financial effects of the Transactions, the selected key performance indicators (as further described in "- *Alternative Performance Measures*" below) are presented below based on the above pro forma income statement and pro forma balance sheet as at 30 September 2019.

Key Performance Indicators	Nine months ending 30 September 2019	
	Actual (unaudited)	Pro forma (unaudited)
Interest coverage ratio (<i>multiple</i>) ¹⁾²⁾	2.0	1.9
Loan-to-value ratio (<i>per cent.</i>) ¹⁾	51.8%	49.8%
Equity/assets ratio (<i>per cent.</i>) ¹⁾	41.0%	42.2%

¹⁾ Shareholder loans are classified as equity in calculation of key data

²⁾ This is calculated for the nine-month period rather than the twelve month rolling basis used elsewhere in this Base Prospectus

Derivation of key data considered alternative according to the ESMA guidelines

	As at 30 September 2019	
	Actual	Pro forma
	<i>(unaudited)</i>	
	<i>(SEK, millions unless stated)</i>	
Interest coverage ratio (ICR) (<i>multiple</i>)		
Profit from property management	738	855
Reversal:		
Financial costs – Interest-bearing liabilities	727	983
Financial costs – Interest-bearing subordinated shareholder loans	0	0
Profit from property management plus financial costs	1,466	1,837
Interest coverage ratio (ICR) (<i>multiple</i>)	2.0	1.9
Equity/assets ratio (<i>per cent.</i>)		
Equity	38,776	48,385
Interest-bearing subordinated shareholder loans.....	0	0
Equity including interest-bearing shareholder loans.....	38,776	48,385
Total assets.....	94,514	114,528
Equity/assets ratio (<i>per cent.</i>)	41.0	42.2
Net liabilities		
Interest-bearing liabilities.....	51,326	61,466
Cash and bank balances.....	-2,381	-4,452
Net liabilities	48,944	57,015
Loan-to-value ratio (LTV) (<i>per cent.</i>)		
Net liabilities.....	48,944	57,015
Total assets.....	94,514	114,528
Loan-to-value ratio (LTV) (<i>per cent.</i>)	51.8	49.8

Earnings Capacity (unaudited and unreviewed)

The pro forma annual earning capacity for the Issuer as of 30 September 2019 and taking account of the Transactions is presented below.

It is important to note that pro forma earning capacity should not be equated with a forecast for the current year or the next twelve months. For example, pro forma earning capacity does not include an assessment of future rents, vacancies and market interest rates. In pro forma earning capacity, changes in value of properties and financial instruments, which affect the Issuer's income statement, have not been taken into account either.

The pro forma earning capacity is based on the earning capacity set out above in "- Earnings Capacity" as of 30 September 2019. This earning capacity is based on the properties that were owned as of 30 September 2019 and their associated financing and is based on the property portfolio, as of 30 September 2019, contracted rental income, and current property and administrative costs. Costs for the interest-bearing liabilities have been based on the Group's average interest rate level on the closing date, including the effect of derivative instruments.

In the pro forma earning capacity, historical data for the Transactions have been added to the earning capacity set out above in "- Earnings Capacity" as of 30 September 2019. The historical information has been adjusted with the expected development of the Issuer's operations following the Transactions given the Issuer's current management model, agreed capital structure at the time of acquisition and owner-specific internal transactions.

Earning capacity	As at 30 September 2019 (unaudited)	
	Actual	Pro forma
	<i>(SEK millions)</i>	
Current earning capacity		
Rental income	4,377	5,215
Property costs.....	-1,781	-2,081
Net operating income	2,595	3,134
Central administration.....	-155	-175
Other operating income.....	10	10
Other operating costs	0	0
Profit from participations in associated companies	0	0
Profit before financial items	2,450	2,969
Financial income.....	0	0
Financial costs – interest on subordinated shareholder loans	0	0
Financial costs – interest-bearing liabilities	-985	-1,178
Profit from property management	1,465	1,791
Key data		
Surplus ratio (<i>per cent.</i>)	59.3	60.1
Interest coverage ratio (<i>multiple</i>) ¹⁾	2.5	2.5

¹⁾ Shareholder loans are classified as equity in calculation of key data

SELECTED FINANCIAL INFORMATION

Consolidated Statement of Comprehensive Income

	Nine months ending 30 September		Year ending 31 December	
	2019	2018	2018	2017
	<i>(unaudited)</i>			
	<i>(SEK millions)</i>			
Rental income	3,030	2,303	3,231	1,620
Property costs	-1,291	-1,002	-1,480	-816
Net operating income	1,739	1,301	1,751	805
Central administration costs	-127	-105	-140	-111
Other operating income	10	8	14	23
Other operating costs	-11	-3	-14	-10
Profit before financial items	1,611	1,201	1,611	706
Financial income	10	14	26	4
Financial costs - interest-bearing liabilities	-727	-469	-698	-229
Financial costs - interest-bearing subordinated shareholder loans	-	-	-	-138
Other financial income/costs	-155	-95	203	-
Financial costs, right-of-use assets	-	-	-	-
Profit from property management	738	652	1,142	344
Value change, properties	3,324	1,977	2,562	1,776
Change in value of interest rate derivatives	-284	30	11	4
Profit before tax	3,778	2,659	3,715	2,123
Current tax	-136	-83	-135	-35
Deferred tax	-737	-253	-557	-511
Profit for the period	2,904	2,322	3,023	1,577
Other comprehensive income	1,074	430	-442	29
Comprehensive income for the period	3,978	2,752	2,581	1,606

All profit is attributable to the Issuer's shareholders.

Consolidated Statement of Financial Position

	As at 30 September		As at 31 December	
	2019	2018	2018	2017
	<i>(unaudited)</i>			
	<i>(SEK millions)</i>			
ASSETS				
Non-current assets				
Investment properties	89,629	68,530	72,329	43,689
Leases, right-of-use	655	-	-	-
Financial derivative instruments.....	-	-	18	-
Other financial non-current assets	180	165	150	211
Total non-current assets	90,463	68,695	72,497	43,899
Current assets				
Development properties and tenant-owned apartments in progress.	756	827	680	-
Accounts receivable	18	10	17	9
Other current receivables.....	592	580	575	122
Prepaid costs and accrued income.....	303	123	201	34
Cash and cash equivalents.....	2,381	1,894	2,313	763
Total current assets	4,050	3,432	3,786	928
TOTAL ASSETS	94,514	72,127	76,283	44,827
EQUITY AND LIABILITIES				
Equity attributable to Parent Company shareholders				
Share capital.....	26	26	26	19
Other capital contributions	30,355	26,653	26,653	15,246
Retained earnings including profit for the year	8,395	5,415	5,246	2,801
Total equity	38,776	32,094	31,925	18,066
LIABILITIES				
Non-current liabilities				
Long-term interest-bearing covered liabilities.....	32,266	35,227	26,079	21,798
Long-term interest-bearing non-covered liabilities.....	18,375	-	14,558	-
Non-current liability, financial leasing	655	-	-	-
Financial derivative instruments.....	127	0	-	31
Deferred tax liability	2,096	1,050	1,356	1,025
Total non-current liabilities	53,519	36,277	41,993	22,854
CURRENT LIABILITIES				
Current interest-bearing liabilities	685	2,589	957	3,030
Current liabilities, Group companies.....	-117	0	206	87
Accounts payable	355	280	293	89
Current tax liabilities.....	145	140	119	129
Other current liabilities.....	702	445	415	323
Accrued costs and prepaid income	449	303	375	249
Total current liabilities	2,219	3,756	2,365	3,908
TOTAL EQUITY AND LIABILITIES	94,514	72,127	76,283	44,827

Consolidated Statement of Cash Flows

Consolidated Statement of Cash Flows	Nine months ending 30 September		Year ending 31 December	
	2019 (unaudited)	2018 (unaudited)	2018	2017
			<i>(SEK millions)</i>	
Operating activities				
Profit before tax	3,778	2,659	3,715	2,123
Adjustments for non-cash items				
– Change in value of investment properties.....	-3,324	-1,977	-2,562	-1,776
– Change in value of derivative instruments.....	284	-30	-11	-4
– Other non-cash items.....	99	95	-126	-
Tax paid	-124	-72	-149	-17
Cash flow from operating activities before changes in working capital	713	674	867	326
Change in working capital				
Change in development properties and tenant-owned apartments in progress	-	-883	-883	-
Change in current receivables	-76	-166	300	-87
Change in current liabilities.....	55	176	112	93
Cash flow from operating activities	693	-199	396	333
Investing activities				
Property acquisitions.....	-5,592	-21,771	-13,994	-12,465
Investments in properties.....	-1,845	-164	-1,265	-316
Acquisitions of other non-current assets.....	-	-460	-158	-
Deposits paid for acquisitions	-144	-	-547	-
Property sales	3	13	13	285
Change in financial assets	-128	210	210	-210
Cash flow from investing activities	-7,706	-22,172	-15,741	-12,705
Financing activities				
New share issue.....	3,702	11,414	11,414	8,612
Dividend, preference shares	-829	-138	-138	-550
Change in interest-bearing liabilities.....	4,176	12,284	5,738	4802
Redemption of interest rate derivatives	-	-98	-135	-
Cash flow from financing activities.....	7,049	23,462	16,879	12,863
Cash flow for the year/period.....	36	1,091	1,535	491
Cash and cash equivalents at the beginning of the year/period.....	2,313	763	763	270
Currency effect in cash and cash equivalents	33	39	15	2
Cash and cash equivalents at the end of the year/period	2,381	1,894	2,313	763
Disclosures on interest rates				
Interest paid amounts to	N/A	N/A	553	355
Interest received amounts to.....	N/A	N/A	26	4

