



HEMFOSA FASTIGHETER AB (PUBL)

Prospectus relating to the listing of SEK 800,000,000 Senior Unsecured
Floating Rate Green Bonds due 2022

ISIN: SE0013109444

November 20, 2019

The validity of this Prospectus will expire 12 months after the approval. The Issuer's obligation to supplement this Prospectus in the event of significant new factors, material mistakes or material inaccuracies does not apply when this Prospectus is no longer valid.

IMPORTANT NOTICE

This registration document (the "**Registration Document**") and this securities note (the "**Securities Note**") (together the "**Prospectus**") have 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 Olof Palmes Gata 13 A, Stockholm, Sweden, in relation to the application for listing of the SEK 800,000,000 senior unsecured floating rate green bonds due 2022 with ISIN SE0013109444 (the "**Bonds**") on the sustainable bond list of Nasdaq Stockholm Aktiebolag, reg. no. 556420-8394, ("**Nasdaq Stockholm**"). Skandinaviska Enskilda Banken AB (publ), reg. no. 502032-9081 ("**SEB**"), has acted as sole bookrunner and issuing agent in connection with the issue of the Bonds. This Prospectus has been prepared in accordance with the standards and requirements of the Regulation (EU) 2017/1129 of the European Parliament and of the Council, supplemented by the Commission Delegated Regulation (EU) 2019/980 and the Commission Delegated Regulation (EU) 2019/979 (the "**Prospectus Regulation**"). The Prospectus has been approved and registered by the Swedish Financial Supervisory Authority (*Sw. Finansinspektionen*) (the "**SFSA**") as competent authority under the Prospectus Regulation. The SFSA only approves the Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation, and such approval should not be considered as an endorsement of the Issuer. 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, and the Issuer's website, www.hemfosa.se.

Unless otherwise is stated or required by context, capitalized terms defined in the terms and conditions for the Bonds (the "**Terms and Conditions**"), and included in this Prospectus, 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, 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 sections "Risk factors related to Hemfosa" in the Registration Document and "Risk factors related to the Bonds" in the Securities Note below.

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RISK FACTORS RELATED TO HEMFOSA

This section describes risks which are specific to Hemfosa and which Hemfosa considers to be material when making an investment decision in relation to the Bonds. The most material risk factor in a category, based on Hemfosa's assessment of the probability of the risk's occurrence and the expected magnitude of its adverse impact, is presented first in that category. Subsequent risk factors in the same category are not ranked in order of materiality or probability of occurrence. Where a risk factor may be categorized in more than one category, such risk factor appears only once and in the most relevant category. Each risk factor is disclosed by rating the relevant risk, based on the probability of the risk's occurrence and the expected magnitude of its adverse impact, as low, medium or high.

RISKS RELATED TO HEMFOSA'S BUSINESS AND INDUSTRY

Risks related to finding suitable investment objects

Hemfosa's growth strategy is to increase the value of its property portfolio to SEK 50 billion within five years while maintaining healthy profitability and low risk. Hemfosa's strategy involves that approximately 70 percent of Hemfosa's growth will be achieved through acquisitions of properties. In order to complete an acquisition, suitable investment objects in the community service property segment must be available at reasonable price levels at appropriate geographical locations in the markets where Hemfosa operates. There are several other real estate companies that focus fully or partly on the community service property segment, both Swedish companies (including Rikshem, Hemsö och Samhällsbyggnadsbolaget) and Norwegian and Finnish companies operating in the local market, and competition may increase further as investors appreciate community service properties as an asset class with low risk. Competitors with similar investment strategies as Hemfosa may have access to greater financial resources and may have lower capital costs, which give advantages in acquisition processes. These factors could make it difficult for Hemfosa to successfully implement its growth strategy. Failure by Hemfosa to find suitable investment objects would make it difficult for Hemfosa to implement its growth strategy and could have a material adverse effect on Hemfosa's ability to reach its financial targets as well as on its operating results and financial position. Hemfosa considers the risks related to finding suitable investment objects to present a risk of medium significance.

Risks related to rental income and vacancies

Hemfosa's 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 with an average remaining lease term of 6.6 years. As of the same date, the ten largest tenants' share of Hemfosa's rental income was approximately 32 percent, divided among 303 leases, and the average remaining lease term for these tenants was 9.2 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 decrease in the construction and production rate of commercial premises, employment rate development, changes to infrastructure and demographics could cause a decrease in the long-term demand for community service properties. 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. Hemfosa considers the risks related to rental income and vacancies to present a risk of medium significance.

