



**Hemfosa Fastigheter AB (publ)**

relating to the listing of up to a  
maximum of SEK 1,500,000,000 Senior Unsecured Floating Rate  
Green Bonds due 2022

ISIN: SE0012596203

June 18, 2019

## IMPORTANT NOTICE

This prospectus (the "**Prospectus**") has been prepared by Hemfosa Fastigheter AB (publ), reg. no. 556917-4377, ("**Hemfosa**" or the "**Issuer**" or together with its direct and indirect subsidiaries unless otherwise indicated by the context, the "**Group**"), a public limited liability company incorporated in Sweden, having its headquarters located at the address Håstholsvägen 28, Nacka, in relation to the application for listing of the SEK 1,500,000,000 senior unsecured floating rate green bonds due 2022 with ISIN SE0012596203 (the "**Bonds**") on the sustainable bond list of Nasdaq Stockholm Aktiebolag, reg. no. 556420-8394, ("**Nasdaq Stockholm**"). Nordea Bank Abp, reg. no. 2858394-9, ("**Nordea Bank**") and Swedbank AB (publ), reg. no. 502017-7753, ("**Swedbank**") have acted as dealer managers and bookrunners in connection with the issue of the Bonds (the "**Joint Bookrunners**"). This Prospectus has been prepared in accordance with the Swedish Financial Instruments Trading Act (1991:980) (*Sw. lag (1991:980) om handel med finansiella instrument*) (the "**Trading Act**"), the Commission regulation (EC) no. 809/2004 of 29 April 2004 implementing Directive 2003/71/EC, as amended by the Directive 2010/73/EU to the extent such amendments has been implemented in the relevant member state (the "**Prospectus Regulation**"). The Prospectus has been approved and registered by the Swedish Financial Supervisory Authority (*Sw. Finansinspektionen*) (the "**SFSA**") pursuant to the provisions of Chapter 2, Sections 25 and 26 of the Trading Act. Approval and registration by the SFSA does not imply that the SFSA guarantees that the factual information provided in this Prospectus is correct or complete. This Prospectus has been prepared in English only and is governed by Swedish law and the courts of Sweden have exclusive jurisdiction to settle any dispute arising out of or in connection with this Prospectus. This Prospectus is available at the SFSA's website, [www.fi.se](http://www.fi.se), and the Issuer's website, [www.hemfosa.se](http://www.hemfosa.se).

Unless otherwise is stated or required by context, capitalized terms defined in the terms and conditions for the Bonds, and included in this Prospectus, (the "**Terms and Conditions**") shall have the meaning given to them in the Terms and Conditions when used elsewhere in this Prospectus.

Except where expressly stated otherwise, no information in this Prospectus has been reviewed or audited by Hemfosa's auditor. Certain financial and other numerical information set forth in this Prospectus has been subject to rounding and, as a result, the numerical figures shown as totals in this Prospectus may vary slightly from the exact arithmetic aggregation of the figures that precede them. This Prospectus shall be read together with all documents incorporated by reference in, and any supplements to, this Prospectus. In this Prospectus, references to "SEK" refer to Swedish krona.

An investment in the Bonds may not be a suitable investment for all potential investors. Each potential investor should evaluate the suitability of an investment in the Bonds in light of its own circumstances. In particular, each potential investor should:

- (a) have sufficient knowledge and experience to carry out an effective evaluation of (i) the Bonds, (ii) the merits and risks of investing in the Bonds, and (iii) the information contained or incorporated by reference in this Prospectus or any applicable supplement;
- (b) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, the investment in the Bonds and the impact that such investment will have on its overall investment portfolio;
- (c) have sufficient financial resources and liquidity to assume all of the risks resulting from an investment in the Bonds, including where principal or interest is payable in one or more currencies, or where the currency for principal or interest payments is different from the investor's own currency;
- (d) understand thoroughly the Terms and Conditions and the other Finance Documents and be familiar with the behavior of any relevant indices and financial markets; and
- (e) be able to evaluate (either alone or with the assistance of a financial adviser) possible scenarios relating to economic, interest rate and other factors that may affect its investment and its ability to bear the risks.

This Prospectus is not an offer for sale or a solicitation of an offer to purchase the Bonds in any jurisdiction. It has been prepared solely to list the Bonds on the sustainable bond list of Nasdaq Stockholm. This Prospectus may not be distributed in or into any jurisdiction where such distribution would require any additional prospectus, registration or additional measures other than those required under Swedish law, or which would otherwise conflict with the applicable rules and regulations in such jurisdiction. Persons into whose possession this Prospectus comes or persons who acquire the Bonds are therefore required to inform themselves about, and to comply with such restrictions. Any failure to comply with such restrictions may result in a violation of applicable securities regulations. The Bonds have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "**Securities Act**"), or the laws of any state or other jurisdiction outside Sweden. Subject to certain exemptions, the Bonds may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. The Bonds are being offered and sold only outside the United States to purchasers who are not, or are not purchasing for the account or benefit of, U.S. persons, in reliance on Regulation S under the Securities Act. In addition, until 40 days after the later of the commencement of the offering and the closing date, an offer or sale of the Bonds within the United States by a dealer may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than pursuant to an exemption from registration under the Securities Act.

This Prospectus may contain forward-looking statements and assumptions regarding future market conditions, operations and results. Such forward-looking statements and information are based on the beliefs of Hemfosa's senior executives or are assumptions based on information available to the Group. The words "considers", "intends", "deems", "expects", "anticipates", "plans" and similar expressions indicate some of these forward-looking statements. Other such statements may be identified from the context. Any forward-looking statements in this Prospectus involve known and unknown risks, uncertainties and other factors which may cause the actual results, performances or achievements of the Group to be materially different from any future results, performances or achievements expressed or implied by such forward-looking statements. Further, such forward-looking statements are based on numerous assumptions regarding the Group's present and future business strategies and the environment in which the Group will operate in the future. Although Hemfosa believes that the forecasts of, or indications of future results, performances and achievements are based on reasonable assumptions and expectations, they involve uncertainties and are subject to certain risks, the occurrence of which could cause actual results to differ materially from those predicted in the forward-looking statements and from past results, performances or achievements. Further, actual events and financial outcomes may differ significantly from what is described in such statements as a result of the materialization of risks and other factors affecting the Group's operations. Such factors of a significant nature are mentioned in the section "Risk factors" below.

## TABLE OF CONTENTS

RISK FACTORS.....	1
THE BONDS IN BRIEF .....	18
STATEMENT OF RESPONSIBILITY.....	21
DESCRIPTION OF HEMFOSA .....	22
BOARD OF DIRECTORS AND SENIOR EXECUTIVES.....	28
FINANCIAL INFORMATION .....	31
OTHER INFORMATION.....	33
TERMS AND CONDITIONS OF THE BONDS .....	36
ADDRESSES .....	70

## RISK FACTORS

*A number of risks may, if they are materialized, have a material adverse effect on Hemfosa and its subsidiaries including their business, operating results and/or financial position. These risks factors could therefore have a material adverse effect on Hemfosa's ability to meet its obligations, including repayment of the principal amount and payment of interest, under the Bonds and the market price of the Bonds may decline. There are risks involving circumstances pertaining to Hemfosa and risks that have no specific connection with Hemfosa, but that impact the market on which Hemfosa operates its business. This section describes risks which are considered material by Hemfosa. The order in which the risks are presented is not intended to provide an indication of the likelihood of their occurrence or of their relative significance. Additional risks that are not currently known to Hemfosa, or which Hemfosa currently deems immaterial, could also have corresponding adverse effects. The description does not claim to be exhaustive as it is not possible to foresee and describe in detail all potential risk factors. It is important that prospective investors make an independent evaluation, with or without help from advisors, of the risks associated with an investment in the Bonds.*

### **RISKS RELATED TO HEMFOSA'S BUSINESS AND INDUSTRY**

#### **Risks related to macroeconomic factors**

The real property industry in general, and thus Hemfosa, is affected to a considerable degree by macroeconomic factors such as the economic climate, general market trends, international, national and regional economic and political development, inflation, interest rate development, employment rate development, construction and production rate of housing and commercial premises and changes to infrastructure and demographics. An economic downturn leading to lower employment, a sharp rise in inflation or deflation could have a material adverse effect on Hemfosa's operations, financial position and earnings. Inflation also influences Hemfosa's property expenses. Furthermore, changes in interest rates and inflation affect the required yield and thereby the market value of the properties. Weakened macroeconomic conditions causing higher vacancy rates, higher interest rates, rising costs or lower rent levels could have a material adverse effect on Hemfosa's business, operating result and/or financial position.

Hemfosa's property portfolio mainly comprises community service properties, i.e. properties where tenants that, directly or indirectly, are publicly financed. Many of the premises are customized, where operations are conducted in healthcare, elderly care and other care services, law enforcement, the judiciary and educational services. Hemfosa's community service properties also comprise office space used by, among others, public authorities and municipalities. Further, rigorous demands are placed on the functionality and sustainability of community service properties. Macroeconomic factors may change the requirements and/or demands in terms of quality, functionality, size and other factors of Hemfosa's property portfolio. A decrease in the long-term demand for community service properties or a change in requirements and/or demands in relation to such properties could have a material adverse effect on Hemfosa's business, operating results and/or financial position.

**Risks related to rental income and vacancy rates**

Both rent levels and vacancies are highly affected by overall growth in the Nordic economy but also growth at regional and local levels where Hemfosa conducts its business. The risk of loss of rent and vacancies is also related to the tenant and contractual structure. For example, a concentration of tenants to a small number of parties leads to increased exposure, particularly if Hemfosa does not succeed in signing leases with differentiated lease terms. Hemfosa's rental income derives largely from large companies, public authorities and community services. As of December 31, 2018, Hemfosa had 3,831 leases. The ten largest tenants' share of Hemfosa's rental income as of March 31, 2019 was approximately 32 percent and the average remaining lease term was 6.6 years. Government authorities in Sweden, a major tenant category for Hemfosa, are generally not permitted to sign leases of more than six years for office premises. If tenants fail, for example due to bankruptcy, to fully meet their commitments in accordance with the lease or in other ways are unable to fulfil their obligations in relation to Hemfosa, this may also lead to higher vacancy rates with a resulting reduction in property value. As an example, one of Hemfosa's tenants, Landsforeningen for Hjerte og Lungesyke, is reportedly experiencing financial difficulties. Landsforeningen for Hjerte og Lungesyke has a 25 year lease in a property owned by Hemfosa's subsidiary Samhold IV AS (a previous joint venture with Aspelin Ramm Eiendom AS) situated in Gardermoen Campus in Norway. If one or more of Hemfosa's more important tenants does not renew or extend a lease once it has expired, this could result in reduced rental income and/or a higher vacancy rate should Hemfosa be unable to obtain equivalent income from new tenants. The general rent-level risk is attributable to the trend in current market rents. A long-term downward trend in market rents adversely impacts Hemfosa's rental income and a recession increases the risk of large-scale vacancies in Hemfosa's property portfolio. When a vacancy occurs, this could entail costs for customizing the premises for a new tenant, and a risk that the vacancy will be long-term. This could have a material adverse effect on Hemfosa's business, operating results and/or financial position.

**Risks related to operating and maintenance costs**

Operating expenses consist primarily of rates-based costs such as costs for electricity, waste collection, water, snow clearance and heat. Several of these costs are for goods and services that can only be purchased from one or a small number of suppliers, which limits Hemfosa's ability to negotiate the pricing of such goods and services. Furthermore, the costs for electricity, snow clearance and heat are dependent on weather conditions, which falls outside of Hemfosa's control. Hemfosa's business, operational results and/or financial position could be materially adversely effected insofar as it may not be possible to offset higher operating and maintenance costs by regulating them in the terms of the lease or renegotiating the lease to raise the rent. Unforeseen events, such as extreme weather conditions or major repairs, refurbishments or upgrades, could also have a material adverse effect on Hemfosa's business, operating results and/or financial position. Maintenance costs are primarily attributable to measures aimed at upholding the standard of Hemfosa's property portfolio in the long term or maintaining and/or modernizing it. Certain community service properties are subject to specific requirements in terms of, for example, accessibility, indoor climate and environment considerations, which can change over time. Community services such as schools may also require special adjustments or result in increased wear and tear on the property, which could entail increased

maintenance costs. In order to meet demands from the market, specific tenant or legal requirements, such costs may be substantial and unforeseen, and thereby may, to the extent they are not compensated for by the tenant, have a material adverse effect on Hemfosa's business, operating results and/or financial position.

#### **Risks related to insufficient insurance coverage**

Hemfosa's insurance cover may be insufficient to compensate for damages related to, for example, Hemfosa's property portfolio. In particular, certain types of risks (such as war, acts of terrorism, natural disasters or extreme weather conditions) may be, or may become, impossible or too expensive for Hemfosa to insure which could lead to increased costs for Hemfosa should such damage occur. Should damages to Hemfosa's property portfolio occur, there is a risk that tenants terminate or does not renew their leases. There is a risk that Hemfosa's insurance does not cover such loss of rental income. If an uninsured damage would occur, or if the damage exceeds the insurance cover, Hemfosa may lose the capital invested in such property, as well as future income from such property. Hemfosa may also be held responsible for repairing damages caused by uninsured risks. In addition, Hemfosa may be held responsible for liabilities and other financial obligations in relation to damages to its property portfolio. The above could have a material adverse effect on Hemfosa's business, operating results and/or financial position.

#### **Risks related to Hemfosa's ability to recruit and retain qualified employees and senior executives etc.**

Hemfosa's future development depends to a great extent on its employees' knowledge, experience and commitment. Key employees within the organization have built up an in-depth knowledge of, and good relationships with, the property market. As a result, Hemfosa is dependent on these key employees to a certain degree, particularly as Hemfosa's ability to successfully carry out transactions to a significant extent is based on in-depth knowledge and insight of the property categories and geographic areas where Hemfosa operates. Also consultants may have operational roles in Hemfosa on a long-term basis and therefore be important and business-critical. Several senior executives in Hemfosa have been employed by Hemfosa a relatively limited time and were recruited in connection with the demerger and spin-off of Hemfosa's subsidiary Nyfosa AB in November 2018. It is essential that Hemfosa retains and continues to motivate key employees, as well as recruit, retain, and develop other qualified employees. If key employees leave Hemfosa and suitable and experienced replacements cannot be recruited, this could have a material adverse effect on Hemfosa's business, operating results and/or financial position.

#### **Risks related to transactions**

Property transactions are part of Hemfosa's business and entail several risks. In order to complete an acquisition, suitable investment objects must be available at reasonable price levels. There is a risk that the demand for community service properties, or other types of properties pursued by Hemfosa, increases and thus an increase in the pricing of such properties. Further, there is a risk that Hemfosa fails to make a correct valuation of such properties. Further, competitors with similar investment

strategies to Hemfosa may have access to greater financial resources and may have lower capital costs. This could cause difficulties for Hemfosa to implement its growth strategy.

Acquisitions may further be associated with risks pertaining to the seller or other operators. A seller may, for example, experience financial difficulties and therefore lack the will or means to fulfil its obligations under an agreement with Hemfosa, such as to pay compensation in connection with warranty claims. Property agents or other parties acting on someone else's behalf may, for example, act beyond the scope of their mandate or they may provide incorrect information and there are risks of disputes arising concerning the commissions paid to such middlemen.

Hemfosa further faces risks relating to financing of acquisitions. There is a risk that Hemfosa fails to make a correct assessment of required financing. Further, Hemfosa typically finances acquisitions through external credit financing, which makes Hemfosa dependent on third parties. If Hemfosa fails to make a correct assessment of required financing, if a provider of debt financing fails to fulfil its obligations or if Hemfosa fails to fulfil its obligations in relation to such provider of debt financing, this could lead to Hemfosa not being able to obtain financing or financing only being available to Hemfosa at sharply increased costs.

Hemfosa may, on one or several occasions, be required to sell all, or part of, its property portfolio in order to finance its business. There is a risk that Hemfosa may not be able to carry out such divestments on favorable terms, or at all. Should Hemfosa be required to sell all, or part of, its property portfolio, for example if Hemfosa's creditors were to realize pledged collateral, it is probable that the selling price be lower than the price Hemfosa would be able to obtain through a voluntary sale.

Unrealized changes in value with positive effects on Hemfosa's profit or loss and statement of financial position are created in cases where the fair value of a property is deemed to have risen based on the valuation performed. Such unrealized changes in value are, however, based on assumptions and judgments and the value of the property is only realized when the property in question is sold. There is a risk that the estimated and unrealized value of the properties may not be realized.

If any of the above risks pertaining to Hemfosa's acquisitions, divestments or structural transactions were to be materialized, this could have a material adverse effect on Hemfosa's business, operating results and/or financial position.

### **Risks related to geographic expansion**

Hemfosa conducts operations in Sweden, Norway and Finland. As of March 31, 2019, the properties in Norway accounted for 26 percent and the properties in Finland for five percent of Hemfosa's total property value. As a step in its growth strategy, Hemfosa intends to increase its footprint and property portfolio in the Finnish market. Hemfosa has no local property management offices in Finland but cooperates with a local business partner. There are several risks connected to geographic expansion of the business. If Hemfosa continues to conduct its business in Finland through a local business partner, there may be less alignment with Hemfosa's strategy and other organization and more third party dependency, while putting in place local in-house property management resources will require finding the right people and suitable investment opportunities in Hemfosa's segment. Geographical expansion also involves exposures due to cultural differences, less experience on the local market and

less familiarity with local authorities and other key stakeholders as well as macroeconomic factors on foreign markets, including currency exposure and discrepancies in corporate and real property taxation. This could have a material adverse effect on Hemfosa's business, operating results and/or financial position.

#### **Risks related to competition**

Hemfosa operates in a competitive industry. Hemfosa's current and future competitive situation is dependent on Hemfosa's knowledge of the market, financing situation, ability to remain at the cutting edge and quickly react to the existing and future needs of tenants and ability to recruit and retain talented employees. Increased or changed competition could thus have a material adverse effect on Hemfosa's business, operating results and/or financial position.

#### **Risks related to project development**

Implementing projects featuring large-scale remodeling or new builds is an increasingly important part of Hemfosa's operations. Since Hemfosa has not traditionally specialized into project development, it may be necessary for Hemfosa to develop or deepen certain competences and relationships to successfully compete in the field. Large-scale, customized projects entail considerable investments, which could lead to an increased credit risk if Hemfosa's tenants fail to fulfill their obligations in relation to Hemfosa and Hemfosa is unable to find new tenants for the particular premises, in time or at all. Project developments may be delayed wherein tenants may be unable to use the facilities from the anticipated date or get access to premises with a lower quality than anticipated, which may result in rental payments being delayed or being less than anticipated, which may, unless compensated for, result in Hemfosa incurring lower income. Further, project developments may be more expensive than initially anticipated, which may result in Hemfosa incurring increased costs, provided such costs are not compensated for.