Consolidated Changes in Equity

	<u>Share capital</u>	<u>Other capital contributions</u>	<u>Retained earnings</u>	<u>Total equity</u>
	<i>(SEK millions)</i>			
Equity, 31 December 2017	19	15,426	2,801	18,066
New share issue.....	6	2,848	-	2,854
New share issue, Pref B.....	1	8,559	-	8,560
Dividend.....	-	-	-138	-138
Change in taxation.....	-	-	2	2
Profit for the year	-	-	3,023	3,023
Other comprehensive income.....	-	-	-442	-442
Equity, 31 December 2018	26	26,653	5,246	31,925
Dividend.....	-	-	-829	-829
New share issue, Pref B.....	-	3,702	-	3,702
Profit for the period.....	-	-	2,904	2,904
Other comprehensive income.....	-	-	1,074	1,074
Equity, 30 September 2019 (unaudited)	26	30,355	8,395	38,776

Selected Key Performance Indicators

Alternative Performance Measures

The Issuer applies the European Securities and Markets Authority ("ESMA") Guidelines on the Alternative Performance Measures (issued on 5 October 2015) (the "**ESMA guidelines**"). The Issuer presents certain financial measures that are not defined in accordance with International Financial Reporting Standards as adopted in the EU ("**IFRS**"). The Issuer 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 Base Prospectus.

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

†) These key ratios are calculated with particular regard to interest-bearing subordinated shareholder loans, which are reclassified and defined as equity given their financial structure.

Surplus ratio (per cent.)*

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

Interest coverage ratio (ICR) (rolling 12 months), multiple †

Profit after net financial items plus financial costs divided by financial costs attributable to interest-bearing liabilities excluding the effect of subordinated shareholder loans. Interest coverage ratio is a key performance measure that the Issuer considers to be relevant for assessing the Issuer's ability to pay interest on interest-bearing liabilities, make strategic investments and to fulfil its commitments under financing agreements. Due to seasonality in profit from property management this key performance indicator is calculated using the last 12 months' rolling data.

Loan-to-value ratio (LTV) (per cent.) †

The loan-to-value ratio compares net liabilities against total assets.

Net liabilities (SEK) †

Net of interest-bearing liabilities excluding interest-bearing subordinated shareholder loans and provisions less financial assets, cash and cash equivalents. Shareholder loans are included in equity in order to ensure historical comparability.

Equity/assets ratio including shareholder loans (per cent.) †

Equity including interest-bearing subordinated shareholder loans as a percentage of total assets at the end of the period. Shareholder loans are included in equity in order to ensure historical comparability.

Equity/assets ratio excluding shareholder loans (per cent.)* †

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

Average interest (per cent.)* †

Average interest on the balance sheet date for interest-bearing liabilities, excluding subordinated shareholder loans with interest rate derivatives taken into account.

Average period of fixed-interest on loans by derivative (years)* †

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

Average period for which capital is tied up (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) †

Time-weighted interest-bearing liabilities excluding subordinated shareholder loans 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.

Profit per ordinary share (SEK)

Profit in relation to the average number of ordinary shares once the preference shares' portion of the profit for the period has been taken into account.

Equity per ordinary share (SEK)

Equity at the end of the period, in relation to the number of ordinary shares at the end of the period, after preferential capital is taken into account.

Equity per preference share (SEK)

Preference shares' preferential rights on liquidation of the company and the share's remaining entitlement to dividends.

Letting ratio, residential properties (number) (per cent.)

Leased residential properties divided by total number of residential properties.

Profit from property management (SEK millions)

Profit excluding changes in value and tax. Profit from property management is a key performance measure that the Issuer considers to be relevant for assessing the earnings generation of the underlying operations.

Proportion living area on balance sheet date (per cent.)

This is calculated by dividing the living area by the total property area.

Profit before financial items (SEK millions)

Profit before financial items is calculated by deducting central administration costs, other operating income and other operating costs from net operating income.

Net financial items (SEK millions)

This is the net sum of income and costs relating to financial activities.

The table below lists each of the above Key Performance Indicators for the Issuer as at year end 2017 and 2018 and as at 30 September 2018 (unaudited) and 30 September 2019 (unaudited).

Key Performance Indicators

Key Performance Indicators	Nine months ending 30 September		Year ending 31 December	
	2019	2018	2018	2017
	(unaudited)	(unaudited)		
Property-related key data				
Lettable time-weighted area (<i>square metres, thousands</i>).....	2,112	1,696	2,345	1,418
Rental income per square metre (<i>SEK</i>).....			1,378	1,143
Operating costs per square metre (<i>SEK</i>).....	611	591	-631	-575
Operating costs excluding administration and property tax per square metre (<i>SEK</i>).....	484	471	-560	-468
Surplus ratio (<i>per cent.</i>).....	57.4	56.5	54.2	49.7
Letting ratio (<i>per cent.</i>).....	97.6	97.8	97.4	98.6
Profit from property management (<i>SEK millions</i>).....	738	652	1,142	344
Proportion living area on balance sheet date (<i>per cent.</i>).....	89.2	88.5	88.6	89
Financial key data				
Cash flow from operating activities before changes in working capital (<i>SEK millions</i>).....	713	674	867	326
Interest coverage ratio (ICR), multiple ¹⁾	2.1	2.6	2.6	3.1
Loan-to-value ratio (<i>per cent.</i>) ¹⁾	51.8	49.8	51.5	53.7
Equity/assets ratio (<i>per cent.</i>) ¹⁾	41.0	44.5	41.9	40.3
Average interest as per balance day (<i>per cent.</i>).....	1.9	1.8	1.8	1.7
Average period of fixed-interest on loans by derivative, year.....	2.4	1.0	2.6	1.4
Average period for which capital is tied up, year.....	11.6	7.6	8.1	7.3
Net asset value on the balance sheet date (<i>SEK millions</i>).....	40,872	33,144	33,281	19,090
Long-term asset value (EPRA NAV) on the balance sheet date (<i>SEK millions</i>).....	40,999	33,144	33,281	19,122
DEBT / EBITDA, (rolling 12m).....	17	21	21	23
Profit before financial items (<i>SEK millions</i>).....	1,611	1,201	1,611	706
Net financial items (<i>SEK millions</i>).....	-872	-550	-470	-363
Data per share				
Profit per ordinary share (<i>SEK</i>).....	1,313	979	795	817
Equity per ordinary share (<i>SEK</i>).....	5,738	4,560	4,881	3,419
Equity per preference share A (<i>SEK</i>).....	1,377,725	1,006,269	1,365,663	318,444
Equity per preference share B (<i>SEK</i>).....	102,746	102,845	103,452	100,989
Preference capital, share A (<i>SEK millions</i>).....	10	10	127	32
Preference capital share B (<i>SEK millions</i>).....	24,038	20,336	21,038	11,892
Number of ordinary shares outstanding at the end of the period.....	2,249,449	2,429,449	2,429,449	1,796,144
Average number of ordinary shares.....	2,249,449	2,127,504	2,204,519	1,796,144
Number of preference shares B outstanding at the end of the period.....	240,378	203,360	203,360	117,760
Number of preference shares A outstanding at the end of the period.....	100	100	100	100

Notes:

¹⁾ Shareholder loans are classified as equity in calculation of key data

Financial Guidelines	Issuer's Internal Guideline	As at 30 September		As at 31 December	
		2019	2018	2018	2017
		(unaudited)	(unaudited)		
Interest coverage ratio.....	≥ 1.5	2.1	2.6	2.6	3.1
Equity/assets ratio (<i>per cent.</i>).....	≥ 30	41	44	42	40
Capital tied up in months.....	≥ 15	140	91	97	87
Loan maturity in an individual year (<i>per cent.</i>).....	≤ 40	21 (year, 2022)	27 (year, 2021)	28 (year, 2020)	33 (year, 2022)
Limitation of individual lenders (<i>per cent.</i>).....	≤ 40	14	18	15	15
Fixed interest rate years.....	Separate strategy	2.4	1.0	2.6	1.4
Interest rate hedge (<i>per cent.</i>).....	≥ 75 ¹⁾	57	30	55	35.3
Loan-to-value ratio (<i>per cent.</i>) ³⁾ ...	45-55 ²⁾	52	52	54	55
Quick ratio	≥ 125 ⁴⁾	223	-	159	-

Notes:

- 1) ≥ 50 per cent. implemented from 31 December 2018 and on 25 October 2019 the Issuer implemented a target of ≥ 75 per cent.
2) the target of 45-55 had been implemented by the Issuer from 1 October 2019
3) the loan-to-value ratio has historically been calculated by dividing net debt by total assets but from 1 October 2019 will be calculated by dividing net debt by capitalisation (net debt plus equity). For the nine months ended 30 September 2019 the loan-to-value ratio would have been 55.8 using the net debt (SEK 48,944 million) divided by capitalisation (net debt plus equity (SEK 48,944 million plus SEK 38,776 million))
4) ≥ 125 per cent. implemented from 31 December 2018

The table above sets out the financial guidelines that are relevant to the Issuer, as contained in internal guidelines and financial agreements with third parties.