Risks related to project development

Implementing projects featuring large-scale remodeling or new builds is an increasingly important part of Hemfosa's operations, expected to account for approximately 30 percent of Hemfosa's planned growth over the next five years. 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, in time or at all. Project developments may be delayed, due to suppliers being unable to deliver on time or contractors being unable to complete projects as planned, whereby tenants may be unable to use the facilities from the anticipated date or get access to premises with a lower quality than anticipated. This will typically 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. Hemfosa considers the risks related to project development to present a risk of medium significance.

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 goods and services can only be purchased from one or a small number of suppliers, which limits Hemfosa's ability to negotiate pricing. During the third quarter of 2019, Hemfosa's operating costs amounted to approximately MSEK 90. These costs however vary between different quarters and e.g. inflation or severe weather condition may lead to, and has historically led to, significantly higher costs during specific quarters. During the third quarter of 2019, Hemfosa's maintenance costs amounted to approximately MSEK 43. 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. There are risks associated with the technical operation of properties, such as the risk of construction defects or other hidden defects or deficiencies, damages and environmental hazards. If unforeseen technical problems arise, this may result in significantly increased maintenance costs for Hemfosa. For example, a large part of the roof of a building on one of Hemfosa's properties, Kummatinkatu 6 in Raahe/Brahestad in Finland, has recently been damaged due to extreme weather conditions and, as a result, unforeseen increased costs. Hemfosa's net operating income, and ultimately its financial position could be materially adversely affected 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. Hemfosa considers the risks related to operating and maintenance costs to present a risk of medium significance.

Risks related to SBB's public offer and potential changes in ownership and control of Hemfosa

On November 15, 2019, Samhällsbyggnadsbolaget i Norden AB (publ) ("**SBB**") announced a recommended public offer to the shareholders of Hemfosa to acquire all the ordinary shares and preference shares in Hemfosa. The acceptance period for the offer is expected to commence around November 19, 2019 and end around December 20, 2019. Hence, the ownership and control of Hemfosa may change in the foreseeable future. Should SBB become the owner of shares representing more than 90 percent of the outstanding shares in Hemfosa, SBB has announced its intention to commence a compulsory acquisition procedure to acquire all remaining shares in Hemfosa. SBB has further announced its intention to, in connection therewith, promote a de-listing of the Hemfosa shares from Nasdaq Stockholm. The outcome of the public offer and the effects that it will have on Hemfosa are yet uncertain. The public offer may distract management's attention from Hemfosa's operations. If the public offer is completed, there are risks that the integration of the businesses may not become successful and/or that the synergies that SBB has communicated may not be achieved. Also, if the public offer is completed, the ownership of and control over Hemfosa will be significantly changed and SBB and its ultimate shareholders are likely to take control over Hemfosa. If these risks were to materialize, it could affect Hemfosa's operations negatively.

Specific demands on community service properties may lead to increased costs

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. As per September 30, 2019, Hemfosa's property portfolio comprised 93 percent community service properties. As a result, Hemfosa is specifically exposed to the rigorous demands that are placed on the functionality and sustainability of community service properties. 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. Some buildings on properties in Hemfosa's property portfolio, such as the building on Hemfosa's property Pan 5 in Sundsvall, are classified as monuments (Sw. *byggnadsminnen*) which places demands on preservation and may limit Hemfosa's ability to fulfil tenant requirements. Refurbishments are

therefore typically more expensive as special equipment, such as paint, has to be used. 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 operating results and financial position. Hemfosa considers the risks related to the specific demands on community service properties to present a risk of low significance.

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. Hemfosa's property portfolio comprises properties where industrial activities have been conducted for many years, such as the property Sigurd 6 in Västerås (Socialtjänstens hus). A few properties that are and/or have been owned by Hemfosa have been entered in registers over potentially polluted areas kept by the county administrations, the so-called EBH support. 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 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. Hemfosa considers environmental risks to present a risk of low significance.