These risks could have a material adverse effect on Hemfosa's business, operating results and/or financial position.

#### **Risks related to change in the value of properties**

Hemfosa's properties are recognized in the balance sheet at fair value, according to the fair value method, and the change in value is recognized in the income statement. As of March 31, 2019, the value of Hemfosa's property portfolio was MSEK 36,943. The value of Hemfosa's property portfolio is affected not only by supply and demand in the market but also by a number of other factors, in part property-specific factors such as cash-flow, net operating income, prevailing leases, vacancies, maintenance condition, development potential, rent levels and operating expenses, and in part market-specific factors such as inflation, interest rates and cost of capital, market expectations, yield requirements and rent trends, which are derived from comparable transactions in the property market. If the value of Hemfosa's property portfolio, or value on similar properties on the market, sufficiently deteriorates or if Hemfosa fails to make a correct valuation of its property portfolio, this may cause the value of Hemfosa's property portfolio to decline, which could have a material adverse effect on Hemfosa's business, operating results and/or financial position.

**Risks related to jointly owned companies which cannot be solely controlled**

In addition to companies directly, or indirectly, wholly-owned by Hemfosa with relation to Hemfosa's property portfolio, Hemfosa from time to time holds shares in companies through which properties are owned jointly with other investors. Ownership in joint ventures is primarily regulated by shareholder agreements and consequently, Hemfosa does not have sole control over such companies. If such companies were to develop in a, for Hemfosa, disadvantageous way, or if situations arise where Hemfosa and joint ventures have competing interests, this could have a material adverse effect on Hemfosa's business, operating results and/or financial position.

**Operational risks**

Hemfosa is exposed to operational risks. Operational risks pertains to the risk of incurring losses due to inadequate, deficient and/or irregular procedures, fraud or other internal or external events causing damages to Hemfosa's business. Hemfosa has decided to have a relatively small organization. While central functions in the business are managed internally, including consolidation and analysis of financial information, Hemfosa has, inter alia, outsourced parts of the day-to-day financial management to an external service provider, including accounting, monthly reports, preparation of annual reports, tax return forms and VAT forms and payroll and lease administration. When important support functions are outsourced to external providers, it is of particular importance that Hemfosa has efficient procedures to ensure the quality of the services that are delivered. Inadequate resources, a lack of internal control and follow-up may entail risks that suppliers do not perform their duties in the desired manner, deliver on time or fulfil other requirements stipulated by Hemfosa in terms of safety, information management and quality. Weaknesses in operational safety, including the provision of services by important suppliers to Hemfosa, could result in increased costs, operational disruption and inaccurate information, which could have a material adverse effect on Hemfosa's business, operating results and/or financial position.

**Technical risks**

Hemfosa is, like any other owner of real property, exposed to technical risks in relation to owned real property. Technical risk pertains to the risk associated with the technical operation of properties, such as the risk of construction defects or other hidden defects or deficiencies, damages (for example due to fire or other forces of nature) and environmental hazards. If unforeseen technical problems arise, this may result in significantly increased costs for Hemfosa, which in turn could have a material adverse effect on Hemfosa's business, operating results and/or financial position.

**Environmental risks**

Property development and property management has environmental impact, especially through construction and continuous maintenance and upkeep, but also through business conducted by tenants. As set forth by Swedish legislation, Hemfosa could, under certain circumstances, be held accountable for environmental damages caused by previous or current tenants. Legislation with similar, or more extensive, liability for Hemfosa could be applicable in Norway and Finland where Hemfosa conducts its business. This means that, under certain circumstances, claims could be made against Hemfosa for environmental damages such as soil remediation or reclamation relating to the

presence or suspicion of contamination in a building, soil, catchment areas or groundwater. If any claim for remediation regarding any environmental damages related to Hemfosa's property portfolio were to be made against Hemfosa, and such claim were to result in Hemfosa being held liable for such environmental damages, this could have a material adverse effect on Hemfosa's business, operating results and/or financial position.

Properties with a negative environmental profile could be perceived as less attractive by tenants and have a material adverse effect on Hemfosa's general standing and reputation. Further, such properties typically generate higher energy costs in relation to properties with a neutral or positive environmental profile. Further, properties with a negative environmental profile could require modifications to be reclassified as environmentally neutral or environmentally positive properties, which could lead to increased costs for Hemfosa. This could have a material adverse effect on Hemfosa's business, operating results and/or financial position.

## **Legal risks**

### ***Risks related to disputes, claims, inquiries and law suits***

Hemfosa is from time to time involved in disputes associated with its operations. Disputes could concern claims from or on tenants, suppliers to Hemfosa or be made by authorities against Hemfosa. Disputes may also arise in conjunction with acquisitions or divestments of properties or relate to environmental conditions. Disputes and claims can be time consuming, disrupt operations, involve significant amounts and negatively impact Hemfosa's reputation and general standing. The outcome of such disputes may expose Hemfosa to unexpected costs and losses, reputational or other non-financial consequences. The actual outcome of such proceedings may, for example, not correspond to the perception on the market and Hemfosa's reputation may, as a result, be impacted in a way that does not accurately reflect the outcome of such proceedings. This could have a material adverse effect on Hemfosa's business, operating results and/or financial position.

### ***Risks related to taxation***

Tax is a significant cost item for property companies. The regulatory framework governing taxation relevant to Hemfosa is complex and comprehensive in terms of, among other things, governmental charges, corporate taxation, real property taxation, income taxation and taxation of goods and services (VAT) and can vary from jurisdiction to jurisdiction. The regulations governing the recognition of taxes, and the real property sector's application of these accounting regulations, are also complex. The interpretation and application of the regulatory framework by relevant authorities can change over time. Examples of regulatory changes that could have a negative impact on Hemfosa are raised tax rates, a deterioration in opportunities to utilize deductions for interest payments, a deterioration in opportunities to utilize tax-related depreciation or restrictions on opportunities to utilize loss carry-forwards. Changes in the regulatory framework governing taxation relevant to Hemfosa, or in its interpretation and application by judicial bodies or authorities, could have a material adverse effect on Hemfosa's business, operating results and/or financial position.

Further, if Hemfosa's interpretation and application the above-mentioned regulatory framework is inaccurate, in whole or in part, or if relevant authorities successfully carry out negative tax adjustments

with regard to Hemfosa, Hemfosa could be exposed to increased tax costs including, but not limited to, tax surcharges and interest. There is a risk that relevant authorities will not share Hemfosa's view on, inter alia, the right to tax relief on expenses, capital allowances or loss relief. This may result in Hemfosa being under tax review by the Swedish Tax Agency or similar authority in other jurisdictions where Hemfosa conducts its business. From time to time, Hemfosa has cases under review by, and ongoing dialogs with, tax agencies in the jurisdictions where Hemfosa conducts its business. The result of such reviews or final rulings may, due to the complexity of the judicial systems, be communicated to Hemfosa long after the initiation of such review or the initial ruling. This may entail that actions taken by Hemfosa that were previously considered permissible according to the prevailing interpretation and application of the regulatory framework may need to be revised at a later date. The above could have a material adverse effect on Hemfosa's business, operating results and/or financial position.

As of March 31, 2019, Hemfosa had deferred tax assets of MSEK 625 related to tax loss carry forwards expected to offset future profits. There is a risk that the carrying value of the deferred tax assets are over- or understated and that every adjustment of the value will have a direct impact on Hemfosa's results. Further, amendments to the applicable regulatory framework could limit Hemfosa's ability to make use of the loss carryforwards. If the Swedish Tax Agency or the relevant administrative court does not make the same assessment as Hemfosa does, it could have a material adverse effect on Hemfosa's business, operating results and/or financial position.

### ***Regulatory risks***

Most of Hemfosa's tenants conduct business which is publicly financed. As a result, Hemfosa is, to a considerable extent, dependent on relevant authorities' requirements in relation to lease agreements including, but not limited to, property ownership, leases, rental amounts, maintenance, operations, safety regulations, environmental standards and sustainability. New, amended or repealed requirements, or the application of the aforementioned, by authorities could as a result have a material adverse effect on Hemfosa's business, operating results and/or financial position. This is also the case if relevant authorities were to reach opinions that differ from those of Hemfosa or Hemfosa's tenants or other parties associated with Hemfosa's business, concerning licensing requirements, the necessity to obtain permits or other business law requirements.

Property development, and thus Hemfosa's business in this field, is subject to permits and approvals from relevant authorities unless already in place. Such permits and approvals may not be granted, in time or at all. Further, modified municipal planning may lead to local plans not being approved, causing delays and increased costs pertaining to necessary reconstruction. There is a risk that Hemfosa is not awarded necessary approvals or permits from relevant authorities or that awarded licenses, approvals or permits are revoked or appealed. The above could cause delays, increased costs and even jeopardize project realization. These risks could have a material adverse effect on Hemfosa's business, operating results and/or financial position.

**Financial risks*****Counterparty risks***

Hemfosa's existing and potential tenants could end up in situations, for example due to economic conditions, where they are unable to pay the agreed rent on time or otherwise refrain from fulfilling their obligations. Furthermore, new development/renovation projects may be delayed due to suppliers being unable to deliver on time or contractors being unable to complete projects as planned. In case Hemfosa's counterparties are unable to, or does not intend to, fulfil their obligations in relation to Hemfosa it could have a material adverse effect on Hemfosa's business, operating result and/or financial position. In addition to Hemfosa's tenants, such counterparties exist when investing excess liquidity, when signing interest rate swap agreements, when issuing promissory notes and when receiving long- and short-term credits. Should these counterparties be unable to fulfil their financial obligations towards Hemfosa, could have a material adverse effect on Hemfosa's business, operating results and/or financial position.

***Liquidity risks***

Liquidity risk pertains to the risk that Hemfosa is unable to meet its payment obligations when they are due without a significant increase in the cost of obtaining the funds. As of March 31, 2019, Hemfosa's available liquidity amounted to MSEK 1,358 in the form of cash and cash equivalents (MSEK 828) and unutilized overdraft facilities (MSEK 530). If Hemfosa's sources of funding are not deemed sufficient, this could have a material adverse effect on Hemfosa's business, operating results and/or financial position.

***Financing and refinancing risks***

Hemfosa finances its business primarily through borrowing and its own cash flows. Refinancing risk pertains to the risk that financing cannot be obtained or renewed at the end of its maturity, or only at substantially higher costs. Property companies often have a significant level of indebtedness. As of March 31, 2019, Hemfosa's net indebtedness amounted to MSEK 21,381 of which MSEK 2,861 will be due for renegotiation or repayment in 2019, and MSEK 4,879 will be due in 2020. As of the same date, 90 percent of Hemfosa's interest-bearing liabilities was secured and 10 percent unsecured. There is a risk that debt financing cannot be obtained, or that this can be achieved only at terms that are disadvantageous to Hemfosa. Should Hemfosa fail to obtain necessary debt financing in the future, this could have a material adverse effect on Hemfosa's business, operating results and/or financial position.

***Risks related to financial covenants in credit agreements***

As of March 31, 2019, Hemfosa's interest-bearing liabilities consisted of a total of MSEK 22,209, comprising bank loans, bonds and commercial papers. The borrowing from credit institutions is divided primarily among seven different institutions in relation to which Hemfosa and relevant subsidiaries have made certain financial covenants, such as maintaining a certain interest-coverage ratio, loan-to-value ratio and total lowest property value in Hemfosa and approved certain restrictions relating to dividend payments in subsidiaries. Should Hemfosa or the relevant subsidiary be in breach of the

financial covenants set out in any credit agreement, the credit institutions are entitled to cancel the underlying loans and this could result in other loan agreements (through cross default provisions) being cancelled for immediate repayment or in the collateral being taken over by the credit institution/s concerned. This could have a material adverse effect on Hemfosa's business, operating results and/or financial position.

#### ***Risks related to interest rate***

Changes in interest rate will affect Hemfosa's interest expenses, which represent Hemfosa's single largest cost item. Interest rates are sensitive to a number of factors outside of Hemfosa's control, such as monetary politics, national and international political affair and shifts in the market. Interest rate risk could result in a change in fair value, changes in cash flow and fluctuations in Hemfosa's profit. Hemfosa is exposed to interest rate risks due to its interest-bearing liabilities. In the longer term, changes in interest rates have a material adverse effect on Hemfosa's profit and cash flow, which could have a material adverse effect on Hemfosa's business, operating results and/or financial position.

Hemfosa's total interest costs for the financial year 2018 amounted to MSEK 430. The average interest rate for Hemfosa's loan portfolio was 2.09 percent as of March 31, 2019. The underlying loans carry a floating interest rate that is mainly based on STIBOR and NIBOR three months. Based on Hemfosa's annual earnings capacity as of March 31, 2019, a change in the average interest rate level of the Issuer (excluding derivative agreements) of +/- one percent would, theoretically, affect the Issuer's earnings before tax with +/- MSEK 220. In the longer term, changes in interest rates have a material negative effect on Hemfosa's profit and cash flow, which could have a material adverse effect on Hemfosa's business, operating results and/or financial position.

#### ***Risks related to currency exposure***

Hemfosa's operations in Norway and Finland exposes Hemfosa to currency risk. As of March 31, 2019, currency exposure amounted to MEUR 101 and MNOK 4,860, respectively. Hemfosa's currency risk has been identified to arise in part in connection with equity in foreign subsidiaries and in part in connection with net flows in foreign currency, as well as in connection with acquisitions and divestments of foreign companies and properties when the transactions are frequently negotiated and agreed in the period prior to taking or handing over possession and Hemfosa is exposed to currency fluctuations in the intermediary period. Unfavorable currency exchange rate fluctuations may, as a result of Hemfosa's currency exposure, have a material adverse effect on Hemfosa's business, operating results and/or financial position.

#### ***Risks related to the value of derivative instruments***

As set out above, Hemfosa is exposed to interest rate risks due to its interest-bearing liabilities. A portion of Hemfosa's loans have a short fixed-rate period. As part of its management of interest rate risk, Hemfosa utilizes interest rate derivative instruments, through interest rate swaps and interest rate caps. Derivatives are initially recognized at fair value, entailing that transaction expenses are charged against earnings for the period. The value of interest rate swaps is recognized as the present value of the estimated flows during the position's remaining term. The estimated flows are calculated by viewing the strike level and forward rates of STIBOR three months and their volatility. If, during the

term of the derivatives, the variable market interest rate deviates from the contractual fixed interest rate alternatively the contractual upper limit for the floating interest rate for the derivatives, this gives rise to a theoretical surplus or deficit value for the financial instrument. Fluctuations in interest levels could result in a change in fair value, changes in cash flow and fluctuations in the Hemfosa's profit and thus have a material adverse effect on Hemfosa's business, operating results and/or financial position.

## **RISKS RELATED TO THE BONDS**

### **Risks related to macroeconomic factors**

The value of the Bonds is dependent on macroeconomic factors including, but not limited to, economic climate, general market trends, international, national and regional economic and political development, inflation, deflation and interest rate development. Macroeconomic factors could likely influence, either directly or indirectly, the value of the Bonds.

### **Credit risks**

Bondholders carry a credit risk in relation to the Issuer. The bondholders' ability to receive payment under the Terms and Conditions is dependent on the Issuer's ability to fulfil its obligations, which in turn is largely dependent upon the performance of the Issuer's business, operating result and/or financial position. The Issuer's business, operating results and/or financial position is affected by several factors of which some are described above under the section "Risks related to Hemfosa's business and industry" and some under this section "Risks related to the Bonds". An increased credit risk, or a perceived increased credit risk, may cause the value of the Bonds to depreciate due to the market prescribing the Bonds with a higher risk premium. This could affect the value of the Bonds negatively. Another aspect of the credit risk is that a deteriorating financial position of the Issuer may reduce the Issuer's possibility to receive debt financing at the time of the maturity of the Bonds. This could have a material adverse effect on the value of the Bonds.

### **Interest rate risks**

The value of the Bonds is dependent on a number of factors, one of the most material being interest rate levels since the Bonds will carry a floating rate interest. The Bonds will bear interest at a floating rate, by reference to STIBOR plus a certain margin. An increase in interest rate levels would likely cause the value of the Bonds to deteriorate, and a decrease in interest rate levels would likely cause the value of the Bonds to increase. Investment in the Bonds involve a risk that the market value of the Bonds may be adversely affected by changes in the interest rate level.

### **Changes or uncertainty in respect of STIBOR and other benchmark rates might affect the Bonds**

The manner in which benchmark rates such as STIBOR are set is undergoing significant change. Benchmark rates have been the subject of recent international and other regulatory guidance and proposals for reform. Some of these reforms are already effective, including most of the EU regulation EU/2016/1011 (the "**Benchmark Regulation**"), which became fully effective on 1 January 2018. The Benchmark Regulation applies to the provision of benchmarks (including STIBOR), the contribution of input data to a benchmark and the use of a benchmark within the EU. The Terms and Conditions provide for certain fallback arrangements if STIBOR becomes unavailable, which could result in the

effective application of a fixed rate for the Bonds, and there is a risk that the relevant fallback provisions may not operate as intended at the relevant time. Any significant change to the setting or existence of STIBOR might have a material adverse effect on the value or liquidity of, and the amount payable under, the Bonds.

#### **Risks related to liquidity and the secondary market**

The Issuer intends to list the Bonds on the sustainable bond list of Nasdaq Stockholm within 30 calendar days from the issue date. Even if the Bonds are admitted to trading on the aforementioned market, active trading in the Bonds does not always occur and a liquid market for trading in the Bonds might not occur even if the Bonds are listed. This may result in the bondholders not being able to sell their Bonds when desired or at a price level which allows for a profit comparable to similar investments with an active and functioning secondary market. Lack of liquidity in the market may have a negative impact on the market value of the Bonds. Further, the nominal value of the Bonds may not be indicative compared to the market price of the Bonds if the Bonds are admitted to trading on Nasdaq Stockholm. It should also be noted that during a given time period it may be difficult or impossible to sell the Bonds on reasonable terms, or at all, due to, for example, severe price fluctuations, close down of the relevant market or trade restrictions imposed on the market.

#### **Risks related to the market price of the Bonds**

The market price of the Bonds could be subject to significant fluctuations in response to actual or anticipated variations in the Issuer's operating results and those of its competitors, adverse business developments, changes to the regulatory environment in which the Issuer operates, changes in financial estimates by securities analysts and the actual or expected sale of a large number of Bonds, as well as other factors. In addition, in recent years the global financial markets have experienced significant price and volume fluctuations, which, if repeated in the future, could adversely affect the market price of the Bonds without regard to the Issuer's business, operating result and/or financial position and thus the Issuer's ability to fulfil its obligations related to the Bonds.