The table below sets out the ways in which certain key data, which is considered "alternative" according to the ESMA guidelines, is derived.

Derivation of key data considered alternative according to the ESMA guidelines

Derivation of key data considered alternative according to the ESMA guidelines

	As at 30 September		As at 31 December	
	2019	2018	2018	2017
	<i>(unaudited)</i>			
	<i>(SEK, millions unless stated)</i>			
Letting ratio, residential properties (per cent.)				
Number of available/vacant homes as per the balance sheet day..	972	805	985	388
Number of leased homes as per the balance sheet date.....	40,336	35,081	36,352	27,963
Total number of homes as per balance sheet date.....	41,308	35,886	37,337	28,351
Letting ratio, residential properties (per cent.).....	97.6	97.8	97.4	98.6
Proportion living area on balance sheet date (per cent.)				
Living area as per balance sheet date (<i>square metres</i>).....	2,633,187	2,215,523	2,328,840	1,703,042
Premises area as per balance sheet date (<i>square metres</i>).....	320,014	288,384	299,091	210,582
Total area as per balance sheet date (<i>square metres</i>).....	2,953,201	2,503,907	2,627,931	1,913,624
Proportion living area on balance sheet date (per cent.).....	89.2	88.5	88.6	89.0
Interest coverage ratio (ICR) (multiple)				
Profit from property management	1,086	906	1,142	344
Reversal:				
Financial costs – Interest-bearing liabilities	957	570	698	229
Financial costs – Interest-bearing subordinated shareholder loans	-	-	-	138
Profit from property management plus financial costs	2,043	1,476	1,840	711
Interest coverage ratio (ICR) (multiple).....	2.1	2.6	2.6	3.1
Equity/assets ratio (per cent.)				
Equity.....	38,776	32,094	31,925	18,066
Interest-bearing subordinated shareholder loans.....	-	-	-	-
Equity including interest-bearing shareholder loans.....	38,776	32,094	31,925	18,066
Total assets.....	94,514	72,127	76,283	44,827
Equity/assets ratio (per cent.).....	41.0	44.5	41.9	40.3
Net liabilities				
Interest-bearing liabilities.....	51,326	37,815	41,593	24,828
Cash and bank balances.....	-2,381	-1,894	-2,313	-763
Net liabilities.....	48,944	35,922	39,279	24,065
Loan-to-value ratio (LTV) (per cent.)				
Net liabilities (<i>SEK millions</i>).....	48,944	35,922	39,279	24,065
Total assets.....	94,514	72,127	76,283	44,827
Loan-to-value ratio (LTV) (per cent.)	51.8	49.8	51.5	53.7
Net asset value on the balance sheet date (SEK thousands)				
Equity.....	38,776	32,094	31,925	18,066
Deferred tax liability	2,096	1,050	1,356	1,025
Net asset value on the balance sheet date (SEK thousands)	40,872	33,144	33,281	19,091
Long-term asset value (EPRA NAV) on the balance sheet date (SEK thousands)				
Net asset value (<i>SEK millions</i>)	40,872	33,144	33,281	19,091
Interest rate derivatives	127	0.45	-	31
Long-term asset value (EPRA NAV) on the balance sheet date (SEK thousands)	40,999	33,144	33,281	19,122

Derivation of key data considered alternative according to the ESMA guidelines

	As at 30 September		As at 31 December	
	2019	2018	2018	2017
Equity per preference share (SEK)				
Preferential rights of the preference shares A upon liquidation of the company	100	100	100,000	100,000
Remaining entitlement to dividends preference share A	127,773	90,627	1,268,663	218,444
Equity per preference share A (SEK)	1,377,725	1,006,269	1,368,663	318,444
Preferential rights of preference shares B upon liquidation of the company				
.....	100	100	100,000	100,000
Remaining entitlement to dividends preference share B	660,083	578,559	3,452	989
Equity per preference share B (SEK)	102,746	102,845	103,452	100,989
Number of preference shares A	100	100	100	100
Equity per preference share A (SEK)	1,377,725	1,006,269	1,268,663	318,444
Preference capital share A, (SEK millions)	10	10	127	32
Number of preference shares B	240,38	203.36	203,360	117,760
Equity per preference share B (SEK)	102,746	102,845	103,452	100,989
Preference capital share B, (SEK millions)	24,038	20,336	21,038	11,892
Equity excluding preference capital (SEK millions)	37,296	30,985	10,760	6,141
Outstanding number of ordinary shares	2,429,449	2,429,449	2,429,449	1,796,144
Equity per ordinary share, (SEK)	5,738	4,560	4,881	3,419
Profit per ordinary share (SEK)				
Comprehensive income for the year attributable to holders of preference shares:				
Comprehensive income for the year, (SEK millions)	3,978	2,752	2,581	1,606
- Remaining entitlement to dividends, preference shares	-532	-488	-829	-138
Parent Company's preference shareholders, (SEK millions)	-3,191	-2,081	1,752	1,467
Average number of ordinary shares	2,429,449	2,127,504	2,204,519	1,796,144
Profit per ordinary share (SEK)	1,313	979	795	817
Debt				
Time weighted interest-bearing liabilities	34,517,808	31,284,461	33,703,542	18,882,962
EBITDA				
Profit before financial items (last 12 months)	2,021,262	1,457,956	1,611,444	706,383
Depreciation (last 12 months)	-	-	-	-
EBITDA (last 12 months)	2,021,262	1,457,956	1,611,444	706,383
Debt/EBITDA (multiple)				
Debt	34,517,808	31,284,461	35,960,428	18,882,962
EBITDA	2,021,262	1,457,956	1,611,444	706,383
Debt/EBITDA	17	21	21	23

MARKET OVERVIEW

Property Market Overview

General overview

Population growth, urbanisation, growing real income and strong economic development are driving the demand for residential apartments in the Nordic region. At the same time, there is an under-supply of residential apartments. The economies of the Nordic countries continued to develop positively in 2018, with significant contributions from both private consumption, exports and investments. Growth was relatively even between the countries. GDP growth slowed slightly to 2.4 per cent. in Sweden, while the number for Denmark and Norway was slightly lower at 1.4 per cent. (*Source: World Bank*). All of the Nordic economies continued to be affected by low interest rates, high employment, rising real income and higher demand from a strong international economy. In addition, the Swedish and Norwegian export industries derived further advantage from their relatively weak currencies.

In recent years, growth in private consumption has benefited from low interest rates, rising asset values and increased employment. Several years of extremely expansive monetary policy in all three economies has led to increased risks of imbalances. Measures have been discussed, despite existing regulation, on how to curb debt (in Norway and Sweden in particular).

Sweden

In Sweden there presently appears to be a political consensus around the rental control system and the importance of rental apartments being available for all income groups. The "utility value" (*Bruksvärdesystemet*) regime has been the guiding norm for rent setting for over half a decade. Since 2011, rents are set following negotiations between parties representing the tenants and the landlord. Where an agreement cannot be reached, tenants can challenge the level of rent at the rent tribunal. In determining claims, the rent tribunal will use the "utility value" as a guiding principle, together with rents negotiated in comparable properties. Negotiated rent rises above inflation generally require improvements in standard of the apartment. This regulation has helped keep rents low in Sweden and resulted in supply-demand imbalances, not least in growing cities.

According to Boverket, around 100,000 apartments were constructed between 2016 and 2017, evenly split between tenant-owned apartments and rental apartments. Whilst it is estimated that 67,000 homes need to be built each year until 2025, the current forecast is that only 51,000 homes will be built in 2019. In a report from 2018, Boverket estimated a need for 93,000 apartments to be constructed per year before 2020, implying a risk of a shortage of residential apartments, although indicating that construction rates may rise. In recent years, there has been local over-production of tenant-owned apartments in the luxury sector. Meanwhile, metropolitan cities have experienced population growth, largely consisting of households who struggle to afford relatively expensive accommodation. The demand for rental apartments is however, intact and has increased in certain places in Sweden. The continued strong supply of capital has further had a positive effect, and the Issuer does not presently foresee any negative impact on demand for tenant apartments in the areas where it operates.

The Swedish Central Bank noted on 5 September 2019 that economic activity in Sweden has entered a calmer phase, but inflation is close to the target of 2 per cent. The explanation given is that resource utilisation remains higher than normal, which has helped to push up inflation. If the economy develops as expected, there will soon be scope to slowly reduce the support from monetary policy. The forecast for the interest rate indicates that it will start to be raised at either the end of 2019 or the beginning of 2020 (Riksbanken.se press release dated 5 September 2019).