Risks related to geographic expansion

Hemfosa conducts operations in Sweden, Norway and Finland. As of September 30, 2019, the properties in Norway accounted for approximately 24 percent and the properties in Finland for approximately seven percent of Hemfosa's total property value. As a step in implementing its growth strategy, Hemfosa intends to increase its footprint and property portfolio in the Finnish market by focusing on acquisitions of properties in Finland. Hemfosa has recently established a local property management office in Finland but still cooperates with local business partners to some extent. There are several risks connected to geographic expansion of the business. The operations in Norway and Finland may be less aligned with Hemfosa's strategy and other organization and have a higher degree of external third party dependency, making the operations more vulnerable. 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. In Norway, the local management has recently changed, which may during a transitional period negatively affect the business conducted in Norway. It may therefore prove to be significantly more difficult for Hemfosa to grow its business in

Finland and Norway than has been the case in Sweden historically, which would make it difficult for Hemfosa to implement its growth strategy. Hemfosa considers the risks related to geographic expansion to present a risk of low significance.

Risks related to Hemfosa's ability to recruit and retain qualified employees and senior executives

Hemfosa's future development depends to a great extent on its employees' knowledge, experience and commitment. Key employees within the organization, including both Hemfosa's senior executives and Hemfosa's local property managers, have built up 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. 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. If key employees leave Hemfosa and suitable and experienced replacements cannot be recruited, this could have a material adverse effect on Hemfosa's business. Hemfosa considers the risks related to Hemfosa's ability to recruit and retain qualified employees and senior executives to present a risk of low significance.

Operational risks

Hemfosa is exposed to operational risks, particularly as it has decided to have a relatively small organization (including compared to other companies in the real estate sector). Operational risks pertain 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. 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. Hemfosa considers operational risks to present a risk of low significance.

Legal and regulatory risks

Risks related to taxation

Tax is a significant cost item for Hemfosa. The regulatory framework governing taxation relevant to Hemfosa is complex and comprehensive. 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 the effect that tax costs or liabilities would increase.

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 the effect that additional tax costs or liabilities would be imposed on Hemfosa.

As of September 30, 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 operating results and financial position. Hemfosa considers risks related to taxation to present a risk of medium significance.

Financial risks

Financing and refinancing risks

Hemfosa finances its business primarily through borrowing and its own cash flows. There is a risk that Hemfosa fails to make a correct assessment of required financing, which could lead to Hemfosa not being able to obtain new financing or renew its financing at the end of its maturity, or only to a higher cost. As of September 30, 2019, Hemfosa's net indebtedness amounted to MSEK 22,729 of which MSEK 1,157 will be due for renegotiation or repayment in 2019, and MSEK 5,090 will be due in 2020. As of the same date, 89 percent of Hemfosa's interest-bearing liabilities was secured and 11 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 liquidity. 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. Hemfosa considers financing and refinancing risks to present a risk of medium significance.

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 September 30, 2019, Hemfosa's available liquidity amounted to MSEK 1,148 in the form of cash and cash equivalents

(MSEK 616) and unutilized overdraft facilities (MSEK 532). If Hemfosa's sources of funding are not deemed sufficient, this could have a material adverse effect on Hemfosa's ability to carry out its business. Hemfosa considers liquidity risks to present a risk of medium significance.

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 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 2.16 percent as of September 30, 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 September 30, 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 238. In the longer term, changes in interest rates could have a material negative effect on Hemfosa's profit and cash flow. Hemfosa considers risks related to interest rates to present a risk of medium significance.

Risks related to financial covenants in credit agreements

As of September 30, 2019, Hemfosa's interest-bearing liabilities consisted of a total of MSEK 23,774, comprising bank loans, bonds and commercial papers. The borrowing from credit institutions is divided primarily among six 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 ability to carry out its business. Hemfosa considers risks related to financial covenants in credit agreements to present a risk of low significance.

Risks related to currency exposure

Hemfosa's operations in Norway and Finland exposes Hemfosa to currency risk. As of September 30, 2019, currency exposure amounted to MEUR 26 and MNOK 3,432, 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 profit. Hemfosa considers risks related to currency exposure to present a risk of low significance.

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 Hemfosa's profit. Hemfosa considers risks related to the value of derivative instruments to present a risk of low significance.

STATEMENT OF RESPONSIBILITY

The Issuer is responsible for the information given in the Registration Document and to the best of the Issuer's knowledge, the information contained in the Registration Document is in accordance with the facts and the Registration Document makes no omission 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 Registration Document.

The Registration Document has been approved by the SFSA as competent authority under Regulation (EU) 2017/1129. The SFSA only approves this Registration Document as meeting the standards of completeness, comprehensibility and consistency imposed by Regulation (EU) 2017/1129, and such approval should not be considered as an endorsement of the Issuer.