#### **Risks related to dependency on subsidiaries**

A significant part of the Issuer's assets and revenues relate to its subsidiaries. The Issuer is thus dependent upon receipt of sufficient income and cash flow related to the operations of the subsidiaries. Consequently, the Issuer is dependent on the subsidiaries' availability of cash and their legal ability to make dividends which may from time to time be restricted by corporate restrictions and law. Should the Issuer not receive sufficient income from its subsidiaries, the investor's ability to receive payment under the Terms and Conditions may be adversely affected.

#### **Risks related to change of control of the Issuer**

Following any potential change of control in the Issuer, the Issuer may be controlled by a majority shareholder whose interest may conflict with those of the bondholders, particularly if the Issuer encounters difficulties or is unable to pay its debts as they fall due. A majority shareholder has legal power to control many of the matters to be decided by vote at a shareholder's meeting. For example, a majority shareholder will have the ability to elect the board of directors of the Issuer. Furthermore,

a majority shareholder may also have an interest in pursuing acquisitions, divestitures, financings or other transactions that, in their judgment, could enhance their equity investments but might involve risks to the bondholders. There is nothing that prevents a shareholder or any of its affiliates from acquiring businesses that directly compete with the Issuer. If such an event were to arise, it could have a material adverse effect on the Issuer's business, operating results and/or financial position. According to the Terms and Conditions, if a change of control event occurs, the bondholders have a right of prepayment of the Bonds (put option). There is a risk that the Issuer lacks liquidity to repurchase the Bonds if the bondholders were to exercise their right of prepayment. Please refer to "Risks related to early redemption and put options" for further information.

#### **Risks related to the Bonds being unsecured**

The Bonds constitute unsecured debt obligations of the Issuer. If the Issuer is subject to any foreclosure, dissolution, winding-up, liquidation, recapitalization, administrative or other bankruptcy or insolvency proceedings, all of the Issuer's secured obligations must first be satisfied, potentially leaving little or no remaining assets in the Issuer for the bondholders. As a result, the bondholders may not recover any or full value. The bondholders will only have an unsecured claim against the assets (if any) in the Issuer for the amounts under or in respect of the Bonds, which means that the bondholders normally would receive payment (pro rata with other unsecured non-priority creditors) after any priority creditors have been paid in full. Each investor should be aware that by investing in the Bonds, they risk losing the entire, or part of, its investment in the event of the Issuer's liquidation, bankruptcy or re-organization. Further, the Issuer currently has outstanding secured debt. Consequently, an enforcement of security furnished under the secured obligations can have a material negative effect on the bondholders' recovery under the Bonds.

#### **Risks related to the Issuer's subsidiaries, structural subordination and insolvency of subsidiaries**

A significant part of the Issuer's assets and revenues relate to the Issuer's subsidiaries. The subsidiaries are legally separated from the Issuer and the subsidiaries' ability to make payments to the Issuer is restricted by, among other things, the availability of funds, corporate restrictions and law. Furthermore, in the event of insolvency, liquidation or a similar event relating to one of the subsidiaries, all creditors of such subsidiary would be entitled to payment in full out of the assets of such subsidiary before any entity within the Issuer, as a shareholder, would be entitled to any payments. Thus, the Bonds are structurally subordinated to the liabilities of the subsidiaries. The Issuer and its assets may not be protected from any actions by the creditors of any subsidiary of the Issuer, whether under bankruptcy law, by contract or otherwise. In addition, defaults by, or the insolvency of, certain subsidiaries of the Issuer could result in the obligation of the Issuer to make payments under the Issuer's financial or performance guarantees in respect of such subsidiaries' obligations or the occurrence of cross defaults on certain borrowings of the Issuer.

#### **Risks related to security over assets granted to third parties**

The Issuer may, subject to limitations, incur additional financial indebtedness and provide additional security for such indebtedness. In the event of bankruptcy, reorganization or winding-up of the Issuer, the bondholders will be subordinated in right of payment out of the assets being subject to security.

In addition, if any such third party financier holding security provided by the Issuer would enforce such security due to a default by any group company under the relevant finance documents, such enforcement could have a material adverse effect on the Issuer's business, operational results and/or financial position, and thus the position of the bondholders.

### **Currency risks**

The Bonds will be denominated and payable in SEK. If bondholders holding Bonds measure their investment return by reference to a currency other than SEK, an investment in the Bonds will entail foreign exchange-related risks due to, among other factors, possible significant changes in the value of the SEK relative to the currency by reference to which investors measure the return on their investments. This could decrease the effective yield of the Bonds to below their stated coupon rates and could result in a loss to investors when the return on the Bonds is translated into the currency by reference to which the investors measure the return on their investments. 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 Bonds. As a result, there is a risk that investors receive less interest or principal than expected, or no interest or principal at all.

### **Risks related to early redemption and put options**

Under the Terms and Conditions, and as described in the term sheet for the Bonds, the Issuer has reserved the possibility to, under certain circumstances, redeem all outstanding Bonds during the period from the date falling 90 days before the final redemption date to the final redemption date. There is a risk that the market value of the Bonds is higher than the early redemption amount and that it may not be possible for bondholders to reinvest such proceeds at an effective interest rate as high as the interest rate on the Bonds and may only be able to do so at a significantly lower rate. According to the Terms and Conditions, the Bonds are subject to prepayment at the option of each bondholder (put options) if (i) the ordinary shares of the Issuer are being delisted from Nasdaq Stockholm or trading in the ordinary shares of the Issuer on Nasdaq Stockholm is suspended for a period of 15 consecutive business days (when Nasdaq Stockholm is at the same time open for trading), or (ii) the Bonds are not admitted to trading on the sustainable bond list on Nasdaq Stockholm within 60 days from the issue date, any subsequent bonds are not listed on the sustainable bond list on Nasdaq Stockholm within 20 business days from the relevant issue date or the Bonds ceases to be traded on the sustainable bond list on Nasdaq Stockholm (iii) an event or series of event occurs whereby one or more persons acting together, acquire control over the Issuer and where "control" means (a) acquiring or controlling, directly or indirectly, more than 50 percent of the voting shares of the Issuer, or (b) the right to, directly or indirectly, appoint or remove the whole or a majority of the directors of the board of directors of the Issuer.

There is, however, a risk that the Issuer will not have sufficient funds at the time of such prepayment to make the required prepayment of the Bonds which could adversely affect the Issuer, e.g. by causing insolvency or an event of default under the Terms and Conditions, and thus adversely affect all bondholders and not only those that choose to exercise the option.

**Risks related to no action against the Issuer and bondholders' representation**

In accordance with the Terms and Conditions, a bondholders' agent (the "**Agent**") (being on the issue date Nordic Trustee & Agency AB (publ)) will represent all bondholders in all matters relating to the Bonds and the bondholders are prevented from taking actions on their own against the Issuer. Consequently, individual bondholders do not have the right to take legal actions to declare any default by claiming any payment from or enforcing any security granted by the Issuer and may therefore lack effective remedies unless and until a requisite majority of the bondholders agree to take such action. However, there is a risk that an individual bondholder, in certain situations, could bring its own action against the Issuer (in breach of the Terms and Conditions) which could negatively impact an acceleration of the Bonds or other action against the Issuer. To enable the Agent to represent bondholders in court, the bondholders and/or their nominees may have to submit a written power of attorney for legal proceedings. The failure of all bondholders to submit such a power of attorney could negatively affect the legal proceedings. Under the Terms and Conditions, the Agent will in some cases have the right to make decisions and take measures that bind all bondholders. Consequently, the actions of the Agent in such matters could impact a bondholder's rights under the Terms and Conditions in a manner that would be undesirable for some of the bondholders.

**Risks related to bondholders' meetings**

The Terms and Conditions include certain provisions regarding bondholders' meetings. Such meetings may be held in order to resolve on matters relating to the bondholders' interests. The Terms and Conditions will allow for stated majorities to bind all bondholders, including bondholders who have not taken part in the meeting and those who have voted differently to the required majority at a duly convened and conducted bondholders' meeting. Consequently, the actions of the majority in such matters could impact a bondholder's rights in a manner that would be undesirable for some of the bondholders.

**Risks related to restrictions on the transferability of the Bonds**

The Bonds have not been and will not be registered under the U.S. Securities Act of 1933, as amended, or any U.S. state securities laws. Subject to certain exemptions, a holder of the Bonds may not offer or sell the Bonds in the United States. The Issuer has not undertaken to register the Bonds under the U.S. Securities Act or any U.S. state securities laws or to effect any exchange offer for the Bonds in the future. Furthermore, the Issuer has not registered the Bonds under any other country's securities laws. It is each potential investor's obligation to ensure that the offers and sales of Bonds comply with all applicable securities laws. Due to these restrictions, there is a risk that a bondholder cannot sell their Bonds as desired.

**Risks associated with green bonds**

The Bonds are defined as "green" according to the Hemfosa's applicable green bond framework as at the first issue date (the "**Green Bond Framework**"). The Green Bond Framework, as well as market practice for green bonds, may be amended and develop after the first issue date, thus affecting any the requirements applicable to Hemfosa in respect of any subsequent bonds. Amendments to the Green Bond Framework after the first issue date will not affect the conditions applicable to the Bonds

issued as at the first issue date. Hemfosa's failure to comply with the Green Bond Framework does not constitute an event of default and would not permit bondholders to exercise any early redemption rights or receive any other type of compensation for non-compliance with the Green Bond Framework.

#### **Risks related to third party certification**

Hemfosa has appointed CICERO Center for International Climate Research ("**Cicero**") for an independent, research-based evaluation of the Green Bond Framework to determine its environmental robustness. This resulted in an external second opinion, dated April 26, 2019. Cicero is neither responsible for how the Green Bond Framework is implemented and followed up by investors, authorities (as applicable), organizations or other stakeholders, nor is it responsible for the outcome of investments in projects described as eligible projects in the Green Bond Framework. There is a risk that the suitability or reliability of any opinion issued by Cicero or another third party that may be held available in connection with an issue of Bonds can be questioned by Hemfosa, a potential investor, the bondholders or another third party. Further, such opinion or certificate will only be current on the date on which it is issued and could be deemed irrelevant at a later stage. Further, the providers of such opinions and certificates are currently not subject to any regulatory regime or other supervision and there is a risk that they will be deemed as not being reliable or objective in the future.

#### **Risks related to the clearing and settlement in Euroclear Sweden's book-entry system**

The Bonds will be affiliated to Euroclear Sweden's account-based system, hence no physical notes will be issued. Clearing and settlement relating to the Bonds will be carried out within Euroclear Sweden's book-entry system, as well as payment of interest and repayment of the principal. Investors are therefore dependent on the functionality of Euroclear Sweden's account-based system.

#### **Risks related to amended or new legislation**

The Terms and Conditions will be based on Swedish law in force at the date of issuance of the Bonds. There is a risk that amended or new legislation and administrative practices may adversely affect the investor's ability to receive payment under the Terms and Conditions.

#### **Risks related to potential conflict of interest in relation to the Joint Bookrunners**

The Joint Bookrunners may in the future engage in investment banking and/or commercial banking or other services for the Issuer in the ordinary course of business. Accordingly, conflicts of interest may exist or may arise as a result of such Joint Bookrunners having previously engaged, or engaging in the future, in transactions with other parties, having multiple roles or carrying out other transactions for third parties with conflicting interests.

#### **Risks related to the rights of bondholders being dependent on the Agent's actions and financial standing**

By subscribing for, or purchasing, or accepting the assignment of, any Bond, each holder of a Bond will accept the appointment of the Agent to act on its behalf and to perform administrative functions relating to the Bonds. The Agent shall have, among other things, the right to represent the holders of the Bonds in all court and administrative proceedings in respect of the Bonds. However, the rights,

duties and obligations of the Agent as the representative of the holders of the Bonds will be subject to the provisions of the Terms and Conditions for the Bonds and the agency agreement, and there is no specific legislation or market practice in Sweden (under which laws the Terms and Conditions for the Bonds are governed) which would govern the Agent's performance of its duties and obligations relating to the Bonds. A failure by the Agent to perform its duties and obligations properly or at all may adversely affect the enforcement of the rights of the holders of the Bonds. Under the Terms and Conditions for the Bonds, the funds collected by the Agent as the representative of the holders of the Bonds must be held separately from the funds of the Agent and be treated as escrow funds to ensure that in the event of the Agent's bankruptcy, such funds can be separated for the benefit of the holders of the Bonds. However, there is a risk that such segregation of funds will not be respected by a bankruptcy administrator in case of the trustee's bankruptcy. Also, in the event the Agent would fail to separate the funds in an appropriate manner, the funds could be included in the Agent's bankruptcy estate. The Agent may be replaced by a successor bondholders' agent in accordance with the Terms and Conditions for the Bonds.

## THE BONDS IN BRIEF

The following summary contains basic information about the Bonds. It is not intended to be complete and it is subject to important limitations and exceptions. Potential investors should therefore carefully consider this Prospectus as a whole, including documents incorporated by reference, before a decision is made to invest in the Bonds. For a more complete understanding of the Bonds, including certain definitions of terms used in this summary, please refer to the Terms and Conditions.

<b>Issuer</b> .....	Hemfosa Fastigheter AB (publ), reg. no. 556917-4377.
<b>The aggregate amount of the Bonds</b> .....	The aggregate amount of the bond loan will be an amount of up to a maximum of SEK 1,500,000,000 of senior unsecured floating rate green bonds due May 16, 2022. The Issuer may choose not to issue the full amount of the Bonds on an issue date and may choose to issue the remaining amount of Bonds at one or more subsequent dates which will be listed under this Prospectus. As of the date of this Prospectus, an initial amount of Bonds of SEK 1,300,000,000 was issued on May 16, 2019.
<b>ISIN</b> .....	SE0012596203.
<b>Issue Date</b> .....	May 16, 2019.
<b>Issue Price</b> .....	100 percent.
<b>Interest Rates</b> .....	Interest on the Bonds will be paid at a floating rate of three months STIBOR plus 2.40 percent per annum, however if the Interest Rate is below zero, the Interest Rate will be deemed to be zero. <sup>1</sup>
<b>Interest Payment Dates</b> .....	August 16, November 16, February 16 and May 16 of each year or, to the extent such day is not a Business Day, the Business Day following from an application of the Business Day Convention. The first Interest Payment Date for the Bonds shall be August 16, 2019 and the last Interest Payment Date shall be the relevant Redemption Date.
<b>Benchmark Regulation</b> .....	As at the date of this Prospectus, the Swedish Bankers' Association ( <i>Sw. Svenska Bankföreningen</i> ), which administers STIBOR, does not appear in the register of administrators and benchmarks established and maintained by the European Securities and Markets Authority (ESMA) pursuant to article 36 of the Benchmark Regulation. As far as the Issuer is aware, the transitional provisions in article 51 of the Benchmark Regulation apply, such that the Swedish Bankers' Association is not currently required to obtain authorization or registration.
<b>Nominal Amount</b> .....	The Bonds will have a nominal amount of SEK 1,250,000 and the minimum permissible investment in the Bonds is SEK 1,250,000.

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<sup>1</sup> For an account of the historic development of STIBOR, please refer to [riksbank.se/en/Interest-and-exchange-rates/search-interest-rates-exchange-rates/](https://riksbank.se/en/Interest-and-exchange-rates/search-interest-rates-exchange-rates/)

- Status of the Bonds.....** The Bonds are denominated in Swedish Kronor and each Bond is constituted by the Terms and Conditions. The Issuer undertakes to make payments in relation to the Bonds and to comply with the Terms and Conditions. By subscribing for Bonds, each initial Bondholder agrees that the Bonds shall benefit from and be subject to the Finance Documents and by acquiring Bonds, each subsequent Bondholder confirms such agreement. The Bonds constitute direct, unconditional, unsubordinated and unsecured obligations of the Issuer and shall at all times rank *pari passu* with all direct, unconditional, unsubordinated and unsecured obligations of the Issuer, except those obligations which are mandatorily preferred by law, and without any preference among them. The Bonds are freely transferable but the Bondholders may be subject to purchase or transfer restrictions with regard to the Bonds, as applicable, under local laws to which a Bondholder may be subject. Each Bondholder must ensure compliance with such restrictions at its own cost and expense.
- Call Option.....** The Issuer may, redeem all, but not only some, of the outstanding Bonds in full at a price of hundred (100) percent of the Nominal Amount together with accrued but unpaid Interest, provided that: (i) the redemption is financed by way of one or several Market Loan issues, any time from and including the first Business Day falling ninety (90) days prior to the Final Maturity Date to, but excluding, the Final Maturity Date; or (ii) it is or becomes unlawful for the Issuer to perform its obligations under the Terms and Conditions or the Agency Agreement.
- Final Maturity Date.....** May 16, 2022.
- Change of Control Event....** The occurrence of an event or series of events whereby one or more persons acting together, acquire control over the Issuer and where "control" means (a) acquiring or controlling, directly or indirectly, more than fifty (50) percent of the total number of votes of the Issuer, or (b) the right to, directly or indirectly, appoint or remove the whole or a majority of the directors of the board of directors of the Issuer.
- Certain Covenants.....** The Terms and Conditions contain a number of covenants which restrict the ability of the Issuer and other Group Companies or Material Group Companies (as applicable), including, *inter alia*: restrictions on making any changes to the nature of their business; and limitations on disposal of assets. The Terms and Conditions contain a maintenance test according to which the Issuer shall ensure that the Interest Coverage Ratio exceeds 1.25:1, and that the ratio of Equity to Total Assets is not less than 20 percent. Each of these covenants is subject to exceptions and qualifications, please refer to the Terms and Conditions.
- Use of Proceeds.....** The Issuer shall use the proceeds from the issue of the Bonds, less the costs and expenses incurred by the Issuer in connection with the issue of the Bonds, in accordance with the Green Bond Framework.

<b>Transfer Restrictions</b> .....	The Bonds have not been and will not be registered under the Securities Act. No Bondholder may offer, sale or deliver any Bonds within the United States of America or to, or for the account or benefit of, U.S. persons.
<b>Listing</b> .....	Application has been made to list the Bonds on sustainable corporate bond list of Nasdaq Stockholm.
<b>Agent</b> .....	Nordic Trustee & Agency AB (publ).
<b>Issuing Agent</b> .....	Swedbank AB (publ).
<b>Governing Law</b> .....	Swedish law.
<b>Risk Factors</b> .....	Investing in the Bonds involves substantial risks and prospective investors should refer to the section "Risk factors" for a description of certain factors that they should carefully consider before deciding to invest in the Bonds.