Norway

Norway has historically promoted private ownership of apartments and put structures in place to enable private financing. The most important financial measures are basic loans, start-up loans, housing grants and housing allowances targeting, for example, loans for upgrading homes, new construction or subsidised loans for households or individuals lacking equity. In addition, there are also subsidised savings accounts targeted at the younger population. As of 7 May 2019, 77 per cent. of Norwegian households own their homes whilst 23 per cent. rent (Statistics Norway (SSB) update, 7 May 2019). The number of rental apartments in Norway is limited and the supply of rental apartments in Norway is, to a large extent, provided

by private individuals, although there are also privately-owned property companies. To a lesser extent, housing is provided by non-profit organisations, municipalities or social housing programmes.

At the beginning of 2017, new mortgage rules were introduced requiring a 40 per cent. equity contribution from buyers acquiring a second apartment in Oslo. Additionally, a debt ratio (5x loan-to-gross income) was introduced to limit banks' lending. The stricter terms have, in combination with high supply, led to falling prices on the residential market, especially in Oslo where prices were sensitive following a sharp increase in 2016. Nevertheless, the prices regained strength in 2018.

On 20 June 2019, the Norwegian Central Bank noted the continued upturn in the Norwegian economy. Spare capacity is gradually diminishing, capacity utilisation appears to be above a normal level and underlying inflation is slightly higher than the 2 per cent. inflation target. Hence, further gradual interest rate increase during 2019 is likely.

Denmark

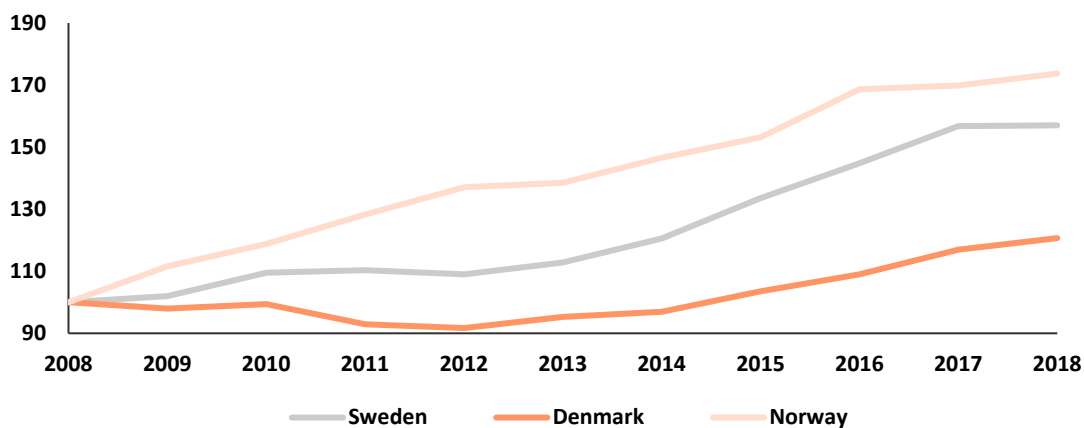
The rent setting system in Denmark is fragmented and varies depending on the type of apartment and the year of construction. For newly constructed or converted buildings rent levels are decided by the market and then adjusted by inflation. Additionally, there is a cost-based system where operating costs are partly transferred to tenants by the landlords, plus a calculated yield. For apartments where significant improvements in standard have been made, rents can be set according to a "utility value system", where comparable rents are used and then adjusted yearly for inflation.

During 2017, market activity was high and there was a strong demand for residential apartments in Denmark, driven by low interest rates and increased employment rates. In many cities, prices approached or, in some instances, surpassed the levels before the price fall in 2007-2009 (Realkreditaadet property value index). Urbanisation and high birth rates are contributing to population growth in metropolitan areas. Although construction has picked up, mainly in Copenhagen and its surroundings, the Danish Construction Association estimates a need for 20,000 new apartments every year until 2025 (Report Economic Forecast of the Construction Sector, March 2018). Over the medium term, it is estimated that the remaining area for residential development will be reduced by 1.1 million square metres. The pricing trend, in combination with healthy household income growth, has facilitated access to bank lending.

According to the Danish Central Bank, average growth in real GDP in 2019 is forecast at 1.9 per cent., with slightly lower levels expected over the next two years. Labour market pressures are mounting, and wage growth has accelerated a little. Furthermore, they note that the economy is well prepared for economic expansion, but suggest that the Danish government prepares for preventive fiscal tightening if there are signs of overheating.

Nordic housing prices real indexed

The graph below shows the fluctuation in housing prices across Scandinavia, baselined against the housing prices in January 2008.

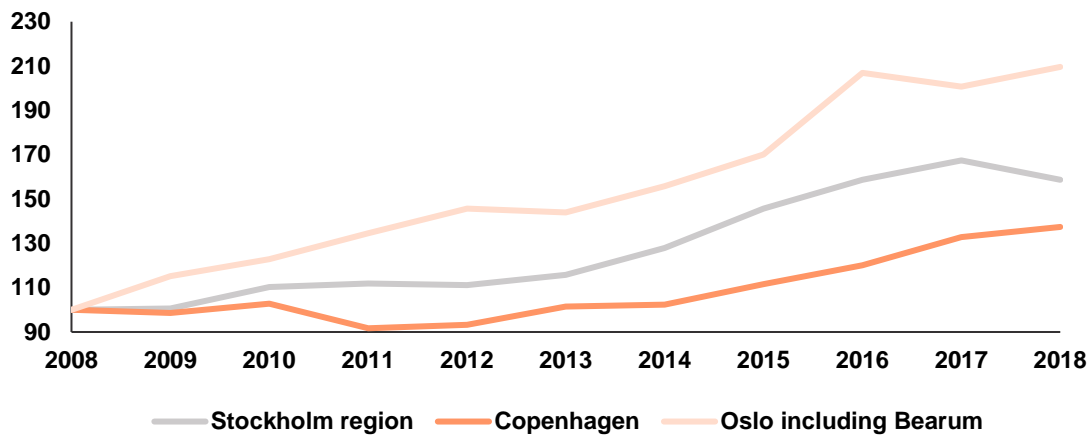


Sources: Statistics Sweden, Statistics Denmark, Statistics Norway

As the graph above demonstrates, housing prices in Norway and Sweden have risen at similar rates between January 2008 and January 2018. Danish housing declined from January 2008 to January 2012 and has increased since.

Nordic housing prices in major cities

Accounting for inflation, the graph below shows the fluctuation in housing prices across major Scandinavian cities, baselined against the housing prices in January 2008.

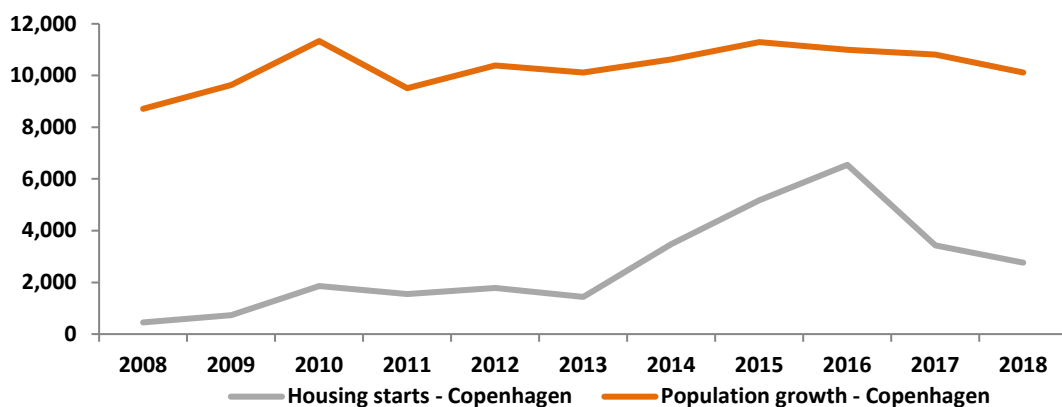


Sources: Statistics Sweden, Statistics Denmark, Statistics Norway

As the graph above demonstrates, housing prices in Oslo and Stockholm have risen in tandem with one another since January 2008, while the housing prices in Copenhagen declined between January 2008 and January 2011 before increasing in line with rising housing prices in Denmark, Sweden and Norway as a whole.

Accumulated surplus in Denmark – Copenhagen region

The graph below compares population growth in the Copenhagen region as against the number of housing starts from 2008 to 2018.