The board of directors of the Issuer confirms that, to the best of its knowledge, the information contained in the Registration Document is in accordance with the facts and the Registration Document makes no omission likely to affect its import.

November 20, 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 September 30, 2019 the value of Hemfosa's property portfolio corresponded to MSEK 39,773 of which community service properties accounted for 93 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 403 properties with leasable area of 2,178,000 square meters and the economic leasing rate was 94.2 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.

In January 2019, Hemfosa 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 does not predominantly derive from publicly financed tenants, 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 does not predominantly derive from publicly financed tenants. 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. As of September 30, 2019, the average remaining lease term for Hemfosa's tenants was 6.5 years and the ten largest tenants' share of Hemfosa's rental income was approximately 30 percent. 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 debt 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. Hemfosa has recently established a local property management office in Finland but still cooperates with local business partners to some extent. As of September 30, 2019, the number of employees in the Group was 80, of whom 23 were based at the headquarters in Stockholm. Of the total number of employees as of September 30, 2019, 42 were women and 38 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 five directly and 270 indirectly owned subsidiaries as per September 30, 2019.¹ 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.

Share capital and ownership structure

The shares of Hemfosa are denominated in SEK. The ordinary shares carry one vote each and the preferential shares carry one-tenth vote each. As of the date of this Prospectus, Hemfosa had an issued

¹ Excluding joint ventures and associated companies.

share capital of SEK 90,244,124 divided into 169,488,249 of ordinary shares, and 10,999,999 of preferential shares. Hemfosa has issued a total of 180,488,248 shares.

Ten largest shareholders as of September 30, 2019

Shareholder	Number of shares		Percentage of	
	Ordinary shares	Preferential shares	Share capital, %	Voting rights, %
Swedbank Robur Funds	11,453,959	-	6.3	6.7
Länsförsäkringar Funds	11,293,013	-	6.3	6.6
SEB Funds	7,851,667	-	4.4	4.6
Norges Bank	6,194,358	-	3.4	3.6
Vanguard	5,139,044	508,938	3.1	3.0
Columbia Threadneedle	4,897,703	-	2.7	2.9
Blackrock	4,567,675	-	2.5	2.7
XACT Funds	3,333,855	-	1.8	2.0
ICA-handlarnas Förbund	2,900,000	-	1.6	1.7
Jens Engwall	2,500,000	-	1.4	1.5

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 March 28, 2018 has been entered into with, amongst others, SEB and Nordea Bank Abp. The facilities may be utilized 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 March 28, 2023 and an amount of SEK 2,670,666,375 was outstanding under the facilities as per September 30, 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 percent 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 December 15, 2014 has been entered into with, amongst others, Danske Bank A/S, Danmark, Sverige filial, Nordea Bank Abp and Swedbank AB, which may be utilized by Hemfosa Alexander AB for downstream loans to the property-holding companies. The terms and conditions of the loan agreement are essentially the same as those described above which apply to Hemfosa Adrian. The credit facility falls due to payment on March 27, 2023. The outstanding amount under the facility was SEK 2,419,375,000 as per September 30, 2019.

Hemfosa Fyrklövern AB

A term loan facility agreement for approximately SEK 1.3 billion dated August 23, 2018 has been entered into with, amongst others, Danske Bank and Storebrand Livsforsikring A/S, which may be utilized by Hemfosa Fyrklövern AB for downstream loans to the property-holding companies. The facilities may be utilized 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 which apply to Hemfosa Adrian and Hemfosa Alexander AB. The credit facility falls due for payment on August 23, 2023. The outstanding amount was SEK 1,251,300,000 as per September 30, 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 Abp, SEB, Svenska Handelsbanken AB (publ), Swedbank AB 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 13,609,253,139 as per September 30, 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 mature 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.

Following a tender offer announced on May 2, 2019, under which 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 percent of the nominal amount, the aggregate principal amount outstanding, as of the date of this Prospectus, is SEK 236,000,000.

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 mature on 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, were amended and restated on August 29, 2018. As of the date of this Prospectus, the principal amount outstanding is SEK 1,000,000,000.

Bonds maturing in May 2022

On May 16, 2019, Hemfosa issued a senior unsecured green bond loan of SEK 1,300,000,000, within a total framework amount of SEK 1,500,000,000, on the Swedish bond market with ISIN SE0012596203. The bonds carry a floating interest rate of three months STIBOR plus 2.40 percent per annum and mature on May 16, 2022. As of the date of this Prospectus, the principal amount outstanding is SEK 1,300,000,000.