**STATEMENT OF RESPONSIBILITY**

The issuance of the Bonds was authorized by a resolution adopted by the board of directors of the Issuer on May 7, 2019, and the Bonds were subsequently issued on May 16, 2019. This Prospectus has been prepared in connection with the Issuer's application to list the Bonds on the sustainable bond list of Nasdaq Stockholm.

The Issuer is responsible for the information given in this Prospectus and has taken all reasonable precautions to ensure that, as far as the Issuer is aware, the information in this Prospectus is accurate and does not omit anything likely to affect its import. To the extent prescribed by law, the board of directors of the Issuer is responsible for the information contained in this Prospectus. Any information in this Prospectus and in the documents incorporated by reference which derive from third parties has, as far as the Issuer is aware and can be judged on the basis of other information made public by that third party, been correctly represented and no information has been omitted which may render the information misleading or incorrect. The board of directors of the Issuer confirms that, having taken all reasonable care to ensure that such is the case, the information contained in this Prospectus is, to the best of its knowledge, accurate and does not omit anything likely to affect its import.

June 18, 2019

**HEMFOSA FASTIGHETER AB (PUBL)**

*The board of directors*

## DESCRIPTION OF HEMFOSA

### Business and operations

Hemfosa specializes in developing, managing and acquiring community service properties in the Nordic region. As per March 31, 2019 the value of Hemfosa's property portfolio corresponded to MSEK 36,943 of which community service properties accounted for 89 percent, making Hemfosa one of the largest private owners of community service properties in Sweden and a growing player in Norway and Finland. As of the same date, Hemfosa's property portfolio comprised 381 properties with leasable area of 2,059,000 square meters and the economic leasing rate was 94.4 percent. Hemfosa defines a property as a community service property if tenants who directly or indirectly are publicly financed account for at least 70 percent of the rental income. The properties include premises for schools, offices for public authorities and municipalities, judicial institutions such as the police and courts, as well as healthcare and care services. Hemfosa's business model is to combine long-term management of a growing property portfolio with project development, specialist know-how in community service properties, close and strong customer relationships and property transactions. The aim is to continue to develop and, using its own resources, to manage an extensive and balanced property portfolio with a stable and high yield through acquisitions and projects, and to increase the value of existing properties through continued development and improvement. The position as a specialized community service property company is intended to increase Hemfosa's competitiveness and Hemfosa's assessment is that the growth potential in the community service segment remains favorable through acquisitions and project development.

Hemfosa's mission is to engage in the long-term ownership, development and management of community service properties and to create value through active participation in a changing property market in order to generate long-term, high and stable profitability.

Hemfosa has set a growth strategy to achieve a property value of SEK 50 billion within five years, coupled with healthy profitability and continued low risk. The intention is to have a greater focus than before on a long-term approach and sustainability. Hemfosa's planned growth will be achieved through acquisitions and project development, where project development will represent an increasing share of Hemfosa's growth, accounting for about a third of growth during the period. As a step in its growth strategy, Hemfosa intends to increase its footprint and property portfolio in the Finnish market.

Hemfosa divides its community service property portfolio into four categories: public-sector offices, schools, health and care services and the judicial system. Hemfosa's property portfolio also includes commercial offices, meaning office properties where rental income is not predominantly publicly finances, primarily located in large high-grown municipalities.

- **Public-sector offices**

This category of properties comprises office premises in which the tenants conduct publicly funded operations. Public-sector offices is Hemfosa's largest category, where Hemfosa, as of December 31, 2018, owned 76 properties corresponding to a value of SEK 10.8 billion. As of the same date, the three largest tenants in this category were the Norwegian Labor and Welfare Administration, the Swedish Migration Agency and the Swedish Prison and

Probation Service. As of December 31, 2018, this category had a leasing rate of 95 percent and an average lease length of 4.4 years.

- **Schools**

This category of properties comprises compulsory schools, senior high schools, colleges and universities. This is a property category where both municipal and private operators are active and which is publicly financed; for example, through school vouchers for comprehensive and senior high schools in Sweden. This category is Hemfosa's second largest category, where Hemfosa owned 94 properties corresponding to a value of SEK 8.8 billion as of December 31, 2018. As of the same date, the three largest tenants in this category were Municipality of Härnösand, AcadeMedia and Oslo and Akerhus University College. As of December 31, 2018, this category had a leasing rate of 94 percent and an average lease length of 8.5 years.

- **Health and care service**

This category of properties comprises operations in the health and care services; primarily of retirement homes, nursing homes, healthcare centers, hospitals and child care centers. As of December 31, 2018, Hemfosa owned 128 properties in this category corresponding to a value of SEK 7.3 billion. As of the same date, the three largest tenants in this category were LHL Eiendom AS, Municipality of Härnösand and Espira. As of December 31, 2018, this category had the longest remaining lease length, 12.4 years, and the highest leasing rate, 98 percent.

- **Judicial system**

The category of judicial institutions mainly includes police stations and courts of law, such as district and administrative courts. As of December 31, 2018, Hemfosa owned 41 properties in this category corresponding to a value of SEK 5.1 billion. As of the same date, the three largest tenants in this category were the Police Authority, the Courts of Sweden and Poliisi. As of December 31, 2018, this category had a leasing rate of 95 percent and an average lease length of 4.1 years.

- **Commercial offices**

Hemfosa's property portfolio also comprises commercial offices, meaning office properties where rental income is not predominantly publicly financed. The office tenants in high-growth municipalities are primarily services firms and a normal lease term extends over three to five years. As of December 31, 2018, Hemfosa owned 23 properties in this category corresponding to a value of SEK 3.2 billion. As of the same date, the three largest tenants in this category were the Finnish Red Cross, Telia Sverige AB and Lantmännen. As of December 31, 2018, this category had a leasing rate of 85 percent and an average lease length of 3.9 years.

As of December 31, 2018, Hemfosa had 3,831 leases. The ten largest tenants' share of Hemfosa's rental income as of March 31, 2019 was approximately 32 percent and the average remaining lease term was 6.6 years. Operating expenses consist primarily of rates-based costs such as costs for electricity, waste collection, water, snow clearance and heat. Hemfosa finances its business primarily through borrowing and its own cash flows.

Hemfosa has a relatively small organization. While central functions in the business are managed internally, including consolidation and analysis of financial information, Hemfosa has, inter alia, outsourced parts of the day-to-day financial management to an external service provider, including accounting, monthly reports, preparation of annual reports, tax return forms and VAT forms and payroll and lease administration. In Sweden, Hemfosa's property portfolio is divided into five regions: North, Stockholm, Central, West and South. Each region is headed by a regional manager with operational responsibility for the properties in the region. Hemfosa has a total of 13 local property management offices in Sweden. The Norwegian organization has five local property management offices and is managed from the office in Oslo. All assignments in Finland are currently performed by a local business partner. As of March 31, 2019, the number of employees in the Group was 60, of whom 23 were based at the headquarters in Nacka. Of the total number of employees as of March 31, 2019, 33 were women and 27 were men.

Hemfosa's group-wide functions are Marketing/ Communication, Analysis and Transactions, Property Management, Business Development, Accounting, Financing and Legal Affairs. Hemfosa's senior executives consists of the following five members: CEO, CFO, Head of Finance, Head of Property Management and Head of Transactions. Out of the five members, four (80 percent) are women and one (20 percent) is a man. Several senior executives in Hemfosa have been employed by Hemfosa a relatively limited time and were recruited in connection with the demerger and spin-off of Hemfosa's subsidiary Nyfosa AB in November 2018. Hemfosa's senior executives have overall responsibility for, inter alia, strategy issues, business development, investments and sales, earnings follow-up and HR and IR issues. For more information about Hemfosa's senior executives, please refer to the subsection "Senior executives" under the section "Board of directors and senior executives".

## **The Group**

The Issuer is the parent company of the Group that, in addition to the Issuer, comprised four directly and 250 indirectly owned subsidiaries as per March 31, 2019.<sup>2</sup> For a more in-depth description of the companies in the Group as per December 31, 2018, please refer to Note 25 in the Issuer's annual report 2018, which is incorporated into this Prospectus by reference. As the Group's operations are conducted by the subsidiaries, the Issuer is dependent on its subsidiaries to generate revenues and profits in order to be able to fulfil its payment obligations under the Bonds.

In addition to companies directly, or indirectly, wholly-owned by Hemfosa, Hemfosa from time to time holds shares in companies through which properties are owned jointly with other investors.

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<sup>2</sup> Excluding joint ventures and associated companies.

## Share capital and ownership structure

The shares of Hemfosa are denominated in SEK. The ordinary shares carry one vote each and preferential shares carry one-tenth vote each. As of the date of this Prospectus, Hemfosa had an issued share capital of SEK 89,364,124 divided into 167,728,249 of ordinary shares, and 10,999,999 of preferential shares. Hemfosa has issued a total of 178,728,248 shares.

### *Ten largest shareholders as of March 31, 2019*

Shareholder	Number of shares		Percentage of	
	Ordinary shares	Preferential shares	Share capital, %	Voting rights, %
Swedbank Robur Funds	9,543,967	-	5.3	5.7
Länsförsäkringar Funds	8,215,012	-	4.6	4.9
Norges Bank	5,971,936	-	3.3	3.5
SEB Funds	5,767,095	-	3.2	3.4
Vanguard	4,896,189	522,421	3.0	2.9
Blackrock	4,930,464	-	2.8	2.9
JP Morgan Asset Management	3,884,725	-	2.2	2.3
Fourth AP Fund	3,817,870	-	2.1	2.3
Columbia Threadneedle	3,768,237	-	2.1	2.2
Handelsbanken Funds	3,565,000	-	2.0	2.1

## Material agreements

Except as described below, Hemfosa has not entered into any material contracts outside the ordinary course of its business which could have a material impact on its ability to meet its obligations under the Bonds.

### *Syndicated loans*

#### *Hemfosa Adrian HoldCo AB*

A term loan facility agreement for approximately SEK 2.9 billion dated 28 March, 2018 has been concluded with, amongst others, Skandinaviska Enskilda Banken AB (publ) ("**SEB**") and Nordea Bank. The facilities may be utilised by Hemfosa Adrian Holdco AB ("**Hemfosa Adrian**") for the purpose of granting loans to the property-owning subsidiaries (downstream loans) for refinancing existing liabilities in the companies, for their general corporate needs and to finance/refinance approved investments/capital expenditure. Interest rates under the loan agreement are based on STIBOR plus a margin. The credit facilities granted hereunder fall due for payment on 28 March, 2023 and an amount of SEK 2,684,200,000 was outstanding under the facilities as per 31 March, 2019. The loan agreement contains customary terms and conditions, guarantees and obligations, and the terms and conditions are linked to a number of agreed financial covenants regarding, *inter alia*, obligations pertaining to loan-to-value ratio, interest service coverage ratio, minimum value of the property portfolio and equity/assets ratio. The agreement also contains obligations for the borrower to repay a specific amount of the credit facilities should a property or the shares or participations in a property-holding company be sold or otherwise disposed and to repay all credit facilities should someone (or a Group

acting together) take control of more than 30 per cent of the shares and/or votes in the Issuer, or should the Issuer be delisted or no longer own all shares in Hemfosa Sverige AB, or should Hemfosa Sverige AB no longer own all shares in Hemfosa Adrian ("change of control"). There are also customary default provisions under the agreement, including a cross default if a default occurs in relation to financial indebtedness of the Issuer.

#### *Hemfosa Alexander AB*

A term loan facility agreement for approximately SEK 2.2 billion dated 15 December 2014 has been concluded with, amongst others, Danske Bank A/S, Danmark, Sverige filial ("**Danske Bank**"), Nordea Bank and Swedbank AB ("**Swedbank**") which may be utilised by Hemfosa Alexander AB for downstream loans to the property-holding companies. The terms and conditions of the loans are essentially those described above for Hemfosa Adrian. The credit facility falls due to payment on 27 March, 2023. The outstanding amount under the facility was SEK 2,431,600,000 as per 31 March, 2019.

#### *Hemfosa Fyrklövern AB*

A term loan facility agreement for approximately SEK 1.3 billion dated 23 August, 2018 has been concluded with, amongst others, Danske Bank and Storebrand Livsforsikring A/S which may be utilised by Hemfosa Fyrklövern AB for downstream loans to the property-holding companies. The facilities may be utilised by Hemfosa Fyrklövern AB for the purpose of granting loans to the property-owning subsidiaries (downstream loans) for refinancing existing liabilities in the companies and for the purpose of financing an acquisition of a target company by a property-owning subsidiary. The terms and conditions of the loans are similar to those described above for Hemfosa Adrian and Hemfosa Alexander AB. The credit facility falls due for payment on 23 August 2023. The outstanding amount was SEK 1,270,700,000 as per 31 March, 2019.

#### **Bilateral loans**

In addition to the aforementioned syndicated credits, subsidiaries of Hemfosa have been granted a number of bilateral loans, primarily to finance property acquisitions and construction credits for various construction projects, as well as for operational financing. Credit providers under these bilateral loans consist, in part, of Swedish creditors such as, Danske Bank, Nordea Bank, SEB, Svenska Handelsbanken AB (publ), Swedbank and Kisa Sparbank, and, in part, of non-Swedish lenders such as Danske Bank A/S and Husbanken AS. The total principal under these loans amounted to approximately SEK 12,673,000,000 as per 31 March, 2019.

A number of these loan agreements contain customary terms and agreements, guarantees and obligations for property loans of this type, including cross-default and change of control provisions, as well as financial covenants similar to those described above in relation to the loan agreement with Hemfosa Adrian. Limitations also apply to the payment of dividends by certain subsidiaries. Since these subsidiaries have only had a marginal impact on the Group's earnings historically, the limitations are not considered to have any significant impact on the Group's ability to pay dividends in accordance with Hemfosa's dividend policy. In conjunction with raising the loans, certain sureties and customary collateral have been provided in favor of certain credit providers.

**Bonds***Bonds maturing in December 2019*

On December 6, 2016, Hemfosa issued a senior unsecured bond loan of SEK 750,000,000, with a total framework amount of SEK 1,000,000,000, on the Swedish bond market with ISIN SE0009357403. The bonds carry a floating interest of three months STIBOR plus 2.80 percent per annum and matures on December 6, 2019. On May 3, 2017, Hemfosa issued senior unsecured bonds in the total amount of SEK 250,000,000 under the existing framework amount. The terms and conditions of the bonds were amended and restated on August 29, 2018 to allow for Hemfosa's distribution of the shares in its previous subsidiary Nyfosa AB to the holders of ordinary shares in Hemfosa.

On May 2, 2019, Hemfosa announced a tender offer, offering the holders of the bond which matures on December 6, 2019, to participate in a tender offer where Hemfosa offered to repurchase the bonds up to an amount of SEK 1,000,000,000 against cash consideration at a price of 100.80 % of the nominal amount. The tender offer expired on May 9, 2019. The aggregate principal amount of the bonds validly tendered was SEK 764,000,000. Settlement of the tender offer occurred on May 16, 2019.

*Bonds maturing in September 2020*

On March 1, 2017, Hemfosa issued a senior unsecured bond loan of SEK 750,000,000, within a total framework amount of SEK 1,000,000,000, on the Swedish bond market with ISIN SE0009664337. The bonds carry a floating interest of three months STIBOR plus 2.75 percent per annum and matures September 1, 2020. On June 20, 2018, Hemfosa issued senior unsecured bonds in the total amount of SEK 250,000,000 under the existing framework amount. The terms and conditions, originally dated February 23, 2017 was amended and restated on August 29, 2018. The principal amount outstanding is SEK 1,000,000,000.

## BOARD OF DIRECTORS AND SENIOR EXECUTIVES

The board of directors and the senior executives can be contacted at Hemfosa's office at Hästholmsvägen 28, Nacka. Further information about the members of the board of directors and the senior executives is set forth below.

### Board of directors

#### **Bengt Kjell, *Chairman of the Board***

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

**Other commitments** ..... Chairman of the board of SSAB, and Expassum AB, deputy chairman of the board of Indutrade AB, Pandox AB and member of the board of AB Industrivärden, among other companies.

#### **Anneli Lindblom, *Member of the Board***

**Education**..... Master of Finance, Frans Schartaus Business Institute, Stockholm.

**Other commitments**..... CFO of Acando AB (publ) and chairman of the board of NoClds AB and board assignments within the Acando Group.

#### **Caroline Sundewall, *Member of the Board***

**Education**..... Master of Business Administration, Stockholm School of Economics.

**Other commitments**..... Chairman of the board of the Streber Cup Foundation. CEO and member of the board of Caroline Sundewall AB. Member of the board of Elanders AB, SinterCast Aktiebolag, Stiftelsen Tillväxt Helsingborg and Mertzig Asset Management AB.

#### **Per-Ingemar Persson, *Member of the Board***

**Education**..... Master of Science in Engineering, Lund Technical University

**Other commitments**..... Chairman of the board of ELU Konsult Aktiebolag and Northern Environmental and Water Solutions AB, member of the board of Finja Prefab AB, Fabege AB, Wihlborgs Fastigheter AB, PEKE Konsult AB and a number of wholly owned or associated companies in the Veidekke Group.

#### **Gunilla Högbom, *Member of the Board***

**Education**..... Master of Science in Engineering, Stockholm Royal Institute of Technology.

**Other commitments**..... CEO of Virtuosen Fastighets AB and member of the board of Sydholmarna Kapitalförvaltning AB.

**Anneli Jansson, Member of the Board**

- Education**..... Master of Science in Engineering, Stockholm Royal Institute of Technology.
- Other commitments**..... CEO of Humlegården Fastigheter AB and board assignments in subsidiaries in the Humlegården group. Member of the board of Brinova Fastigheter AB and RICS Sverige.

**Anders Kupsu, Member of the Board**

- Education**..... Master of Science in Engineering, Stockholm Royal Institute of Technology.
- Other commitments**..... Member of the board of Jernhusen AB.

**Carl Mörk, Member of the Board**

- Education**..... Master of Science in Engineering, Stockholm Royal Institute of Technology, M.Sc., London School of Economics.
- Other commitments**..... Co-founder and chairman of the board of Altira AB, chairman of the board in Ankarhagen AB and chairman of the board and board member in several of its subsidiaries. Member of the board of Stendörren Fastigheter AB and Vrenen Fastigheter AB.