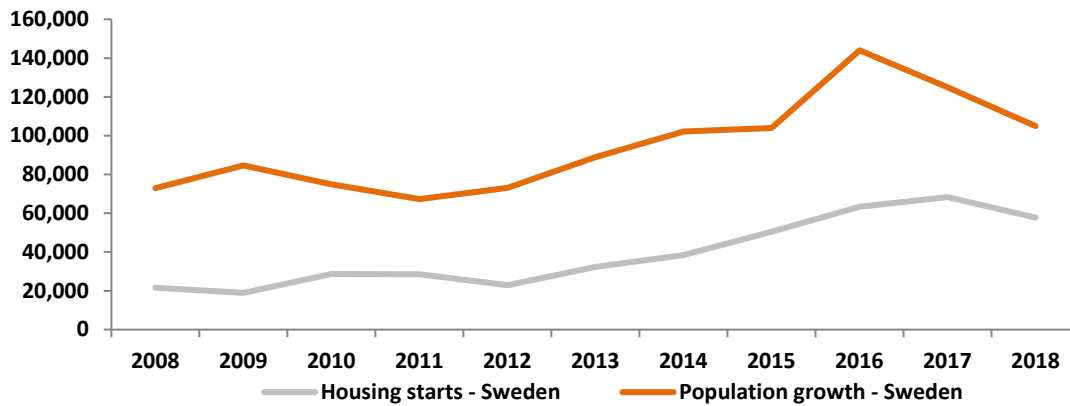


Source: Statistics Denmark

As shown in the graph above, population growth was relatively stable from 2008 to 2018, while the number of housing starts has fluctuated over time, at levels well below the population growth. The size of population growth outstripped the number of housing starts by approximately four times between 2008 and 2018.

Accumulated surplus in Sweden

The graph below compares the population growth in Sweden as against the number of housing starts from 2008 to 2018.

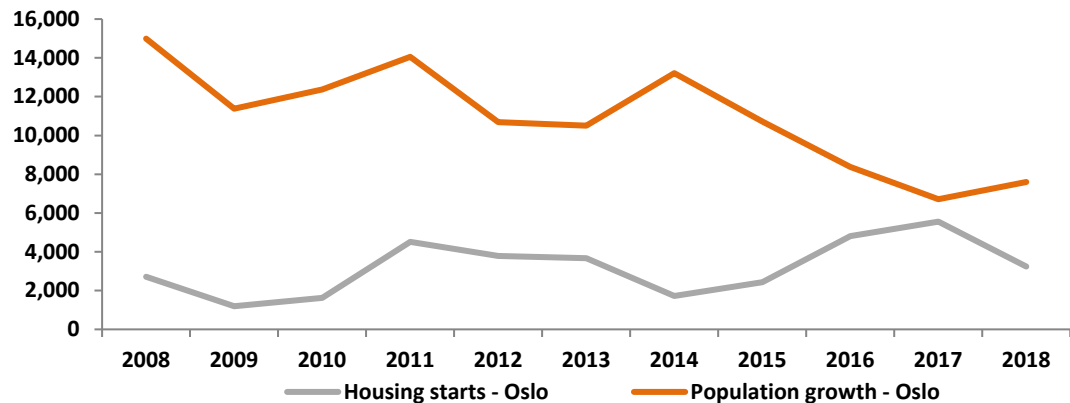


Source: Statistics Sweden

As shown in the graph above, population growth increased steadily between 2008 to 2015, with the number of housing starts showing a similar trend. The size of population growth outstripped the number of housing starts by approximately two times between 2008 and 2018.

Accumulated surplus in Norway – Oslo

The graph below compares population growth in the Oslo region as against the number of housing starts from 2008 to 2018.



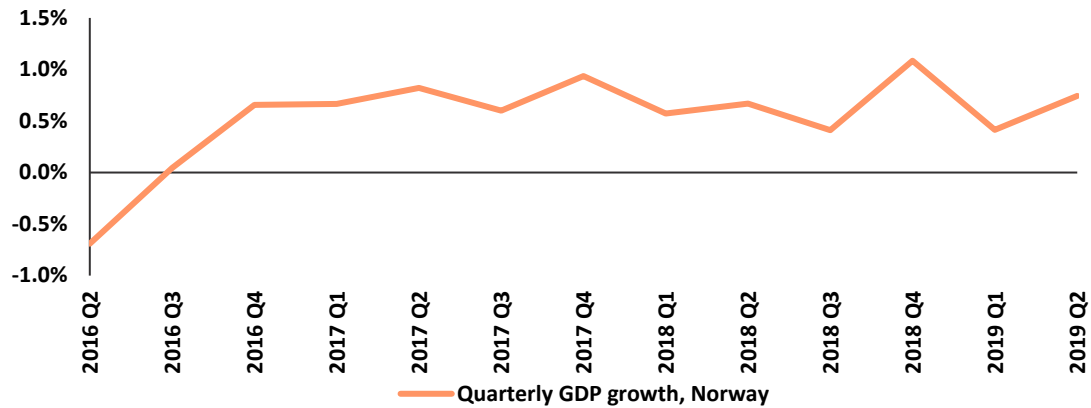
Source: Statistics Norway

As shown in the graph above, population growth in Oslo has declined in magnitude. However, the number of housing starts are approximately three times less than the population growth between 2008 and 2018. In 2018 the number of housing starts in Oslo declined while population growth showed a slight increase.

GDP Growth Rates

Norway GDP growth rate

The graph below shows the quarterly GDP growth rate for Norway from the second quarter of 2016 to the second quarter 2019.

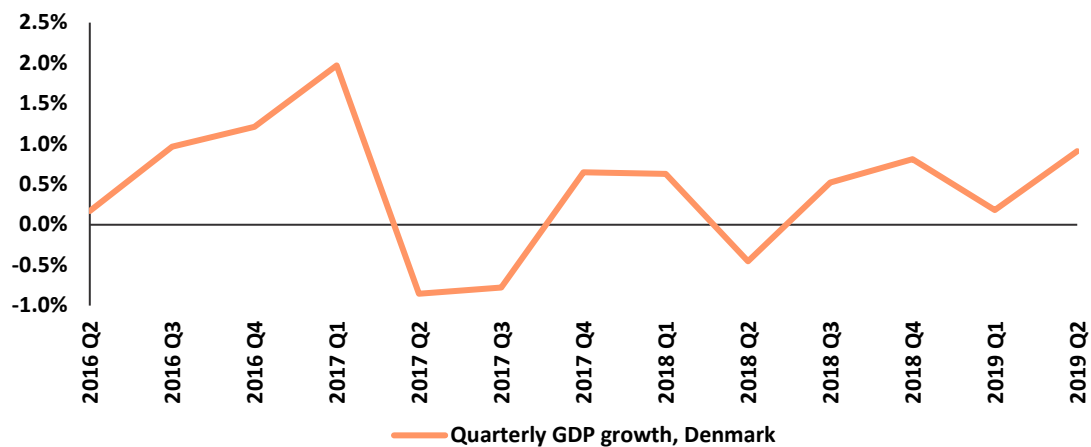


Source: Statistics Norway

As shown in the graph above, Norway's GDP experienced negative growth in the second quarter of 2016. Since then, however, positive growth has been sustained albeit at fluctuating rates.

Denmark GDP growth rate

The graph below shows the quarterly GDP growth rate for Denmark from the second quarter of 2016 to the second quarter of 2019.

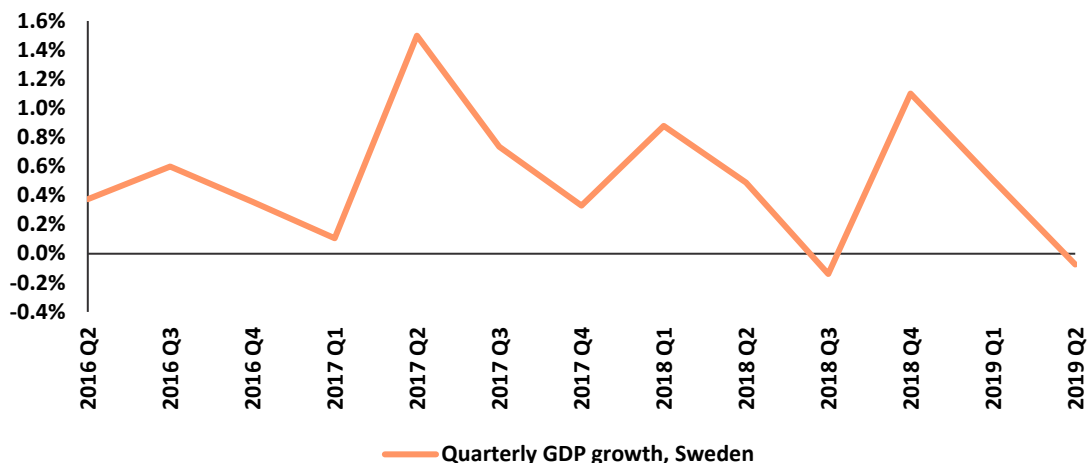


Source: Statistics Denmark

As shown in the graph above, Danish GDP growth rates fluctuated between the second quarter of 2016 and the second quarter of 2019, with periods of negative growth experienced in the second and third quarter of 2017 and again in the second quarter of 2018. Positive GDP growth was sustained in the interim (between the last quarter of 2017 and the first quarter of 2018) and again from the third quarter of 2018 onwards.

Sweden GDP growth rate

The graph below shows the quarterly GDP growth rate for Sweden from the second quarter of 2016 to the second quarter of 2019.