BOARD OF DIRECTORS AND SENIOR EXECUTIVES

The board of directors and the senior executives can be contacted at Hemfosa's office at the address Olof Palmes Gata 13 A, Stockholm, Sweden. 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 AB and Expasum AB. Deputy chairman of the board of Indutrade AB. CEO and chairman of the board of Osby Vitvaror AB. Member of the board of AB Industrivärden, Amasten Fastighets AB (publ) and Pandox AB, 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). Chairman of the board of NoClds AB. Board assignments within the Acando Group.

Caroline Sundewall, *Member of the Board*

Education..... Graduate in 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, Faculty of Engineering, Lund 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 Veitech AB.

Gunilla Högbom, *Member of the Board*

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

Other commitments..... CEO of Fastighets AB Virtuosen. 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 member of the board of several of the subsidiaries in the Humlegården group. Member of the board of Brinova Fastigheter AB (publ) and RICS Sverige.

Anders Kupsu, Member of the Board

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

Other commitments..... CEO and member of the board of Kupran AB. Member of the board of Jernhusen AB.

Carl Mörk, Member of the Board

Education..... Master of Science in Engineering, Stockholm Royal Institute of Technology, and M.Sc., London School of Economics.

Other commitments..... Co-founder and chairman of the board of Altira AB and chairman of the board and/or member of the board of several of its subsidiaries. Chairman of the board in Ankarhagen AB and chairman of the board and/or member of the board of 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 Anderson, 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

Financial information in this Prospectus has been derived from Hemfosa's 2017 and 2018 annual reports as well as the interim report for the period January – September 2019. Hemfosa's consolidated financial statements and the auditors' report for the preceding two financial years, 2017 and 2018, as well as the interim report for the period January - September 2019, are incorporated into this Registration Document by reference to such extent set out in the section "Documents incorporated by reference" on page R22.

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 years of 2017 and 2018 respectively, have been reviewed and audited by Hemfosa's auditor KPMG AB, Vasagatan 16, 101 27 Stockholm, Sweden. The interim report for the period January – September 2019 has been reviewed by Hemfosa's auditor. 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 and the review of the interim report was conducted in accordance with international standards on auditing and review and the audit reports and review report 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 and review of the interim report for the period January – September 2019, the Group's auditor has not audited or reviewed any part of this Prospectus.

OTHER INFORMATION

Legal information about Hemfosa

Hemfosa's registered company name is Hemfosa Fastigheter AB (publ). Hemfosa was incorporated in Sweden and registered by the Swedish Companies Registration Office on January 2, 2013. Hemfosa is a public limited liability company operating in, and under the laws of, Sweden. Hemfosa's registration number is 556917-4377 and its registered office is in the municipality of Stockholm, Sweden. Hemfosa's ordinary shares were listed on Nasdaq Stockholm, Mid Cap, on March 21, 2014 under the ticker symbol "HEMF", and Hemfosa's preference shares were listed on Nasdaq Stockholm, Mid Cap, on December 12, 2014 under the ticker symbol "HEMF PEF". On January 2, 2017, trading in Hemfosa's ordinary shares and preference shares was moved to Nasdaq Stockholm Large Cap.

Hemfosa's office is located at the address Olof Palmes Gata 13 A, 111 37 Stockholm, Sweden, with postal address P.O. Box 3283, SE-103 65 Stockholm, Sweden and with telephone number +46 8 448 04 80. Hemfosa's legal entity identifier (LEI) is 549300PZRE1NF5Y4QZ03. Hemfosa's website is www.hemfosa.se. This Prospectus does not comprise information made available on Hemfosa's website unless such information is explicitly incorporated by reference in this Prospectus.

In accordance with the articles of association of Hemfosa, adopted on May 7, 2015, Hemfosa's purpose consists in, directly or indirectly, owning and managing properties and property-related assets and in carrying on compatible activities.

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 (including any such proceedings which are pending or threatened of which the Issuer is aware) in the past twelve months, which have had in the recent past significant effects on Hemfosa's and/or the Group's financial position or profitability.

Material changes and trend information

There have been no significant changes to the Group's financial performance or position since September 30, 2019 (the end of the last period where financial information is available).