**Senior executives****Caroline Arehult, CEO**

- Education**..... Master of Science in Engineering, Stockholm Royal Institute of Technology and Institute of Technology in Hamburg.
- Other commitments**..... -

**Peter Andersson, CFO**

- Education**..... Graduate in business administration, Stockholm School of Economics.
- Other commitments**..... -

**Linda Eriksson, Head of Finance**

- Education**..... Master of Science in Engineering from Stockholm Royal Institute of Technology.
- Other commitments**..... Member of the board of Frälsningsarméns Förlagsaktiebolag.

**Annika Ekström, Head of Property Management**

- Education**..... Master of Science in Engineering from Stockholm Royal Institute of Technology.
- Other commitments**..... -

**Anna Alsborger, Head of Transactions**

- Education**..... Master of Science in Engineering from Stockholm Royal Institute of Technology.
- Other commitments**..... -

**Conflicts of interest**

There are no family ties between the individuals on the Issuer's board of directors or the senior executives. There are no potential conflicts of interest in relation to any of the members of the board of directors or senior executives that entail that their private interests could be considered to conflict with the Issuer's interests. Members of the board of directors and senior executives hold shares in the Issuer. Several members of the board of directors do also hold positions or have assignments in other companies that operate in the real property industry. Such other companies may occasionally compete with the Issuer e.g. in relation to acquisitions of property portfolios. Any conflict of interests among the board members will be identified and addressed in accordance with the Issuer's internal policies.

## FINANCIAL INFORMATION

### Historical financial information

As set out below, the Group's consolidated financial statements and the auditors' report for the preceding two financial years, 2017 and 2018, have been prepared in accordance with the International Financial Reporting Standards ("IFRS") as adopted by the EU and are incorporated into this Prospectus by reference under the section "Other information". The information incorporated by reference is to be read as part of this Prospectus.

The specific information set out below (as also stated in the section "Other information" subheading "Documents incorporated by reference" in this Prospectus) from the Group's interim report for the period January – March 2019 is incorporated into this Prospectus by reference. The other information set out in the interim report for the period January – March 2019 is deemed to not be relevant for the purpose of the Prospectus Regulation.

- consolidated income statement, page 4;
- consolidated balance sheet, page 14;
- consolidated cash flow statement, page 14;
- consolidated statement of changes in equity, page 14;

The specific information set out below (as also stated in section "Other information" subheading "Documents incorporated by reference" in this Prospectus) from the Group's consolidated financial statements for the financial year ended December 31, 2018 is incorporated into this Prospectus by reference. The other information set out in the consolidated financial statements for the financial year ended December 31, 2018 is deemed to not be relevant for the purpose of the Prospectus Regulation.

- consolidated income statement, page 72;
- consolidated balance sheet, page 73;
- consolidated cash flow statement, page 75;
- consolidated statement of changes in equity, page 74;
- the auditors' report, pages 109 - 112; and
- notes, pages 80 - 107.

The specific information set out below (as also stated in section "Other information" subheading "Documents incorporated by reference" in this Prospectus) from the Group's consolidated financial statements for the financial year ended December 31, 2017 is incorporated into this Prospectus by reference. The other information set out in the consolidated financial statements for the financial year ended December 31, 2017 is deemed to not be relevant for the purpose of the Prospectus Regulation.

- consolidated income statement, page 70;
- consolidated balance sheet, page 71;
- consolidated cash flow statement, page 73;
- consolidated statement of changes in equity, page 72;
- the auditors' report, pages 106 - 109; and
- notes, pages 78 - 104.

**Auditing of the historical financial information**

Hemfosa's financial statements and accounting records, and the administration of the Board and senior executives, for the financial year of 2017 and 2018, respectively have been reviewed and audited by Hemfosa's auditor KPMG AB, Vasagatan 16, 101 27 Stockholm. KPMG AB has been the Group's auditor since 2009. Björn Flink was the auditor in charge from 2015 until 2018. In the beginning of 2019, Björn Flink stepped down as auditor in charge and was succeeded by Peter Dahllöf. Björn Flink and Peter Dahllöf are both authorized auditors and members of the institute for the accountancy profession in Sweden (FAR).

The auditing of the consolidated financial statements was conducted in accordance with international standards on auditing and the audit reports were submitted without comment. Other than the auditing of the Group's consolidated financial statements for the financial year ended December 31, 2017 and for the financial year ended December 31, 2018, the Group's auditor has not audited or reviewed any part of this Prospectus.

## OTHER INFORMATION

### Legal information about Hemfosa

Hemfosa Fastigheter AB (publ) was incorporated on 2 January 2013 and is a Swedish public limited liability company operating under the laws of Sweden with reg. no. 556917-4377.

The registered office of Hemfosa is in the municipality of Nacka and the Hemfosa's office is located at Hästholmsvägen 28, 131 02 Nacka, with postal address Box 2020, 131 02 Nacka, and with telephone number +46 8 448 04 80.

In accordance with the articles of association of Hemfosa, adopted on May 7, 2015, the objects of Hemfosa are to directly or indirectly own and manage properties and property-related assets and engage in other activities related therewith.

### Certain material interests

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

### Legal and arbitrary proceedings

From time to time, Hemfosa has cases under review by, and ongoing dialogs with, the Swedish Tax Agency and tax agencies in the other jurisdictions where Hemfosa conducts its business. Hemfosa is also sometimes involved in legal proceedings that arise in the ordinary course of its business and in relation to tax matters. While Hemfosa does not expect that such proceedings will have a material adverse effect on its business or consolidated financial position, the outcome of such proceedings can be extremely difficult to predict with certainty, and there can be no assurances that such matters will be successfully resolved. Hemfosa has not been a party to any legal, governmental or arbitration proceedings that, in the past twelve months, have had a significant effect on Hemfosa's financial position or profitability.

### Material changes and trend information

There has been no material changes to Hemfosa's financial or trading position since March 31, 2019 (the end of the last period where revised or quarterly financial information is available). No material adverse changes in the prospects of the Issuer or the Group as a whole since the date of publication of the latest consolidated audited financial report of Hemfosa has occurred (April 12, 2019).

### Credit rating

No credit rating has been assigned to the Issuer, or its debt securities.

### Clearing and settlement

As of the date of this Prospectus, Bonds have been issued in an initial amount of SEK 1,300,000,000 and the Issuer may, subject to certain conditions set out in the Terms and Conditions, issue additional Bonds in a maximum aggregate amount of SEK 1,500,000,000. Each Bond has a nominal amount of SEK 1,250,000. The ISIN for the Bonds is SE0012596203.

The Bonds have been issued in accordance with Swedish law. The Bonds are connected to the account-based system of Euroclear Sweden AB ("**Euroclear Sweden**"). No physical notes have been or will be issued. Payment of principal, interest and, if applicable, withholding tax will be made through Euroclear Sweden's book-entry system.

### **Representation of the Bondholders**

The Terms and Conditions stipulates the provisions for the Agent's representation of the Bondholders.

### **Listing costs**

The estimated costs of listing the Bonds are estimated to be approximately SEK 60,000.

### **Documents incorporated by reference**

This Prospectus is, in addition to this document, comprised of information from the following documents which are incorporated by reference, to such extent set out in the section "Historical financial information" on page 31, and available in electronic format on the Issuer's website at [www.hemfosa.se](http://www.hemfosa.se):

- the Group's consolidated financial statements and audit report for the financial year ended December 31, 2018; and
- the Group's consolidated financial statements and audit report for the financial year ended December 31, 2017.
- the Group's interim report for the period January – March 2019.

### **Documents available for inspection**

The following documents are available at Hemfosa's office at Hästholmsvägen 28, 131 02 Nacka, on weekdays during Hemfosa's regular office hours throughout the period of validity of this Prospectus:

- Hemfosa's articles of association;
- Hemfosa's certificate of registration;
- the Group's consolidated financial statements and audit report for the financial year ended December 31, 2018 and for the financial year ended December 31, 2017;
- the financial statements and audit reports for the financial year ended December 31, 2018 and for the financial year ended December 31, 2017 for each company within the Group (to the extent such Group companies were incorporated during 2017 or 2018 and have issued financial statements and audit reports for such financial years);
- the Group's interim report, January – March 2019; and
- this Prospectus.

The following documents are also available in electronic form on Hemfosa's website, [www.hemfosa.se](http://www.hemfosa.se):

- the Group's consolidated financial statements and audit report for the financial year ended December 31, 2018
- the Group's consolidated financial statements and audit report for the financial year ended December 31, 2017;
- the Group's interim report, January – March 2019; and
- this Prospectus.

**TERMS AND CONDITIONS OF THE BONDS**

**TERMS AND CONDITIONS OF THE BONDS**

**UP TO SEK 1,500,000,000**

**HEMFOSA FASTIGHETER AB (publ)**

**SENIOR UNSECURED FLOATING RATE GREEN BONDS**

**ISIN: SE0012596203**

**10 May 2019**

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*Other than the registration of the Bonds (as defined below) under Swedish law, no action is being taken in any jurisdiction that would or is intended to permit a public offering of the Bonds or the possession, circulation or distribution of this document or any other material relating to the Issuer (as defined below) or the Bonds in any jurisdiction where action for that purpose is required. Persons into whose possession this document comes are required by the Issuer to inform themselves about, and to observe, any applicable restrictions.*

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**TABLE OF CONTENTS**

1.	Definitions and Construction .....	38
2.	Status of the Bonds .....	45
3.	Use of Proceeds .....	46
4.	Conditions Precedent.....	46
5.	Transfer Restrictions .....	47
6.	Bonds in Book-Entry Form .....	47
7.	Right to Act on behalf of a Bondholder .....	48
8.	Payments in Respect of the Bonds.....	48
9.	Interest.....	49
10.	Redemption and Repurchase of the Bonds .....	49
11.	Information to Bondholders .....	51
12.	Financial Undertakings.....	52
13.	General Undertakings .....	53
14.	Events of Default and Acceleration of the Bonds .....	53
15.	Distribution of Proceeds .....	56
16.	Decisions by Bondholders .....	57
17.	Bondholders' Meeting .....	60
18.	Written Procedure .....	60
19.	Amendments and Waivers.....	61
20.	Appointment and Replacement of the Agent.....	62
21.	Appointment and Replacement of the Issuing Agent.....	66
22.	No Direct Actions by Bondholders .....	66
23.	Prescription .....	66
24.	Notices and Press Releases .....	67
25.	Force Majeure and Limitation of Liability .....	68
26.	Governing Law and Jurisdiction .....	69

## 1. DEFINITIONS AND CONSTRUCTION

### 1.1 Definitions

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

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

"**Accounting Principles**" means the international financial reporting standards (IFRS) within the meaning of Regulation 1606/2002/EC (or as otherwise adopted or amended from time to time/as in force on the First Issue Date).

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

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

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

"**Agent**" means Nordic Trustee & Agency AB (publ), Swedish Reg. No. 556882-1879, or another party replacing it, as Agent, in accordance with these Terms and Conditions.

"**Bond**" means a debt instrument (Sw. *skuldförbindelse*) for the Nominal Amount and of the type set forth in Chapter 1, Section 3 of the Financial Instruments Accounts Act and which are governed by and issued under these Terms and Conditions, including the Initial Bonds and any Subsequent Bonds.

"**Bondholder**" means the person who is registered on a Securities Account as direct registered owner (Sw. *ägare*) or nominee (Sw. *förvaltare*) with respect to a Bond.

"**Bondholders' Meeting**" means a meeting among the Bondholders held in accordance with Clause 17 (*Bondholders' Meeting*).

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

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

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

**"Compliance Certificate"** means a certificate, in form and substance reasonably satisfactory to the Agent (in its reasonable opinion), signed by the Issuer certifying that so far as it is aware no Event of Default is continuing or, if it is aware that such event is continuing, specifying the event and steps, if any, being taken to remedy it. If the Compliance Certificate is provided in connection with a Financial Report being made available, the certificate shall include calculations and figures in respect of the Maintenance Test.

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

**"Delisting Event"** means the occurrence of an event whereby (i) the ordinary shares of the Issuer being delisted from Nasdaq Stockholm, or (ii) trading in the ordinary shares of the Issuer on Nasdaq Stockholm is suspended for a period of fifteen (15) consecutive Business Days (when Nasdaq Stockholm is at the same time open for trading).

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

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

- (h) **before deducting** amortisation of any goodwill or any intangible assets; and
- (i) **before deducting** any depreciation on tangible assets.

"**Event of Default**" means an event or circumstance specified in any of the Clauses 14.1 (*Non-Payment*) to and including Clause 14.9 (*Continuation of the Business*).

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

"**Final Maturity Date**" means 16 May 2022.

"**Finance Documents**" means these Terms and Conditions, the Agency Agreement and any other document designated by the Issuer and the Agent (on behalf of itself and the Bondholders) as a Finance Document.

"**Financial Indebtedness**" means indebtedness for or in respect of:

- (a) monies borrowed or raised (including under any bank financing or Market Loans);
- (b) the amount of any liability under any lease which in accordance with the Accounting Principles is treated as an asset and a corresponding liability;
- (c) receivables sold or discounted (other than on a non-recourse basis, provided that the requirements for de-recognition under the Accounting Principles are met);
- (d) any amount raised pursuant to any note purchase facility or the issue of any bond or note or similar instrument;
- (e) any other transaction (including the obligation to pay deferred purchase price) having the commercial effect of a borrowing or otherwise being classified as borrowing under the Accounting Principles;
- (f) the marked-to-market value of derivative transactions entered into in connection with protection against, or in order to benefit from, the fluctuation in any rate or price (if any actual amount is due as a result of a termination or a close-out, such amount shall be used instead);
- (g) counter-indemnity obligations in respect of guarantees or other instruments issued by a bank or financial institution; and
- (h) liabilities under guarantees or indemnities for any of the obligations referred to in paragraphs (a) to (g) above.

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

**"Financial Report"** means the Group's annual audited consolidated financial statements or quarterly interim unaudited reports of the Group, which shall be prepared and made available according to items (i) to (ii) of Clause 11.1(a)(a) (*Information from the Issuer*).

**"First Issue Date"** means 16 May 2019.

**"Force Majeure Event"** has the meaning set forth in paragraph (a) of Clause 25 (*Force Majeure and Limitation of Liability*).

**"Green Bond Framework"** means the Issuer's green bond framework, as worded on the First Issue Date of the relevant Bonds.

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

**"Initial Bonds"** means the Bonds issued on the First Issue Date.

**"Insolvent"** means, in respect of a relevant person, that it is deemed to be insolvent, or admits inability to pay its debts as they fall due, in each case within the meaning of Chapter 2, Sections 7-9 of the Swedish Bankruptcy Act (Sw. *konkurslagen (1987:672)*) (or its equivalent in any other jurisdiction), suspends making payments on any of its debts or by reason of actual financial difficulties commences negotiations with its creditors (other than the Bondholders) with a view to rescheduling any of its indebtedness (including company reorganisation under the Swedish Company Reorganisation Act (Sw. *lag (1996:764) om företagsrekonstruktion*) (or its equivalent in any other jurisdiction)) or is subject to involuntary winding-up, dissolution or liquidation.

**"Interest"** means the interest on the Bonds calculated in accordance with paragraphs (a) to (c) of Clause 9 (*Interest*).

**"Interest Coverage Ratio"** means profit from property management, including reversal of financial income and expenses, as well as depreciation/amortisation and share of profit/loss of joint ventures for the Relevant Period in relation to financial expenses (less financial income) for the Relevant Period.

**"Interest Payment Date"** means 16 August, 16 November, 16 February and 16 May of each year or, to the extent such day is not a Business Day, the Business Day following from an application of the Business Day Convention. The first Interest Payment Date for the Bonds shall be 16 August 2019 and the last Interest Payment Date shall be the relevant Redemption Date.

**"Interest Period"** means (i) in respect of the first Interest Period, the period from (but excluding) the First Issue Date to (and including) the first Interest Payment Date, and (ii) in respect of subsequent Interest Periods, the period from (but excluding) an Interest Payment Date to (and including) the next succeeding Interest Payment Date (or a shorter period if relevant).

**"Interest Rate"** means three (3) months STIBOR plus the Margin, however if three (3) months STIBOR plus the Margin is below (0) zero, the Interest Rate will be deemed to be (0) zero.

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

**"Issuing Agent"** means Swedbank AB (publ), Swedish Reg. No. 502017-7753, or another party replacing it, as Issuing Agent, in accordance with these Terms and Conditions.

**"Joint Bookrunners"** means Nordea Bank Abp, filial i Sverige, Swedish Reg. No. 516411-1683 and Swedbank AB (publ), Swedish Reg. No. 502017-7753.

**"Listing Failure"** means any failure by the Issuer to (i) ensure that the Initial Bonds are listed on the sustainable corporate bond list of Nasdaq Stockholm no later than sixty (60) days after the First Issue Date and with an intention to complete such listing within thirty (30) days after the First Issue Date, (ii) ensure that any Subsequent Bonds are listed on the sustainable corporate bond list of Nasdaq Stockholm no later than twenty (20) Business Days after the relevant issue date, and (iii) take all measures required to ensure that the Bonds continue being listed on Nasdaq Stockholm for as long as any Bond is outstanding (however, subject to and taking into account the rules and regulations of Nasdaq Stockholm and the CSD (as amended from time to time) preventing trading in the Bonds in close connection to the redemption of the Bonds).

**"Maintenance Test"** means the test of the financial maintenance covenants as set out in paragraph (a) of Clause 12 (*Financial Undertakings*).

**"Margin"** means 2.40 per cent. per *annum*.

**"Market Loan"** means any loan or other indebtedness where an entity issues subordinated debenture, bonds or any other debt securities (including, for the avoidance of doubt, securities issued under medium term note programs and other market funding programs), provided in each case that such instruments and securities are or can be subject to trade on Nasdaq Stockholm or any other regulated or unregulated recognised market place.

**"Material Adverse Effect"** means a material adverse effect on (a) the business, financial condition or operations of the Group taken as a whole, (b) the Issuer's ability to perform and comply with its payment obligations under the Terms and Conditions, or (c) subject to legal reservations and perfection requirements, the validity or enforceability of rights under the Terms and Conditions.

**"Material Group Company"** means the Issuer and any other Group Company which together with its subsidiaries (on a consolidated basis) has EBITDA or gross assets (excluding intragroup items) representing more than five (5) per cent. of the total consolidated EBITDA or gross assets (excluding intragroup items) of the Group according to the latest Financial Report.

**"Net Proceeds"** means the proceeds from the Bonds issued which, after deduction has been made for the transaction costs payable by the Issuer in connection with issuance of the Bonds, shall be transferred to the Issuer and used in accordance with Clause 3 (*Use of Proceeds*).