Source: Statistics Sweden

As shown in the graph above, Sweden's GDP consistently grew between the second quarter of 2016 and the second quarter of 2018. GDP growth rates surpassed the 1.0 per cent. mark in both the second quarter of 2017 and the fourth quarter of 2018 (where GDP growth was at 1.5 per cent. and 1.1 per cent., respectively). The growth rate during the period fluctuated but stayed positive except for two periods (the third quarter of 2018 and the second quarter of 2019).

The Netherlands

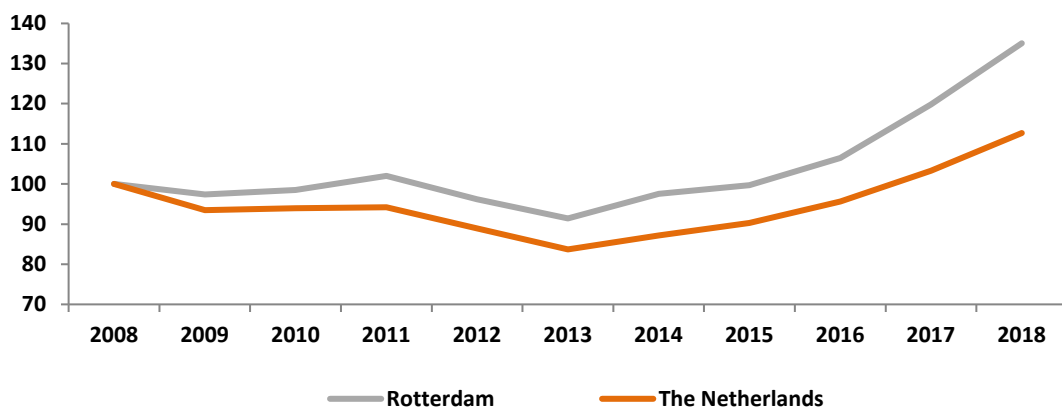
The demand for residential real estate in the Netherlands is driven by a growing number of households while supply suffers from limited construction. As a result, demand continues to outpace new construction, maintaining a critical housing shortage. With high replacement costs, the housing shortage is expected to remain for the next couple of decades.

The attractive fundamentals, both from a macro perspective but also residential market specific, has increased the attractiveness of residential investments. This is reflected in the investment volumes and in 2018 EUR 8.5 billion was invested in the residential sector, an increase from EUR 5.2 billion in 2017.

According to the European Commission, the GDP growth for 2019 will be 1.6 per cent., with a slight decline to 1.5 per cent. for 2020, year-on-year. Investment is projected to increase due to a strong first half of 2019, but lower growth momentum, global uncertainty and lower export growth are expected to lead to lower growth compared to the 2018 number of 2.6 per cent. (Source: European Commission).

Housing prices real indexed in the Netherlands

The graph below shows the fluctuation in housing prices in the Netherlands, baselined against the housing prices in January 2008.

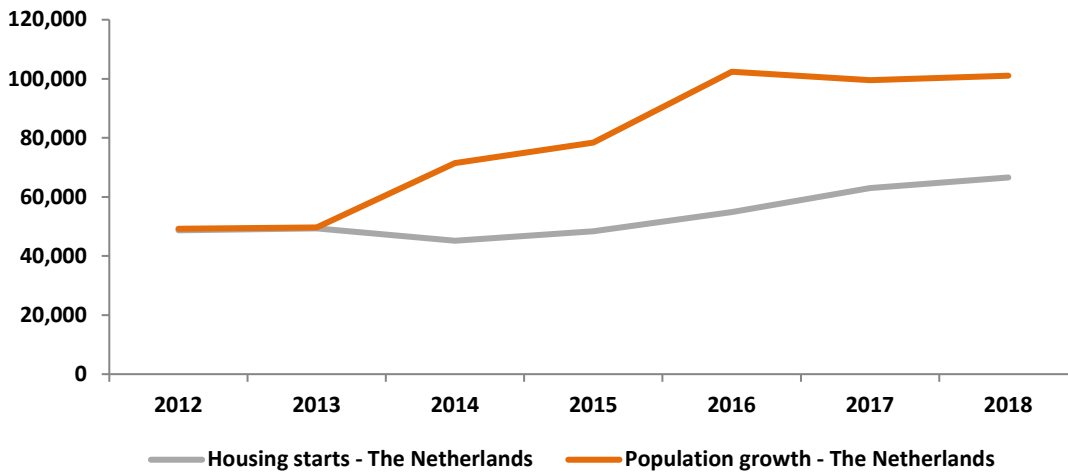


Source: Statistics Netherlands

As shown in the graph, housing prices in the Netherlands declined in the period between 2008 and 2013, before increasing. This pattern is similar to that of housing prices in Sweden during the same period. Housing prices in Rotterdam did not decrease as much as those in the rest of the country and exhibited a sharper increase after 2013 than housing prices in the Netherlands as a whole did.

Accumulated surplus in the Netherlands

The graph below compares population growth in the Netherlands as against the number of housing starts from 2012 to 2018.

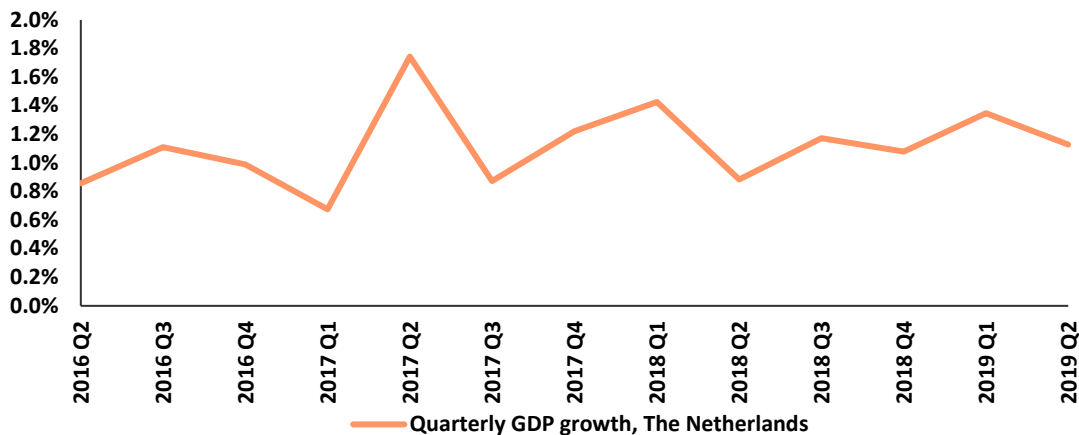


Source: Statistics Netherlands

As the graph shows, the Netherlands has had a sharp increase in population growth in the years between 2012 and 2018. The number of housing starts are also increasing but at a slower pace. The size of the population outstripped the number of housing starts by approximately 1.5 times between 2012 and 2018.

The Netherlands GDP growth rate

The graph below shows the quarterly GDP growth rate for the Netherlands from the second quarter of 2016 to the second quarter of 2019.



Source: Statistics Netherlands

As shown in the graph above, the quarterly GDP growth in the Netherlands has had a relatively stable development between 2016 and 2019 and has constantly been positive.

TAXATION

SWEDEN

The following summary outlines certain Swedish tax consequences of the acquisition, ownership and disposal of Notes. The summary is based on the laws of Sweden as in effect as of the date of this Base Prospectus and is intended to provide general information only. The summary is not exhaustive and does thus not address all potential aspects of Swedish taxation that may be relevant for a potential investor in the Notes and is neither intended to be nor should be construed as legal or tax advice. In particular, the summary does not address the rules regarding reporting obligations for, among others, payers of interest. Specific tax consequences may be applicable to certain categories of corporations, e.g. investment companies and life insurance companies, not described below. In addition, the summary does not address Notes that are held on an "investment savings account" (investeringssparkonto) or through a "capital insurance" (kapitalförsäkring). Investors should consult their professional tax advisers regarding the Swedish and foreign tax consequences (including the applicability and effect of double taxation treaties) of acquiring, owning and disposing of Notes in their particular circumstances.

Non-resident holders of Notes

As used herein, a non-resident holder means a holder of Notes who is (a) an individual who is not a resident of Sweden for tax purposes and who has no and has not had any connection to Sweden other than his/her investment in the Notes, or (b) an entity not organised under the laws of Sweden and which does not carry out any business activities from a permanent establishment in Sweden.

Payments of any principal amount under a Note or any amount that is considered to be interest for Swedish tax purposes to a non-resident holder of any Notes should not be subject to Swedish income tax **provided that** such holder does not carry out business activities from a permanent establishment in Sweden to which the Notes are attributable. Under Swedish tax law, no withholding tax is imposed on payments of principal amounts under Notes or interest to a non-resident holder of Notes.

Notwithstanding the above, a private individual may be liable to pay taxes in Sweden on a limited basis even if he/she is not resident in Sweden, providing that he/she has been resident in Sweden or has lived permanently in Sweden at any time during the calendar year of, or the ten calendar years preceding, a disposal or redemption of certain financial instruments, depending on the classification of the particular financial instrument for Swedish income tax purposes. This liability may, however, be limited by tax treaties between Sweden and other countries.