**"Nominal Amount"** has the meaning set forth in paragraph (c) of Clause 2 (*Status of the Bonds*).

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

**"Record Date"** means the fifth (5) Business Day prior to (i) an Interest Payment Date, (ii) a Redemption Date, (iii) a date on which a payment to the Bondholders is to be made under Clause 15 (*Distribution of Proceeds*), (iv) the date of a Bondholders' Meeting, or (v) another relevant date, or in each case such other Business Day falling prior to a relevant date if generally applicable on the Swedish bond market.

**"Redemption Date"** means the date on which the relevant Bonds are to be redeemed or repurchased in accordance with Clause 10 (*Redemption and Repurchase of the Bonds*).

**"Reference Banks"** means Danske Bank A/S, Danmark, Sverige Filial, Nordea Bank Abp, filial i Sverige, Skandinaviska Enskilda Banken AB (publ), and Swedbank AB (publ)(or such other banks as may be appointed by the Issuing Agent in consultation with the Issuer).

**"Regulated Market"** means any regulated market (as defined in the Markets in Financial Instruments Directive 2014/65/EU (MiFID II) as amended).

**"Relevant Period"** means each period of twelve (12) consecutive calendar months.

**"Securities Account"** means the account for dematerialised securities maintained by the CSD pursuant to the Financial Instruments Accounts Act in which (i) an owner of such security is directly registered, or (ii) an owner's holding of securities is registered in the name of a nominee.

**"STIBOR"** means:

- (a) the applicable percentage rate per annum displayed on Nasdaq Stockholm's website for STIBOR fixing (or through another website replacing it) as of or around 11.00 a.m. on the Quotation Day for the offering of deposits in Swedish Kronor and for a period comparable to the relevant Interest Period; or
- (b) if no rate is available for the relevant Interest Period, the arithmetic mean of the rates (rounded upwards to four (4) decimal places) as supplied to the Issuing Agent at its request quoted by the Reference Banks, for deposits of SEK 100,000,000 for the relevant period; or
- (c) if no quotation is available pursuant to paragraph (b), the interest rate which according to the reasonable assessment of the Issuing Agent best reflects the interest rate for deposits in Swedish Kronor offered in the Stockholm interbank market for the relevant period.

**"Subsequent Bonds"** means any Bonds issued after the First Issue Date on one or more occasions until the total amount under such issue(s) of Subsequent Bonds and the Initial Bonds equals maximum SEK 1,500,000,000.

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

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

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

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

"**Transaction Costs**" means all fees, costs and expenses incurred by a Group Company in connection with (i) the issuance of Bonds, and (ii) the listing of Bonds.

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

## 1.2 Construction

- (a) Unless a contrary indication appears, any reference in these Terms and Conditions to:
- (i) "**assets**" includes present and future properties, revenues and rights of every description;
  - (ii) any agreement or instrument is a reference to that agreement or instrument as supplemented, amended, novated, extended, restated or replaced from time to time;
  - (iii) a "**regulation**" includes any regulation, rule or official directive, request or guideline (whether or not having the force of law) of any governmental, intergovernmental or supranational body, agency, department or regulatory, self-regulatory or other authority or organisation;
  - (iv) an Event of Default is continuing if it has not been remedied or waived, provided that an Event of Default can only be remedied or waived until the Bonds have been accelerated pursuant to Clause 14.10 (*Acceleration of the Bonds*);
  - (v) a provision of law is a reference to that provision as amended or re-enacted; and
  - (vi) a time of day is a reference to Stockholm time.
- (b) When ascertaining whether a limit or threshold specified in Swedish Kronor has been attained or broken, an amount in another currency shall be counted on the basis of the rate of exchange for such currency against Swedish Kronor for the previous

Business Day, as published by the Swedish Central Bank (Sw. *Riksbanken*) on its website ([www.riksbank.se](http://www.riksbank.se)). If no such rate is available, the most recently published rate shall be used instead.

- (c) A notice shall be deemed to be sent by way of press release if it is made available to the public within Sweden promptly and in a non-discriminatory manner.
- (d) No delay or omission of the Agent or of any Bondholder to exercise any right or remedy under the Finance Documents shall impair or operate as a waiver of any such right or remedy.

## 2. STATUS OF THE BONDS

- (a) The Bonds are denominated in Swedish Kronor and each Bond is constituted by these Terms and Conditions. The Issuer undertakes to make payments in relation to the Bonds and to comply with these Terms and Conditions.
- (b) By subscribing for Bonds, each initial Bondholder agrees that the Bonds shall benefit from and be subject to the Finance Documents and by acquiring Bonds, each subsequent Bondholder confirms such agreement.
- (c) The nominal amount of each Initial Bond is SEK 1,250,000 (the "**Nominal Amount**"). The Total Nominal Amount of the Initial Bonds is SEK 1,300,000,000. All Initial Bonds are issued on a fully paid basis at an issue price of 100 per cent. of the Nominal Amount.
- (d) Provided that no Event of Default is continuing or would result from such issue, and that the Maintenance Test (calculated *pro forma* including such issue) is met, the Issuer may, at one (1) or several occasions, issue Subsequent Bonds. Subsequent Bonds shall benefit from and be subject to the Finance Documents, and, for the avoidance of doubt, the ISIN, the Interest Rate, the Nominal Amount and the Final Maturity Date applicable to the Initial Bonds shall apply to Subsequent Bonds. The price of the Subsequent Bonds may be set at a discount or at a premium compared to the Nominal Amount. The maximum Total Nominal Amount of the Bonds (the Initial Bonds and all Subsequent Bonds) may not exceed SEK 1,500,000,000. Each Subsequent Bond shall entitle its holder to Interest in accordance with paragraph (a) of Clause 9 (*Interest*), and otherwise have the same rights as the Initial Bonds.
- (e) The Bonds constitute direct, unconditional, unsubordinated and unsecured obligations of the Issuer and shall at all times rank *pari passu* with all direct, unconditional, unsubordinated and unsecured obligations of the Issuer, except those obligations which are mandatorily preferred by law, and without any preference among them.
- (f) The Bonds are freely transferable but the Bondholders may be subject to purchase or transfer restrictions with regard to the Bonds, as applicable, under local laws to which

a Bondholder may be subject. Each Bondholder must ensure compliance with such restrictions at its own cost and expense.

- (g) No action is being taken in any jurisdiction that would or is intended to permit a public offering of the Bonds or the possession, circulation or distribution of any document or other material relating to the Issuer or the Bonds in any jurisdiction other than Sweden, where action for that purpose is required. Each Bondholder must inform itself about, and observe, any applicable restrictions to the transfer of material relating to the Issuer or the Bonds.

### **3. USE OF PROCEEDS**

The Issuer shall use the proceeds from the issue of the Bonds, less the costs and expenses incurred by the Issuer in connection with the issue of the Bonds, in accordance with the Green Bond Framework.

### **4. CONDITIONS PRECEDENT**

- (a) The payment of the Net Proceeds from the Initial Bond issue to the Issuer is subject to the Agent (acting reasonably) having received documents and evidence of the conditions precedent set out in paragraph (b) of this Clause 0 below being duly executed.
- (b) The Issuer shall provide, or procure the provision of, to the Agent the following documents and evidence:
  - (i) copies of the articles of association and certificate of incorporation of the Issuer;
  - (ii) a copy of a resolution from the board of directors of the Issuer approving the issue of the Bonds, the terms of the Finance Documents and the Agency Agreement, and resolving to enter into such documents and any other documents necessary in connection therewith; and
  - (iii) duly executed copies of the Finance Documents.
- (c) If the conditions precedent for disbursement set out in paragraph (b) of this Clause 0 have not been fulfilled to the satisfaction of the Agent (acting reasonably) within twenty (20) Business Days from the First Issue Date, the Issuer shall repurchase all Bonds at a price equal to hundred (100) per cent. of the Nominal Amount together with any accrued Interest. Any funds distributed by the Agent to the Bondholders shall be deemed to be paid by the Issuer for the redemption under this paragraph (c). The repurchase date shall fall no later than thirty (30) Business Days after the ending of the twenty (20) Business Days period referred to above.

- (d) The Net Proceeds from any Subsequent Bonds shall be transferred to the Issuer once the Issuer has provided a (i) Compliance Certificate to the Agent evidencing that no Event of Default is outstanding and that the Maintenance Test is met (calculated *pro forma* including such issue), and (ii) a copy of a resolution from the board of directors of the Issuer approving the issue of the Subsequent Bonds.
- (e) The Agent may assume that the documentation and evidence delivered to it pursuant to paragraphs (b) and (d) of this Clause 4 is accurate, legally valid, enforceable, correct, true and complete unless it has actual knowledge to the contrary, and the Agent does not have to verify or assess the contents of any such documentation. The Agent does not review the documents and evidence referred to above from a legal or commercial perspective of the Bondholders.

## 5. TRANSFER RESTRICTIONS

The Bonds have not been and will not be registered under the U.S. Securities Act of 1933, as amended. No Bondholder may offer, sale or deliver any Bonds within the United States of America or to, or for the account or benefit of, U.S. persons.

## 6. BONDS IN BOOK-ENTRY FORM

- (a) The Bonds will be registered for the Bondholders on their respective Securities Accounts and no physical bonds will be issued. Accordingly, the Bonds will be registered in accordance with the Financial Instruments Accounts Act. Registration requests relating to the Bonds shall be directed to an Account Operator.
- (b) Those who according to assignment, Security, the provisions of the Swedish Children and Parents Code (*Sw. föräldrabalken (1949:381)*), conditions of will or deed of gift or otherwise have acquired a right to receive payments in respect of a Bond shall register their entitlements to receive payment in accordance with the Financial Instruments Accounts Act.
- (c) The Issuer (and the Agent when permitted under the CSD's applicable regulations) shall be entitled to obtain information from the debt register (*Sw. skuldbok*) kept by the CSD in respect of the Bonds. At the request of the Agent, the Issuer shall promptly obtain such information and provide it to the Agent.
- (d) For the purpose of or in connection with any Bondholders' Meeting or any Written Procedure, the Issuing Agent shall be entitled to obtain information from the debt register kept by the CSD in respect of the Bonds.
- (e) The Issuer shall issue any necessary power of attorney to such persons employed by the Agent, as notified by the Agent, in order for such individuals to independently obtain information directly from the debt register kept by the CSD in respect of the

Bonds. The Issuer may not revoke any such power of attorney unless directed by the Agent or unless consent thereto is given by the Bondholders.

## **7. RIGHT TO ACT ON BEHALF OF A BONDHOLDER**

- (a) If any person other than a Bondholder wishes to exercise any rights under the Finance Documents, it must obtain a power of attorney or other proof of authorisation from the Bondholder or a successive, coherent chain of powers of attorney or proofs of authorisation starting with the Bondholder and authorising such person.
- (b) A Bondholder may issue one or several powers of attorney to third parties to represent it in relation to some or all of the Bonds held by it. Any such representative may act independently under the Finance Documents in relation to the Bonds for which such representative is entitled to represent the Bondholder and may further delegate its right to represent the Bondholder by way of a further power of attorney.
- (c) The Agent shall only have to examine the face of a power of attorney or other proof of authorisation that has been provided to it pursuant to paragraph (b) of this Clause 7 and may assume that it has been duly authorised, is valid, has not been revoked or superseded and that it is in full force and effect, unless otherwise is apparent from its face.

## **8. PAYMENTS IN RESPECT OF THE BONDS**

- (a) Any payment or repayment under the Finance Documents, or any amount due in respect of a repurchase of any Bonds, shall be made to such person who is registered as a Bondholder on the Record Date prior to an Interest Payment Date or other relevant due date, or to such other person who is registered with the CSD on such date as being entitled to receive the relevant payment, repayment or repurchase amount.
- (b) If a Bondholder has registered, through an Account Operator, that principal and interest shall be deposited in a certain bank account, such deposits will be effected by the CSD on the relevant payment date. In other cases, payments will be transferred by the CSD to the Bondholder at the address registered with the CSD on the Record Date. Should the CSD, due to a delay on behalf of the Issuer or some other obstacle, not be able to effect payments as aforesaid, the Issuer shall procure that such amounts are paid to the persons who are registered as Bondholders on the relevant Record Date as soon as possible after such obstacle has been removed.
- (c) If, due to any obstacle for the CSD, the Issuer cannot make a payment or repayment, such payment or repayment may be postponed until the obstacle has been removed. Interest shall accrue in accordance with paragraph (d) of Clause 9 (*Interest*) during such postponement.

- (d) If payment or repayment is made in accordance with this Clause 8, the Issuer and the CSD shall be deemed to have fulfilled their obligation to pay, irrespective of whether such payment was made to a person not entitled to receive such amount.
- (e) The Issuer shall pay any stamp duty and other public fees accruing in connection with the Bond Issue but not in respect of trading in the secondary market (except to the extent required by applicable law), and shall deduct at source any applicable withholding tax payable pursuant to law. The Issuer shall not be liable to reimburse any stamp duty or public fee or to gross-up any payments under these Terms and Conditions by virtue of any withholding tax.

## **9. INTEREST**

- (a) Each Initial Bond carries Interest at the Interest Rate calculated on the Nominal Amount from (but excluding) the First Issue Date up to (and including) the relevant Redemption Date. Any Subsequent Bond will carry Interest at the Interest Rate calculated on the Nominal Amount from (but excluding) the Interest Payment Date falling immediately prior to its issuance up to (and including) the relevant Redemption Date.
- (b) Interest accrues during an Interest Period. Payment of Interest in respect of the Bonds shall be made to the Bondholders on each Interest Payment Date for the preceding Interest Period.
- (c) Interest shall be calculated on the basis of the actual number of days in the Interest Period in respect of which payment is being made divided by 360 (actual/360-days basis).
- (d) If the Issuer fails to pay any amount payable by it under the Finance Documents on its due date, default interest shall accrue on the overdue amount from (but excluding) the due date up to (and including) the date of actual payment at a rate which is two-hundred (200) basis points higher than the Interest Rate. Accrued default interest shall not be capitalised. No default interest shall accrue where the failure to pay was solely attributable to the Agent or the CSD, in which case the Interest Rate shall apply instead.

## **10. REDEMPTION AND REPURCHASE OF THE BONDS**

### **10.1 Redemption at maturity**

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

**10.2 Issuer's purchase of Bonds**

Each Group Company may, subject to applicable law, at any time and at any price purchase Bonds on the market or in any other way. Bonds held by such Group Company may at such Group Company's discretion be retained or sold.

**10.3 Voluntary total redemption (call option)**

- (a) The Issuer may redeem all, but not only some, of the outstanding Bonds in full at a price of hundred ((100)) per cent. of the Nominal Amount together with accrued but unpaid Interest, provided that:
  - (i) the redemption is financed by way of one or several Market Loan issues, any time from and including the first Business Day falling ninety (90) days prior to the Final Maturity Date to, but excluding, the Final Maturity Date; or
  - (ii) it is or becomes unlawful for the Issuer to perform its obligations under the Terms and Conditions or the Agency Agreement.
- (b) Redemption in accordance with paragraph (a) of this Clause 10.3) shall be made by the Issuer giving not less than twelve (12) Business Days' notice to the Bondholders and the Agent. Any such notice is irrevocable but may, at the Issuer's discretion, contain one or more conditions precedent. Upon expiry of such notice and the fulfilment of the conditions precedent (if any), the Issuer is bound to redeem the Bonds in full at the applicable amounts.

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

- (a) Upon a Change of Control Event, a Listing Failure or a Delisting Event occurring, each Bondholder shall have the right to request that all of its Bonds be repurchased at a price per Bond equal to one-hundred-and-one (101) per cent. of the Nominal Amount together with accrued but unpaid Interest, during a period of twenty (20) Business Days following a notice from the Issuer of the Change of Control Event, Listing Failure or Delisting Event pursuant to paragraph (d) of Clause 11.1 (*Information to Bondholders*) (after which time period such right shall lapse).
- (b) The notice from the Issuer pursuant to paragraph (d) of Clause 11.1 (*Information to Bondholders*) shall specify the repurchase date and include instructions about the actions that a Bondholder needs to take if it wants Bonds held by it to be repurchased. If a Bondholder has so requested, and acted in accordance with the instructions in the notice from the Issuer, the Issuer, or a person designated by the Issuer, shall repurchase the relevant Bonds and the repurchase amount shall fall due on the repurchase date specified in the notice given by the Issuer pursuant to paragraph (d) of Clause 11.1. The repurchase date must fall no later than forty (40) Business Days after the end of the period referred to in paragraph (a) of Clause 10.4.

- (c) The Issuer shall comply with the requirements of any applicable securities laws or regulations in connection with the repurchase of Bonds. To the extent that the provisions of such laws and regulations conflict with the provisions in this Clause 10.4, the Issuer shall comply with the applicable securities laws and regulations and will not be deemed to have breached its obligations under this Clause 10.4 by virtue of the conflict.
- (d) Any Bonds repurchased by the Issuer pursuant to this Clause 10.4 may at the Issuer's discretion be retained, sold or cancelled.

## **11. INFORMATION TO BONDHOLDERS**

### **11.1 Information from the Issuer**

- (a) The Issuer will make the following information available to the Bondholders by way of press release and by publication on the website of the Issuer:
  - (i) as soon as the same become available, but in any event within one-hundred-and-twenty (120) days after the end of each financial year, its audited consolidated financial statements for that financial year including a profit and loss account, a balance sheet, a cash flow statement and a report from the Issuer's board of directors;
  - (ii) as soon as the same become available, but in any event within sixty (60) days after the end of each quarter of its financial year, its unaudited consolidated financial statements for such period including a profit and loss account, a balance sheet, a cash flow statement and a report from the Issuer's board of directors or from anyone appointed by the board of directors to deliver such report; and
  - (iii) any other information required by the Swedish Securities Markets Act (*Sw. lag (2007:582) om värdepappersmarknaden*) and the rules and regulations of Nasdaq Stockholm.
- (b) When a Financial Report and other information are made available to the Bondholders pursuant to paragraph (a) of this Clause 11.1, the Issuer shall send copies of such Financial Report and other information to the Agent.
- (c) The Issuer shall submit a duly executed Compliance Certificate to the Agent:
  - (i) together with a Financial Report; and
  - (ii) at the Agent's request, within twenty (20) days from such request.

A Compliance Certificate in relation to item (ii) of Clause 11.1(c) (*Information from the Issuer*) shall also disclose the number of Bonds purchased, sold or cancelled by the Issuer or any Group Company during the financial quarter pertaining to such report

(provided that no such report shall be necessary if no Bonds have been purchased, sold or cancelled during the relevant financial quarter).

- (d) The Issuer shall promptly notify the Agent (and as regards a Change of Control Event, the Bondholders) upon becoming aware of (A) the occurrence of a Change of Control Event, a Delisting Event or a Listing Failure, or (B) that an Event of Default has occurred, and shall provide the Agent with such further information as the Agent may request (acting reasonably) following receipt of such notice.
- (e) The Issuer is only obliged to inform the Agent according to this Clause 11.1 if informing the Agent would not conflict with any applicable laws or, when the Bonds are listed, the Issuer's obligations pursuant to the rulebook of the Regulated Market. If such a conflict would exist pursuant to the rulebook of the Regulated Market or otherwise, the Issuer shall however be obliged to either seek approval from the Regulated Market or undertake other reasonable measures, including entering into a non-disclosure agreement with the Agent, in order to be able to timely inform the Agent according to this Clause 11.1.

## **11.2 Information from the Agent**

Subject to the restrictions of any applicable law and regulation, the Agent is entitled to disclose to the Bondholders any event or circumstance directly or indirectly relating to the Issuer or the Bonds. Notwithstanding the foregoing, the Agent may if it considers it to be beneficial to the interests of the Bondholders delay disclosure or refrain from disclosing certain information other than in respect of an Event of Default that has occurred and is continuing.

## **11.3 Publication of Finance Documents**

- (a) The latest version of these Terms and Conditions (including any document amending these Terms and Conditions) and the Green Bond Framework shall be available on the website of the Issuer.
- (b) The latest versions of the Finance Documents shall be available to the Bondholders at the office of the Agent during normal business hours.

## **12. FINANCIAL UNDERTAKINGS**

- (a) The Issuer shall ensure that:
  - (i) the Interest Coverage Ratio exceeds 1.25:1; and
  - (ii) the ratio of Equity to Total Assets is not less than twenty (20) per cent..
- (b) The Maintenance Test shall be reported quarterly on the basis of the Financial Reports for the Relevant Period on the basis of the Compliance Certificate delivered in connection therewith. The first test date for the Maintenance Test shall be 30 June 2019.

## **13. GENERAL UNDERTAKINGS**

### **13.1 General**

The Issuer undertakes to (and shall, where applicable, procure that each other Group Company will) comply with the undertakings set out in this Clause 13 for as long as any Bonds remain outstanding.

### **13.2 Nature of Business**

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

### **13.3 Disposal of assets**

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

## **14. EVENTS OF DEFAULT AND ACCELERATION OF THE BONDS**

Each of the events or circumstances set out in this Clause 14 (other than Clause 14.10 (*Acceleration of the Bonds*)) is an Event of Default.

### **14.1 Non-Payment**

The Issuer fails to pay an amount on the date it is due in accordance with the Terms and Conditions unless its failure to pay is caused by technical or administrative error and payment is made within five (5) Business Days of the due date.

### **14.2 Financial Covenants**

The Issuer does not comply with the Maintenance Test.

### **14.3 Other Obligations**

The Issuer does not comply with the Terms and Conditions other than those terms referred to in Clause 14.1 (*Non-Payment*) or Clause 14.2 (*Financial Covenant*) above or the Green Bond Framework, unless the non-compliance is capable of remedy and the Issuer has remedied the failure within fifteen (15) Business Days of the earlier of a request by the Agent giving notice and the Issuer becoming aware of the non-compliance.

### **14.4 Cross-Acceleration**

Any Financial Indebtedness of a Material Group Company is not paid when due nor within any originally applicable grace period, or is declared to be or otherwise becomes due and payable prior to its specified maturity as a result of an event of default (however described), provided

that no Event of Default will occur under this Clause 14.4 if the aggregate amount of Financial Indebtedness is less than SEK 25,000,000 (or its equivalent in any other currency) and provided that it does not apply to any Financial Indebtedness owed to a Group Company.

#### **14.5 Insolvency**

- (a) Any Material Group Company is deemed to be Insolvent, or admits inability to pay its debts as they fall due, in each case within the meaning of Chapter 2, Section 7-9 of the Swedish Bankruptcy Act (Sw. *konkurslagen (1987:672)*), suspends making payments on its debts generally or, by reason of actual financial difficulties commences negotiations with its creditors (other than the Bondholders) with a view to rescheduling its Financial Indebtedness; or
- (b) A moratorium is declared in respect of the Financial Indebtedness of any Material Group Company, provided that no Event of Default will occur under this paragraph (b) of the aggregate amount of such Financial Indebtedness of a Material Group Company (other than the Issuer) and is less than SEK 25,000,000 (or its equivalent in any other currency).

#### **14.6 Insolvency Proceedings**

Any corporate action, legal proceedings or other procedures are taken (other than (i) proceedings or petitions which are being disputed in good faith and are discharged, stayed or dismissed within twenty-one (21) Business Days of commencement or, if earlier, the date in which it is advertised, and (ii) in relation to the Issuer's Subsidiaries, solvent liquidations) in relation to:

- (a) the suspension of payments, winding-up, dissolution, administration or reorganisation (Sw. *företagsrekonstruktion*) (by way of voluntary agreements, scheme of arrangement or otherwise) of any Material Group Company;
- (b) the appointment of a liquidator, receiver, administrator, administrative receiver, compulsory manager or other similar officer in respect of any Material Group Company or any of its assets; or
- (c) any analogous procedure or step is taken in any jurisdiction.

#### **14.7 Mergers and Demergers**

The Issuer merges with any other person, or is subject to a demerger, with the effect that the Issuer is not the surviving entity.

#### **14.8 Creditors' Process**

Any attachment, sequestration, distress or execution, or any analogous process affects any asset or assets of a Material Group Company having an aggregate value exceeding SEK 25,000,000 and is not discharged within thirty (30) days.

#### 14.9 Continuation of the Business

The Issuer or any other Material Group Company ceases to carry on its business (except if disposed of in accordance with the Terms and Conditions).

#### 14.10 Acceleration of the Bonds

- (a) Upon the occurrence of an Event of Default which is continuing, the Agent is entitled to, on behalf of the Bondholders (i) by notice to the Issuer, declare all, but not only some, of the outstanding Bonds due and payable together with any other amounts payable under the Finance Documents, immediately or at such later date as the Agent determines, and (ii) exercise any or all of its rights, remedies, powers and discretions under the Finance Documents.
- (b) The Agent may not accelerate the Bonds in accordance with paragraph (a) of Clause 14.10 by reference to a specific Event of Default if it is no longer continuing or if it has been decided, on a Bondholders' Meeting or by way of a Written Procedure, to waive such Event of Default (temporarily or permanently).
- (c) The Agent shall notify the Bondholders of an Event of Default within five (5) Business Days of the date on which the Agent received actual knowledge of that an Event of Default has occurred and is continuing. The Agent shall, within twenty (20) Business Days of the date on which the Agent received actual knowledge of that an Event of Default has occurred and is continuing, decide if the Bonds shall be so accelerated. If the Agent decides not to accelerate the Bonds, the Agent shall promptly seek instructions from the Bondholders in accordance with Clause 16 (*Decisions by Bondholders*). The Agent shall always be entitled to take the time necessary to consider whether an occurred event constitutes an Event of Default.
- (d) If the Bondholders (in accordance with these Terms and Conditions) instruct the Agent to accelerate the Bonds, the Agent shall promptly declare the Bonds due and payable and take such actions as may, in the opinion of the Agent, be necessary or desirable to enforce the rights of the Bondholders under the Finance Documents, unless the relevant Event of Default is no longer continuing.
- (e) If the right to accelerate the Bonds is based upon a decision of a court of law or a government authority, it is not necessary that the decision has become enforceable under law or that the period of appeal has expired in order for cause of acceleration to be deemed to exist.
- (f) In the event of an acceleration of the Bonds in accordance with this Clause 14.10, the Issuer shall redeem all Bonds at an amount per Bond equal to one-hundred-and-one (101) per cent of the Nominal Amount.

**15. DISTRIBUTION OF PROCEEDS**

- (a) All payments by the Issuer relating to the Bonds and the Finance Documents following an acceleration of the Bonds in accordance with Clause 14 (*Events of Default and Acceleration of the Bonds*) shall be distributed in the following order of priority, in accordance with the instructions of the Agent:
- (i) **first**, in or towards payment *pro rata* of (i) all unpaid fees, costs, expenses and indemnities payable by the Issuer to the Agent in accordance with the Agency Agreement (other than any indemnity given for liability against the Bondholders), (ii) other costs, expenses and indemnities relating to the acceleration of the Bonds, or the protection of the Bondholders' rights as may have been incurred by the Agent, (iii) any costs incurred by the Agent for external experts that have not been reimbursed by the Issuer in accordance with paragraph (g) of Clause 20.2 (*Duties by the Agent*), and (iv) any costs and expenses incurred by the Agent in relation to a Bondholders' Meeting or a Written Procedure that have not been reimbursed by the Issuer in accordance with paragraph (c) of Clause 16 (*Decisions by the Bondholders*);
  - (ii) **secondly**, in or towards payment *pro rata* of accrued but unpaid Interest under the Bonds (Interest due on an earlier Interest Payment Date to be paid before any Interest due on a later Interest Payment Date);
  - (iii) **thirdly**, in or towards payment *pro rata* of any unpaid principal under the Bonds; and
  - (iv) **fourthly**, in or towards payment *pro rata* of any other costs or outstanding amounts unpaid under the Finance Documents.

Any excess funds after the application of proceeds in accordance with paragraphs (i) to (iv) above shall be paid to the Issuer.

- (b) Funds that the Agent receives (directly or indirectly) in connection with the acceleration of the Bonds constitute escrow funds (*Sw. redovisningsmedel*) and must be held on a separate interest-bearing account on behalf of the Bondholders and the other interested parties. The Agent shall arrange for payments of such funds in accordance with this Clause 15 as soon as reasonably practicable.
- (c) If the Issuer or the Agent shall make any payment under this Clause 15, the Issuer or the Agent, as applicable, shall notify the Bondholders of any such payment at least fifteen (15) Business Days before the payment is made. Such notice shall specify the Record Date, the payment date and the amount to be paid. Notwithstanding the foregoing, for any Interest due but unpaid the Record Date specified in paragraph (a) of Clause 8 (*Payments in respect of the Bonds*) shall apply.

**16. DECISIONS BY BONDHOLDERS**

- (a) A request by the Agent for a decision by the Bondholders on a matter relating to the Finance Documents shall (at the option of the Agent) be dealt with at a Bondholders' Meeting or by way of a Written Procedure.
- (b) Any request from the Issuer or a Bondholder (or Bondholders) representing at least ten (10) per cent. of the Adjusted Nominal Amount (such request may only be validly made by a person who is a Bondholder on the Business Day immediately following the day on which the request is received by the Agent and shall, if made by several Bondholders, be made by them jointly) for a decision by the Bondholders on a matter relating to the Finance Documents shall be directed to the Agent and dealt with at a Bondholders' Meeting or by way a Written Procedure, as determined by the Agent. The person requesting the decision may suggest the form for decision making, but if it is in the Agent's opinion more appropriate that a matter is dealt with at a Bondholders' Meeting than by way of a Written Procedure, it shall be dealt with at a Bondholders' Meeting.
- (c) The Agent may refrain from convening a Bondholders' Meeting or instigating a Written Procedure if (i) the suggested decision must be approved by any person in addition to the Bondholders and such person has informed the Agent that an approval will not be given, or (ii) the suggested decision is not in accordance with applicable laws.
- (d) Only a person who is, or who has been provided with a power of attorney pursuant to Clause 7 (*Right to Act on Behalf of a Bondholder*) from a person who is, registered as a Bondholder:
  - (i) on the Record Date prior to the date of the Bondholders' Meeting, in respect of a Bondholders' Meeting, or
  - (ii) on the Business Day specified in the communication pursuant to paragraph (c) of Clause 18 (*Written Procedure*), in respect of a Written Procedure, may exercise voting rights as a Bondholder at such Bondholders' Meeting or in such Written Procedure, provided that the relevant Bonds are included in the definition of Adjusted Nominal Amount.
- (e) The following matters shall require the consent of Bondholders representing at least two thirds (2/3) of the Adjusted Nominal Amount for which Bondholders are voting at a Bondholders' Meeting or for which Bondholders reply in a Written Procedure in accordance with the instructions given pursuant to paragraph (c) of Clause 18 (*Written Procedure*):
  - (i) the issue of any Subsequent Bonds, if the Total Nominal Amount of the Bonds exceeds, or if such issue would cause the Total Nominal Amount of the Bonds to at any time exceed, SEK 1,500,000,000 (for the avoidance of doubt, for

- which consent shall be required at each occasion such Subsequent Bonds are issued);
- (ii) a change to the terms of any of paragraphs (a) and (e) to (g) of Clause 2 (*Status of the Bonds*);
  - (iii) a reduction of the premium payable upon the redemption Bonds pursuant to Clause 10.4 (*Mandatory repurchase due to a Change of Control Event, a Listing Failure or a Delisting Event (put option)*);
  - (iv) a change to the Interest Rate or the Nominal Amount;
  - (v) a change to the terms for the distribution of proceeds set out in Clause 15 (*Distribution of Proceeds*);
  - (vi) a change to the terms dealing with the requirements for Bondholders' consent set out in this Clause 16;
  - (vii) a change of the Issuer, an extension of the tenor of the Bonds or any delay of the due date for payment of any principal or interest on the Bonds;
  - (viii) a mandatory exchange of the Bonds for other securities; and
  - (ix) early redemption of the Bonds, other than upon an acceleration of the Bonds pursuant to Clause 14 (*Events of Default and Acceleration of the Bonds*) or as otherwise permitted or required by these Terms and Conditions.
- (f) Any matter not covered by paragraph (e) of this Clause 16 shall require the consent of Bondholders representing more than fifty (50) per cent. of the Adjusted Nominal Amount for which Bondholders are voting at a Bondholders' Meeting or for which Bondholders reply in a Written Procedure in accordance with the instructions given pursuant to paragraph (c) of Clause 18 (*Written Procedure*). This includes, but is not limited to, any amendment to, or waiver of, the terms of any Finance Document that does not require a higher majority (other than an amendment permitted pursuant to items (i) or (iii) of Clause 19 (a) (*Amendments and Waivers*)) or an acceleration of the Bonds.
- (g) Quorum at a Bondholders' Meeting or in respect of a Written Procedure only exists if a Bondholder (or Bondholders) representing at least fifty (50) per cent. of the Adjusted Nominal Amount in case of a matter pursuant to paragraph (e) of this Clause 16, and otherwise twenty (20) per cent. of the Adjusted Nominal Amount:
- (i) if at a Bondholders' Meeting, attend the meeting in person or by telephone conference (or appear through duly authorised representatives); or
  - (ii) if in respect of a Written Procedure, reply to the request.

- (h) If a quorum does not exist at a Bondholders' Meeting or in respect of a Written Procedure, the Agent or the Issuer shall convene a second Bondholders' Meeting (in accordance with paragraph (a) of Clause 17 (*Bondholders' Meeting*)) or initiate a second Written Procedure (in accordance with paragraph (a) of Clause 18 (*Written Procedure*)), as the case may be, provided that the relevant proposal has not been withdrawn by the person(s) who initiated the procedure for Bondholders' consent. The quorum requirement in paragraph (g) of this Clause 16 shall not apply to such second Bondholders' Meeting or Written Procedure.
- (i) Any decision which extends or increases the obligations of the Issuer or the Agent, or limits, reduces or extinguishes the rights or benefits of the Issuer or the Agent, under the Finance Documents shall be subject to the Issuer's or the Agent's consent, as appropriate.
- (j) A Bondholder holding more than one (1) Bond need not use all its votes or cast all the votes to which it is entitled in the same way, and may in its discretion use or cast some of its votes only.
- (k) The Issuer may not, directly or indirectly, pay or cause to be paid any consideration to or for the benefit of any Bondholder for or as inducement to any consent under these Terms and Conditions, unless such consideration is offered to all Bondholders that consent at the relevant Bondholders' Meeting or in a Written Procedure within the time period stipulated for the consideration to be payable or the time period for replies in the Written Procedure, as the case may be.
- (l) A matter decided at a duly convened and held Bondholders' Meeting or by way of Written Procedure is binding on all Bondholders, irrespective of them being present or represented at the Bondholders' Meeting or responding in the Written Procedure. The Bondholders that have not adopted or voted for a decision shall not be liable for any damages that this may cause other Bondholders.
- (m) All costs and expenses incurred by the Issuer or the Agent for the purpose of convening a Bondholders' Meeting or for the purpose of carrying out a Written Procedure, including reasonable fees to the Agent, shall be paid by the Issuer.
- (n) If a decision shall be taken by the Bondholders on a matter relating to the Finance Documents, the Issuer shall promptly at the request of the Agent provide the Agent with a certificate specifying the number of Bonds owned by Group Companies or (to the knowledge of the Issuer) Affiliates, irrespective of whether such person is directly registered as owner of such Bonds. The Agent shall not be responsible for the accuracy of such certificate or otherwise be responsible to determine whether a Bond is owned by a Group Company or an Affiliate.
- (o) Information about decisions taken at a Bondholders' Meeting or by way of a Written Procedure shall promptly be sent by notice to the Bondholders and published on the websites of the Group and the Agent, provided that a failure to do so shall not

invalidate any decision made or voting result achieved. The minutes from the relevant Bondholders' Meeting or Written Procedure shall at the request of a Bondholder be sent to it by the Issuer or the Agent, as applicable.

#### **17. BONDHOLDERS' MEETING**

- (a) The Agent shall convene a Bondholders' Meeting by sending a notice thereof to each Bondholder no later than five (5) Business Days after receipt of a request from the Issuer or the Bondholder(s) (or such later date as may be necessary for technical or administrative reasons).
- (b) Should the Issuer want to replace the Agent, it may convene a Bondholders' Meeting in accordance with paragraph (a) of this Clause 17 with a copy to the Agent. After a request from the Bondholders pursuant to paragraph (c) of Clause 20.4 (*Replacement of the Agent*), the Issuer shall no later than five (5) Business Days after receipt of such request (or such later date as may be necessary for technical or administrative reasons) convene a Bondholders' Meeting in accordance with paragraph (a) of this Clause 17.
- (c) The notice pursuant to paragraph (a) of this Clause 17 shall include (i) time for the meeting, (ii) place for the meeting, (iii) agenda for the meeting (including each request for a decision by the Bondholders), and (iv) a form of power of attorney. Only matters that have been included in the notice may be resolved upon at the Bondholders' Meeting. Should prior notification by the Bondholders be required in order to attend the Bondholders' Meeting, such requirement shall be included in the notice.
- (d) The Bondholders' Meeting shall be held no earlier than fifteen (15) Business Days and no later than thirty (30) Business Days from the notice.
- (e) Without amending or varying these Terms and Conditions, the Agent may prescribe such further regulations regarding the convening and holding of a Bondholders' Meeting as the Agent may deem appropriate. Such regulations may include a possibility for Bondholders to vote without attending the meeting in person.