Resident holders of Notes

As used herein, a resident holder means a holder of Notes who is (a) an individual who is a resident in Sweden for tax purposes and thereby liable to pay taxes on an unlimited basis, i.e. on all income regardless of source, or (b) an entity organized under the laws of Sweden.

Generally, for Swedish corporations and individuals (and estates of deceased individuals) that are resident holders of any Notes, all income derived from capital assets (e.g. income that is considered to be interest for Swedish tax purposes and capital gains on Notes) will be taxable.

Amortisation of principal amounts under Notes is not otherwise subject to Swedish income tax. Any currency exchange gains or losses resulting from amortisations in other currencies than SEK may however be taxable or deductible according to the capital tax rules. Swedish tax law does not impose withholding tax on payments of principal amounts under Notes or interest. However, if amounts that are considered to be interest for Swedish tax purposes are paid to an individual (or an estate of a deceased person) that is a resident holder of Notes, Swedish preliminary tax (*preliminärskatt*) is normally withheld on such payments at a rate of 30 per cent.

FATCA DISCLOSURE

Foreign Account Tax Compliance Act

Pursuant to certain provisions of the U.S. Internal Revenue Code of 1986, commonly known as FATCA, a "**foreign financial institution**" (as defined by FATCA) may be required to withhold on certain payments it makes ("**foreign passthru payments**") to persons that fail to meet certain certification, reporting or

related requirements. The Issuer may be a foreign financial institution for these purposes. A number of jurisdictions (including Sweden) have entered into, or have agreed in substance to, intergovernmental agreements with the United States to implement FATCA ("**IGAs**"), which modify the way in which FATCA applies in their jurisdictions. Under the provisions of IGAs as currently in effect, a foreign financial institution in an IGA jurisdiction would generally not be required to withhold under FATCA or an IGA from payments that it makes. Certain aspects of the application of the FATCA provisions and IGAs to instruments such as Notes, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as Notes, are uncertain and may be subject to change. Even if withholding would be required pursuant to FATCA or an IGA with respect to foreign passthru payments on instruments such as Notes, such withholding would not apply prior to the date that is two years after the date on which final regulations defining foreign passthru payments are published in the U.S. Federal Register and Notes characterised as debt (or which are not otherwise characterised as equity and have a fixed term) for U.S. federal tax purposes that are issued on or prior to the date that is six months after the date on which final regulations defining foreign passthru payments are filed with the U.S. Federal Register generally would be grandfathered for purposes of FATCA withholding unless materially modified after such date (including by reason of a substitution of the Issuer). However, if additional Notes (as described under Condition 18 (*Further Issues*)) that are not distinguishable from previously issued Notes are issued after the expiration of the grandfathering period and are subject to withholding under FATCA, then withholding agents may treat all Notes, including the Notes offered prior to the expiration of the grandfathering period, as subject to withholding under FATCA. Holders should consult their own tax advisers regarding how these rules may apply to their investment in the Notes.

The proposed Financial Transactions Tax (FTT)

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

The Commission's Proposal has very broad scope and could, if introduced, apply to certain dealings in Notes (including secondary market transactions) in certain circumstances. Primary market transactions referred to in Article 5(c) of Regulation (EC) No 1287/2006 are expected to be exempt.

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

However, the FTT proposal remains subject to negotiation between participating Member States. It may therefore be altered prior to any implementation, the timing of which remains unclear. Additional EU Member States may decide to participate and/or certain of the participating Member States may decide to withdraw. Prospective holders of the Notes are advised to seek their own professional advice in relation to the FTT.

SUBSCRIPTION AND SALE

The Dealers have, in a Programme Agreement (such Programme Agreement as modified and/or supplemented and/or restated from time to time, the "**Programme Agreement**") dated 21 November 2019, agreed with the Issuer a basis upon which they or any of them may from time to time agree to purchase Notes. Any such agreement will extend to those matters stated under "*Form of the Notes*" and "*Terms and Conditions of the Notes*". In the Programme Agreement, the Issuer has agreed to reimburse the Dealers for certain of their expenses in connection with the establishment and any future update of the Programme and the issue of Notes under the Programme and to indemnify the Dealers against certain liabilities incurred by them in connection therewith.

SELLING RESTRICTIONS

United States

The Notes have not been and will not be registered under the Securities Act or the securities laws of any state or other jurisdiction of the United States and may not be offered or sold within the United States to, or for the account or benefit of, U.S. persons except in certain transactions exempt from or not subject to, the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

The Notes in bearer form are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. Treasury regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986 and Treasury regulations promulgated thereunder. The applicable Final Terms will identify whether TEFRA C rules or TEFRA D rules apply or whether TEFRA is not applicable.

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it will not offer, sell or deliver Notes (a) as part of their distribution at any time or (b) otherwise until 40 days after the completion of the distribution, as determined and certified by the relevant Dealer or, in the case of an issue of Notes on a syndicated basis, the relevant lead manager, of all Notes of the Tranche of which such Notes are a part, within the United States or to, or for the account or benefit of, U.S. persons except in accordance with Regulation S of the Securities Act. Each Dealer has further agreed, and each further Dealer appointed under the Programme will be required to agree, that it will send to each dealer to which it sells any Notes during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

Until 40 days after the commencement of the offering of any Series of Notes, an offer or sale of such Notes within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with an available exemption from registration under the Securities Act.

Prohibition of sales to EEA Retail Investors

Unless the Final Terms in respect of any Notes specifies "Prohibition of Sales to EEA Retail Investors" as "Not Applicable", each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes which are the subject of the offering contemplated by this Base Prospectus as completed by the Final Terms in relation thereto to any retail investor in the European Economic Area. For the purposes of this provision:

- (a) the expression "**retail investor**" means a person who is one (or more) of the following:
 - (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "**MiFID II**"); or
 - (ii) a customer within the meaning of Directive (EU) 2016/97 (the Insurance Distribution Directive), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or

- (iii) not a qualified investor as defined in the Prospectus Regulation; and
- (b) the expression an "**offer**" includes the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes.

If the Final Terms in respect of any Notes specifies "Prohibition of Sales to EEA Retail Investors" as "Not Applicable", in relation to each Member State of the EEA, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not made and will not make an offer of Notes which are the subject of the offering contemplated by this Base Prospectus as completed by the final terms in relation thereto to the public in that Member State except that it may make an offer of such Notes to the public in that Member State:

- (a) at any time to any legal entity which is a qualified investor as defined in the Prospectus Regulation;
- (b) at any time to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Regulation) subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or
- (c) at any time in any other circumstances falling within Article 1(4) of the Prospectus Regulation,

provided that no such offer of Notes referred to in (a) to (c) above shall require the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Regulation or supplement a prospectus pursuant to Article 23 of the Prospectus Regulation.

For the purposes of this provision:

- the expression "**an offer of Notes to the public**" in relation to any Notes in any Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes; and
- the expression "**Prospectus Regulation**" means Regulation (EU) 2017/1129.

United Kingdom

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that:

- (a) in relation to any Notes which have a maturity of less than one year, (i) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business and (ii) it has not offered or sold and will not offer or sell any Notes other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or as agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Notes would otherwise constitute a contravention of Section 19 of the FSMA by the Issuer;
- (b) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer; and
- (c) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom.

Japan

The Notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended; the "**FIEA**") and each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it will not offer or sell any Notes, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (as defined

under Item 5, Paragraph 1, Article 6 of the Foreign Exchange and Foreign Trade Act (Act No. 228 of 1949, as amended)), or to others for re-offering or resale, directly or indirectly, in Japan or to, or for the benefit of, a resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEA and any other applicable laws, regulations and ministerial guidelines of Japan.

Norway

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that, unless the Issuer has confirmed in writing to each Dealer that the Base Prospectus has been filed with and approved by the Financial Supervisory Authority of Norway, it has not, directly or indirectly, offered or sold and will not directly or indirectly, offer or sell any Notes in Norway or to residents of Norway, other than:

- (a) in respect of an offer of Notes addressed to investors subject to a minimum purchase of Notes for a total consideration of not less than €100,000 per investor, or in respect of Notes whose denomination per unit amounts to at least €100,000; or
- (b) to "professional investors" as defined in Section 10-6 in the Norwegian Securities Trading Act of 29 June 2007 no. 75; or
- (c) to, when aggregated with such offer or sale of any Notes in the same offering by any other Dealer, fewer than 150 natural or legal persons (other than "professional investors" as defined in Section 10-6 in the Norwegian Securities Trading Act of 29 June 2007 no. 75), subject to obtaining the prior consent of the relevant Dealer or Dealers for any such offer; or
- (d) in any other circumstances **provided that** no such offer of Notes shall result in a requirement for the registration or the publication by the Issuer or the Dealer or Dealers of a prospectus pursuant to the Norwegian Securities Trading Act of 29 June 2007 no. 75.

The Notes shall be registered with the VPS unless (i) the Notes are denominated in NOK, issued outside of Norway and reserved for and only sold and offered to non-Norwegian residents and entities, or (ii) denominated in a currency other than Norwegian kroner and issued outside of Norway.

Belgium

Other than in respect of Notes for which "Prohibition of Sales to Belgian Consumers" is specified as "Not Applicable" in the applicable Final Terms, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that an offering of Notes may not be advertised to any individual in Belgium qualifying as a consumer within the meaning of Article I.1 of the Belgian Code of Economic Law, as amended from time to time (a "**Belgian Consumer**") and that it has not offered, sold or resold, transferred or delivered, and will not offer, sell, resell, transfer or deliver, the Notes, and that it has not distributed, and will not distribute, any prospectus, memorandum, information circular, brochure or any similar documents in relation to the Notes, directly or indirectly, to any Belgian Consumer.

Sweden

This Base Prospectus has not been approved by the Swedish Financial Supervisory Authority (*Sw. Finansinspektionen*). Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it will not market or offer the Notes in Sweden in circumstances that are deemed to be an offer to the public in Sweden which would require that a prospectus is approved by the Swedish Financial Supervisory Authority.

General

Each Dealer has agreed and each further Dealer appointed under the Programme will be required to agree that it will (to the best of its knowledge and belief) comply with all applicable securities laws and regulations in force in any jurisdiction in which it purchases, offers, sells or delivers Notes or possesses or distributes this Base Prospectus and will obtain any consent, approval or permission required by it for the purchase, offer, sale or delivery by it of Notes under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, offers, sales or deliveries and neither the Issuer, the Trustee nor any of the other Dealers shall have any responsibility therefor.

None of the Issuer, the Trustee or the Dealers represents that Notes may at any time lawfully be sold in compliance with any applicable registration or other requirements in any jurisdiction, or pursuant to any exemption available thereunder, or assumes any responsibility for facilitating such sale.

GENERAL INFORMATION

Authorisation

The establishment of the Programme and the issue of Notes was duly authorised by a resolution of the Board of Directors of the Issuer dated 31 October 2018. The update of the Programme and the increase in the maximum aggregate nominal amount of all Notes from time to time outstanding under the Programme from EUR2,500,000,000 to EUR4,000,000,000 has been duly authorised by a resolution of the Board of the Directors of the Issuer dated 7 November 2019.

Listing of Notes

It is expected that each Tranche of Notes which is to be admitted to the Official List and to trading on the Euronext Dublin Regulated Market and/or admitted to trading on the Oslo Stock Exchange's regulated market (Oslo Børs) will be admitted separately as and when issued, subject only to the issue of one or more Global Notes initially representing the Notes of such Tranche. Application has been made to (i) Euronext Dublin for Notes issued under the Programme during the period of twelve months from the date of this Base Prospectus to be admitted to the Official List and trading on its regulated market and (ii) the Oslo Stock Exchange for Notes issued under the Programme during the period of twelve months from the date of this Base Prospectus to be admitted to trading on its regulated market (Oslo Børs). The approval of the Programme in respect of the Notes was granted on or about 21 November 2019.

Listing Agent

Arthur Cox Listing Services Limited is acting solely in its capacity as listing agent for the Issuer in connection with the Notes and is not itself seeking admission of the Notes to the Official List of Euronext Dublin or to trading on the Euronext Dublin Regulated Market for the purposes of the Prospectus Regulation.

Documents Available

For the period of 12 months following the date of this Base Prospectus, copies of the following documents will, when published, be available for inspection (in electronic format) from the registered office of the Issuer and at <https://www.heimstadenbostad.com>:

- (a) the constitutional documents of the Issuer (with an English translation thereof);
- (b) the Trust Deed, the Agency Agreement, the VPS Agency Agreement, the forms of the Global Notes, the Notes in definitive form, the Coupons and the Talons;
- (c) a copy of this Base Prospectus; and
- (d) any future base prospectuses, prospectuses, information memoranda, supplements and Final Terms to this Base Prospectus and any other documents incorporated herein or therein by reference.

Clearing Systems

The Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg and the VPS. The appropriate Common Code and ISIN for each Tranche of Notes allocated by Euroclear, Clearstream, Luxembourg and/or the VPS, as applicable, will be specified in the applicable Final Terms. If the Notes are to clear through an additional or alternative clearing system the appropriate information will be specified in the applicable Final Terms.

The address of Euroclear is Euroclear Bank SA/NV, 1 Boulevard du Roi Albert II, B-1210 Brussels. The address of Clearstream, Luxembourg is Clearstream Banking, 42 Avenue JF Kennedy, L-1855 Luxembourg. The address of the VPS is Fred, Olsens gate 1, N-0152 Oslo.

Conditions for determining price

The price and amount of Notes to be issued under the Programme will be determined by the Issuer and each relevant Dealer at the time of issue in accordance with prevailing market conditions.

Significant or Material Change

There has been no significant change in the financial performance or position of the Issuer and its subsidiaries since 30 September 2019 and there has been no material adverse change in the financial position or prospects of the Issuer and its subsidiaries since 31 December 2018.

Litigation

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

Auditors

The consolidated financial statements of the Issuer have been audited without qualification for the financial years ended 31 December 2018 and 31 December 2017 by Ernst & Young AB of Jakobsbergsgatan 24, SE-103 99 Stockholm, Sweden and Moore Stephens Malmö AB of Stortorget 8, 211 34 Malmö, who are authorised and regulated by the Swedish Inspectorate of Auditors – Revisorsinspektionen, and who have given, and have not withdrawn, their consent to the inclusion of their audit reports in this Base Prospectus in the form and context in which they are included. Ernst & Young AB of Jakobsbergsgatan 24, SE-103 99 Stockholm, Sweden have also given, and have not withdrawn, their consent to the inclusion of their report on pro forma financial information in this Base Prospectus in the form and context in which it is included.

Dealers transacting with the Issuer

Certain of the Dealers and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform other services for the Issuer and its affiliates in the ordinary course of business. Certain of the Dealers and their affiliates may have positions, deal or make markets in the Notes issued under the Programme, related derivatives and reference obligations, including (but not limited to) entering into hedging strategies on behalf of the Issuer and its affiliates, investor clients, or as principal in order to manage their exposure, their general market risk, or other trading activities.

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

Language of this Base Prospectus

The language of this Base Prospectus is English. Certain legislative references and technical terms have been cited in their original language in order that the correct technical meaning may be ascribed to them under applicable law.

Legal Identity Identifier

The Legal Entity Identifier (LEI) of the Issuer is 549300TJR3PR8EXILG79.

Issuer Website

The Issuer's website is <https://mitt.heimstaden.com/>. Unless specifically incorporated by reference into this Base Prospectus, information contained on the website does not form part of this Base Prospectus.

Validity of prospectus and prospectus supplements

For the avoidance of doubt, the Issuer shall have no obligation to supplement this Base Prospectus after the end of its 12-month validity period.

ISSUER

Heimstaden Bostad AB (publ)

Ö Promenaden 7 A
SE-211 28 Malmö
Sweden

TRUSTEE

Deutsche Trustee Company Limited

Winchester House
1 Great Winchester Street
London EC2N 2DB
United Kingdom

PRINCIPAL PAYING AGENT

Deutsche Bank AG, London Branch

Winchester House
1 Great Winchester Street
London EC2N 2DB
United Kingdom

REGISTRAR AND TRANSFER AGENT

Deutsche Bank Luxembourg S.A.

2 Boulevard Konrad Adenauer
L-1115 Luxembourg

VPS AGENT

Nordea Bank Abp, filial i Norge, Issuer Service

Essendrops gate 7
N-0368
Oslo
Norway

To the Issuer as to English law

Clifford Chance LLP

10 Upper Bank Street
London E14 5JJ
United Kingdom

To the Issuer as to Swedish law

Gernandt & Danielsson Advokatbyrå KB

P.O. Box 5747
SE-114 87 Stockholm
Sweden

To the Issuer as to Swedish tax law

Svalner Skatt & Transaktion KB

Smålandsgatan 16
11146 Stockholm
Sweden

To the Issuer as to Norwegian law

Advokatfirmaet BÅHR AS

Tjuvholmen Allé 16
P.O. Box 1484 Vika
N-0252 Oslo
Norway

To the Dealers and the Trustee as to English law

Allen & Overy LLP

One Bishops Square
London E1 6AD
United Kingdom

AUDITORS

Ernst & Young AB

Jakobsbergsgatan 24
SE-103 99 Stockholm
Sweden

DEALERS

Danske Bank A/S
2-12 Holmens Kanal
DK-1092 Copenhagen K
Denmark

DNB Bank ASA
Dronning Eufemias gate 30
0191 Oslo
Norway

Deutsche Bank AG, London Branch
Winchester House
1 Great Winchester Street
London EC2N 2DB
United Kingdom

J.P. Morgan Securities plc
25 Bank Street
Canary Wharf
London E14 5JP
United Kingdom

Nordea Bank Abp
Satamaradankatu 5
Helsinki
FI-00020 Nordea
Finland

LISTING AGENT

Arthur Cox Listing Services Limited
Ten Earlsfort Terrace
Dublin 2
Ireland