#### **18. WRITTEN PROCEDURE**

- (a) The Agent shall instigate a Written Procedure (which may be conducted electronically in a manner determined by the Agent) no later than five (5) Business Days after receipt of a valid request from the Issuer or the Bondholder(s) (or such later date as may be necessary for technical or administrative reasons) by sending a communication to each such person who is registered as a Bondholder on the Business Day prior to the date on which the communication is sent.
- (b) Should the Issuer want to replace the Agent, it may send a communication in accordance with paragraph (a) of this Clause 18 to each Bondholder with a copy to the Agent.

- (c) A communication pursuant to paragraph (a) of this Clause 18 shall include (i) each request for a decision by the Bondholders, (ii) a description of the reasons for each request, (iii) a specification of the Business Day on which a person must be registered as a Bondholder in order to be entitled to exercise voting rights, (iv) instructions and directions on where to receive a form for replying to the request (such form to include an option to vote yes or no for each request) as well as a form of power of attorney, and (v) the stipulated time period within which the Bondholder must reply to the request (such time period to last at least fifteen (15) Business Days from the communication pursuant to paragraph (a) of this Clause 18). If the voting shall be made electronically, instructions for such voting shall be included in the communication.
- (d) When the requisite majority consents of the total Adjusted Nominal Amount pursuant to paragraphs (e) and (f) of Clause 16 (*Decision by the Bondholders*) have been received in a Written Procedure, the relevant decision shall be deemed to be adopted pursuant to paragraphs (e) and (f) of Clause 16 (*Decision by the Bondholders*), as the case may be, even if the time period for replies in the Written Procedure has not yet expired.

## 19. AMENDMENTS AND WAIVERS

- (a) The Issuer and the Agent (acting on behalf of the Bondholders) may agree to amend the Finance Documents or waive any provision in a Finance Document, provided that:
  - (i) in the opinion of the Agent and/or as confirmed by a reputable external expert engaged by the Agent (if the Agent reasonably considers it necessary to engage such expert), such amendment or waiver is not detrimental to the interest of the Bondholders as a group;
  - (ii) such amendment or waiver is made solely for the purpose of rectifying obvious errors and mistakes;
  - (iii) such amendment or waiver is required by applicable law, a court ruling or a decision by a relevant authority; or
  - (iv) such amendment or waiver has been duly approved by the Bondholders in accordance with Clause 16 (*Decisions by Bondholders*).
- (b) The consent of the Bondholders is not necessary to approve the particular form of any amendment to the Finance Documents. It is sufficient if such consent approves the substance of the amendment.
- (c) The Agent shall promptly notify the Bondholders of any amendments or waivers made in accordance with Clause 19(a), setting out the date from which the amendment or waiver will be effective, and ensure that any amendments to the Finance Documents are published in the manner stipulated in Clause 11.3 (*Publication of Finance Documents*). The Issuer shall ensure that any amendments to the Finance Documents are duly registered with the CSD and each other relevant organisation or authority.

- (d) An amendment to the Finance Documents shall take effect on the date determined by the Bondholders' Meeting, in the Written Procedure or by the Agent, as the case may be.

## **20. APPOINTMENT AND REPLACEMENT OF THE AGENT**

### **20.1 Appointment of Agent**

- (a) By subscribing for Bonds, each initial Bondholder appoints the Agent to act as its agent in all matters relating to the Bonds and the Finance Documents, and authorises the Agent to act on its behalf (without first having to obtain its consent, unless such consent is specifically required by these Terms and Conditions) in any legal or arbitration proceedings relating to the Bonds held by such Bondholder.
- (b) By acquiring Bonds, each subsequent Bondholder confirms the appointment and authorisation for the Agent to act on its behalf, as set forth in paragraph (a) of this Clause 20.1.
- (c) Each Bondholder shall immediately upon request provide the Agent with any such documents, including a written power of attorney (in form and substance satisfactory to the Agent), that the Agent deems necessary for the purpose of exercising its rights and/or carrying out its duties under the Finance Documents. The Agent is under no obligation to represent a Bondholder which does not comply with such request.
- (d) The Issuer shall promptly upon request provide the Agent with any documents and other assistance (in form and substance satisfactory to the Agent), that the Agent deems necessary for the purpose of exercising its rights and/or carrying out its duties under the Finance Documents.
- (e) The Agent is entitled to fees for its work and to be indemnified for costs, losses and liabilities on the terms set out in the Finance Documents and the Agency Agreement and the Agent's obligations as Agent under the Finance Documents are conditioned upon the due payment of such fees and indemnifications.
- (f) The Agent may act as agent or trustee for several issues of securities issued by or relating to the Issuer and other Group Companies notwithstanding potential conflicts of interest.

### **20.2 Duties of the Agent**

- (a) The Agent shall represent the Bondholders in accordance with the Finance Documents. However, the Agent is not responsible for the content, valid execution, legal validity or enforceability of the Finance Documents.
- (b) When acting in accordance with the Finance Documents, the Agent is always acting with binding effect on behalf of the Bondholders. The Agent shall carry out its duties

under the Finance Documents in a reasonable, proficient and professional manner, with reasonable care and skill.

- (c) The Agent's duties under the Finance Documents are solely mechanical and administrative in nature and the Agent only acts in accordance with the Finance Documents and upon instructions from the Bondholders, unless otherwise set out in these Terms and Conditions. In particular, the Agent is not acting as an advisor (whether legal, financial or otherwise) to the Bondholders or any other person.
- (d) The Agent is not obligated to assess or monitor the financial condition of the Issuer or compliance by the Issuer of the terms of the Finance Documents unless to the extent expressly set out in the Terms and Conditions and the other Finance Documents, or to take any steps to ascertain whether any Event of Default has occurred. Until it has actual knowledge to the contrary, the Agent is entitled to assume that no Event of Default has occurred.
- (e) The Agent is entitled to delegate its duties to other professional parties, but the Agent shall remain liable for the actions of such parties under the Finance Documents.
- (f) The Agent shall treat all Bondholders equally and, when acting pursuant to the Finance Documents, act with regard only to the interests of the Bondholders and shall not be required to have regard to the interests or to act upon or comply with any direction or request of any other person, other than as explicitly stated in the Finance Documents.
- (g) The Agent is entitled to engage external experts when carrying out its duties under the Finance Documents. The Issuer shall on demand by the Agent pay all costs for external experts engaged after the occurrence of an Event of Default, or for the purpose of investigating or considering (i) an event which the Agent reasonably believes is or may lead to an Event of Default, (ii) a matter relating to the Issuer which the Agent reasonably believes may be detrimental to the interests of the Bondholders under the Finance Documents, or (iii) as otherwise agreed between the Agent and the Issuer. Any compensation for damages or other recoveries received by the Agent from external experts engaged by it for the purpose of carrying out its duties under the Finance Documents shall be distributed in accordance with Clause 15 (*Distribution of Proceeds*).
- (h) Notwithstanding any other provision of the Finance Documents to the contrary, the Agent is not obliged to do or omit to do anything if it would or might in its reasonable opinion constitute a breach of any law or regulation.
- (i) If in the Agent's reasonable opinion the cost, loss or liability which it may incur (including reasonable fees to the Agent) in complying with instructions of the Bondholders, or taking any action at its own initiative, will not be covered by the Issuer, the Agent may refrain from acting in accordance with such instructions, or taking such action, until it has received such funding or indemnities (or adequate Security has been provided therefore) as it may reasonably require.

- (j) Unless it has actual knowledge to the contrary, the Agent may assume that all information provided by or on behalf of the Issuer (including by its advisors) is correct, true and complete in all aspects.
- (k) The Agent shall give a notice to the Bondholders (i) before it ceases to perform its obligations under the Finance Documents by reason of the non-payment by the Issuer of any fee or indemnity due to the Agent under the Finance Documents or the Agency Agreement, or (ii) if it refrains from acting for any reason described in Clause 20.2(i).

### **20.3 Limited liability for the Agent**

- (a) The Agent will not be liable to the Bondholders for damage or loss caused by any action taken or omitted by it under or in connection with any Finance Document, unless directly caused by its negligence or wilful misconduct. The Agent shall never be responsible for indirect loss.
- (b) The Agent shall not be considered to have acted negligently if it has acted in accordance with advice from or opinions of reputable external experts addressed to the Agent or if the Agent has acted with reasonable care in a situation when the Agent considers that it is detrimental to the interests of the Bondholders to delay the action in order to first obtain instructions from the Bondholders.
- (c) The Agent shall not be liable for any delay (or any related consequences) in crediting an account with an amount required pursuant to the Finance Documents to be paid by the Agent to the Bondholders, provided that the Agent has taken all necessary steps as soon as reasonably practicable to comply with the regulations or operating procedures of any recognised clearing or settlement system used by the Agent for that purpose.
- (d) The Agent shall have no liability to the Bondholders or to the Issuer for damage caused by the Agent acting in accordance with instructions of the Bondholders to the Agent given in accordance with the Terms and Conditions.
- (e) Any liability towards the Issuer which is incurred by the Agent in acting under, or in relation to, the Finance Documents shall not be subject to set-off against the obligations of the Issuer to the Bondholders under the Finance Documents.
- (f) The Agent is not liable for information provided to the Bondholders by or on behalf of the Issuer or by any other person.

### **20.4 Replacement of the Agent**

- (a) Subject to paragraph (f) of this Clause 20.4, the Agent may resign by giving notice to the Issuer and the Bondholders, in which case the Bondholders shall appoint a successor Agent at a Bondholders' Meeting convened by the retiring Agent or by way of Written Procedure initiated by the retiring Agent.

- (b) Subject to paragraph (f) of this Clause 20.4, if the Agent is Insolvent, the Agent shall be deemed to resign as Agent and the Issuer shall within ten (10) Business Days appoint a successor Agent which shall be an independent financial institution or other reputable company which regularly acts as agent under debt issuances.
- (c) A Bondholder (or Bondholders) representing at least ten (10) per cent. of the Adjusted Nominal Amount may, by notice to the Issuer (such notice may only be validly given by a person who is a Bondholder on the Business Day immediately following the day on which the notice is received by the Issuer and shall, if given by several Bondholders, be given by them jointly), require that a Bondholders' Meeting is held for the purpose of dismissing the Agent and appointing a new Agent. The Issuer may, at a Bondholders' Meeting convened by it or by way of Written Procedure initiated by it, propose to the Bondholders that the Agent be dismissed and a new Agent appointed.
- (d) If the Bondholders have not appointed a successor Agent within ninety (90) days after (i) the earlier of the notice of resignation was given or the resignation otherwise took place, or (ii) the Agent was dismissed through a decision by the Bondholders, the Issuer shall appoint a successor Agent which shall be an independent financial institution or other reputable company which regularly acts as agent under debt issuances.
- (e) The retiring Agent shall, at its own cost, make available to the successor Agent such documents and records and provide such assistance as the successor Agent may reasonably request for the purposes of performing its functions as Agent under the Finance Documents.
- (f) The Agent's resignation or dismissal shall only take effect upon the appointment of a successor Agent and acceptance by such successor Agent of such appointment and the execution of all necessary documentation to effectively substitute the retiring Agent.
- (g) Upon the appointment of a successor, the retiring Agent shall be discharged from any further obligation in respect of the Finance Documents but shall remain entitled to the benefit of the Finance Documents and remain liable under the Finance Documents in respect of any action which it took or failed to take whilst acting as Agent. Its successor, the Issuer and each of the Bondholders shall have the same rights and obligations amongst themselves under the Finance Documents as they would have had if such successor had been the original Agent.
- (h) In the event that there is a change of the Agent in accordance with this Clause 20.4, the Issuer shall execute such documents and take such actions as the new Agent may reasonably require for the purpose of vesting in such new Agent the rights, powers and obligation of the Agent and releasing the retiring Agent from its further obligations under the Finance Documents and the Agency Agreement. Unless the Issuer and the new Agent agrees otherwise, the new Agent shall be entitled to the same fees and the same indemnities as the retiring Agent.

**21. APPOINTMENT AND REPLACEMENT OF THE ISSUING AGENT**

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

**22. NO DIRECT ACTIONS BY BONDHOLDERS**

- (a) A Bondholder may not take any steps whatsoever against the Issuer to enforce or recover any amount due or owing to it pursuant to the Finance Documents, or to initiate, support or procure the winding-up, dissolution, liquidation, company reorganisation (Sw. *företagsrekonstruktion*) or bankruptcy (Sw. *konkurs*) (or its equivalent in any other jurisdiction) of the Issuer in relation to any of the liabilities of the Issuer under the Finance Documents.
- (b) Paragraph (a) of this Clause 22 shall not apply if the Agent has been instructed by the Bondholders in accordance with the Finance Documents to take certain actions but fails for any reason to take, or is unable to take (for any reason other than a failure by a Bondholder to provide documents in accordance with paragraph (c) of Clause 20.1 (*Appointment of Agent*)), such actions within a reasonable period of time and such failure or inability is continuing. However, if the failure to take certain actions is caused by the non-payment by the Issuer of any fee or indemnity due to the Agent under the Finance Documents or the Agency Agreement or by any reason described in paragraph (i) of Clause 20.2 (*Duties of the Agent*), such failure must continue for at least forty (40) Business Days after notice pursuant to paragraph (k) of Clause 20.2 (*Duties of the Agent*) before a Bondholder may take any action referred to in paragraph (a) of this Clause 22.
- (c) The provisions of paragraph (a) of this Clause 22 shall not in any way limit an individual Bondholder's right to claim and enforce payments which are due to it under Clause 10.4 (*Mandatory repurchase due to a Change of Control Event, a Listing Failure or a Delisting Event (put option)*) or other payments which are due by the Issuer to some but not all Bondholders.

**23. PRESCRIPTION**

- (a) The right to receive repayment of the principal of the Bonds shall be prescribed and become void ten (10) years from the Redemption Date. The right to receive payment

of interest (excluding any capitalised interest) shall be prescribed and become void three (3) years from the relevant due date for payment. The Issuer is entitled to any funds set aside for payments in respect of which the Bondholders' right to receive payment has been prescribed and has become void.

- (b) If a limitation period is duly interrupted in accordance with the Swedish Act on Limitations (*Sw. preskriptionslag (1981:130)*), a new limitation period of ten (10) years with respect to the right to receive repayment of the principal of the Bonds, and of three (3) years with respect to receive payment of interest (excluding capitalised interest) will commence, in both cases calculated from the date of interruption of the limitation period, as such date is determined pursuant to the provisions of the Swedish Act on Limitations.

## **24. NOTICES AND PRESS RELEASES**

### **24.1 Notices**

- (a) Any notice or other communication to be made under or in connection with the Finance Documents:
- (i) if to the Agent, shall be given at the address registered with the Swedish Companies Registration Office (*Sw. Bolagsverket*) on the Business Day prior to dispatch;
  - (ii) if to the Issuer, shall be given at the address registered with the Swedish Companies Registration Office on the Business Day prior to dispatch; and
  - (iii) if to the Bondholders, shall be given at their addresses as registered with the CSD, on the Business Day prior to dispatch, and by either courier delivery (if practically possible) or letter for all Bondholders. A Notice to the Bondholders shall also be published on the website of the Issuer and the Agent.
- (b) Any notice or other communication made by one person to another under or in connection with the Finance Documents shall be sent by way of courier, personal delivery or letter and will only be effective, in case of courier or personal delivery, when it has been left at the address specified in paragraph (a) of this Clause 24.1 or, in case of letter, three (3) Business Days after being deposited postage prepaid in an envelope addressed to the address specified in paragraph (a) of this Clause 24.1.
- (c) Failure to send a notice or other communication to a Bondholder or any defect in it shall not affect its sufficiency with respect to other Bondholders.
- (d) If an Event of Default is continuing, any notice or other communication made by the Agent to the Issuer under or in connection with the Finance Documents may, provided that the Agent deems it necessary in order to preserve the Bondholders' rights under the Finance Documents, be sent by email and will be effective on the day of dispatch

(unless a delivery failure message was received by the Agent), save that any notice or other communication sent by email that is sent after 5.00 pm in the place of receipt shall be deemed only to become effective on the following day. Any notice or other communication to be sent by email by the Agent to the Issuer in accordance with this paragraph (d) of this Clause 24.1 shall be sent to the CFO or the CEO of the Issuer, to the email addresses most recently notified by the Issuer to the Agent.

#### **24.2 Press releases**

- (a) Any notice that the Issuer or the Agent shall send to the Bondholders pursuant to Clause 10.3 (*Voluntary total redemption (call option)*), paragraph (d) of Clause 11.1 (*Information from the Issuer*), paragraph (c) of Clause 14.10 (*Acceleration of the Bonds*), paragraph (a) of Clause 17 (*Bondholders' Meeting*), paragraph (a) of Clause 18 (*Written Procedure*) and paragraph (c) of Clause 19 (*Amendments and Waivers*) shall also be published by way of press release by the Issuer or the Agent, as applicable.
- (b) In addition to paragraph (a) of this Clause 24.2, if any information relating to the Bonds or the Group contained in a notice the Agent may send to the Bondholders under these Terms and Conditions has not already been made public by way of a press release, the Agent shall before it sends such information to the Bondholders give the Issuer the opportunity to issue a press release containing such information. If the Issuer does not promptly issue a press release and the Agent considers it necessary to issue a press release containing such information before it can lawfully send a notice containing such information to the Bondholders, the Agent shall be entitled to issue such press release.

#### **25. FORCE MAJEURE AND LIMITATION OF LIABILITY**

- (a) Neither the Agent nor the Issuing Agent shall be held responsible for any damage arising out of any legal enactment, or any measure taken by a public authority, or war, strike, lockout, boycott, blockade or any other similar circumstance (a "Force Majeure Event"). The reservation in respect of strikes, lockouts, boycotts and blockades applies even if the Agent or the Issuing Agent itself takes such measures, or is subject to such measures.
- (b) The Issuing Agent shall have no liability to the Bondholders if it has observed reasonable care. The Issuing Agent shall never be responsible for indirect damage with exception of gross negligence and wilful misconduct.
- (c) Should a Force Majeure Event arise which prevents the Agent or the Issuing Agent from taking any action required to comply with these Terms and Conditions, such action may be postponed until the obstacle has been removed.
- (d) The provisions in this Clause 25 apply unless they are inconsistent with the provisions of the Financial Instruments Accounts Act which provisions shall take precedence.

**26. GOVERNING LAW AND JURISDICTION**

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