On November 15, 2019, SBB announced a recommended public offer to the shareholders of Hemfosa to acquire all the ordinary shares and preference shares in Hemfosa. On the same date, Hemfosa announced that its board of directors unanimously recommends Hemfosa's shareholders to accept the offer. There have been no other material adverse changes in the prospects of the Issuer or the Group as a whole since the date of the latest published consolidated audited financial statements of Hemfosa has occurred (March 26, 2019)

Credit rating

No credit rating has been assigned to the Issuer.

Documents incorporated by reference

This Registration Document is, in addition to this document and to such extent set out below, comprised of information from the following documents which are incorporated by reference and available in electronic format on the Issuer's website at www.hemfosa.se. The information incorporated by reference is to be read as part of this Registration Document. The other information set out in the financial statements is deemed to not be relevant for the purpose of the Prospectus Regulation.

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Documents available for inspection

The following documents are available at Hemfosa's office at the address Olof Palmes Gata 13 A, 111 37 Stockholm, Sweden 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 - September 2019; and
- this Prospectus.

The following documents are also available in electronic form on Hemfosa's website, www.hemfosa.se.

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

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RISK FACTORS RELATED TO THE BONDS

This section describes risks which are specific to the Bonds and which Hemfosa considers to be material when making an investment decision in relation to the Bonds. The most material risk factor in a category, based on Hemfosa's assessment of the probability of the risk's occurrence and the expected magnitude of its adverse impact, is presented first in that category. Subsequent risk factors in the same category are not ranked in order of materiality or probability of occurrence. Where a risk factor may be categorized in more than one category, such risk factor appears only once and in the most relevant category. Each risk factor is disclosed by rating the relevant risk, based on the probability of the risk's occurrence and the expected magnitude of its adverse impact, as low, medium or high.

Risks relating to the nature of the Bonds

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, there is a risk that the bondholders may not recover any or full value, since the bondholders 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. As at September 30, 2019, the Issuer had outstanding secured debt of MSEK 19,553. Consequently, an enforcement of security furnished under the secured obligations could have a material adverse effect on the bondholders' recovery under the Bonds. Hemfosa considers risks related to the Bonds being unsecured to present a risk of medium significance.

Risks related to the Issuer's dependency on subsidiaries, structural subordination and insolvency of subsidiaries

A significant part of the Issuer's assets and revenues relate to the Issuer's 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. Hence, there is a risk that the Issuer will not receive sufficient income from its subsidiaries and the investor's ability to receive payment under the Terms and Conditions may be adversely affected. Furthermore, 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 and there is a risk that the bondholders may not recover any or full value. 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. Hemfosa considers risks related to the Issuer's dependency on subsidiaries, structural subordination and insolvency of subsidiaries to present a risk of medium significance.

Risks related to early redemption and put options

Under the Terms and Conditions, 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. Under the Terms and Conditions, the Bonds are subject to prepayment at the option of each bondholder (put option) at certain events.

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. Hemfosa considers risks related to early redemption and put options to present a risk of medium significance.

Risks related to the admission to trading of the Bonds on Nasdaq Stockholm

Risks related to admission to trading, 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. However, the Issuer is dependent upon the prior approval of Nasdaq Stockholm. There is a risk that the Bonds will not be admitted to trading in time, or at all. If the Issuer fails to procure listing in time, and such listing failure is not waived by the bondholders in accordance with the Terms and Conditions, each bondholder have the right to request that all, or some only, of its Bonds be repurchased. If the Issuer fails to procure listing in time, bondholders will not be able to hold the Bonds on an investment savings account (Sw. *ISK- or IR-konto*). 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. Hemfosa considers risks related to liquidity and the secondary market to present a risk of medium significance.

Risks relating to debt instruments such as 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. 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. Hemfosa considers credit risks to present a risk of medium significance.

Risks related to the interest rate structure

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. Benchmark rates, such as STIBOR, 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, the contribution of input data to a benchmark and the use of a benchmark within the EU. 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. Hemfosa considers risks related to changes or uncertainty in respect of STIBOR and other benchmark rates to present a risk of medium significance.

Risks related to 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 of 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 under the Terms and Conditions 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. There is however a risk that a failure to comply with the Green Bond Framework could have a material adverse effect on the market value of the Bonds due to investors perceiving the Bonds as a less favorable investment. Hemfosa considers risks related to green bonds to present a risk of low significance.

STATEMENT OF RESPONSIBILITY

The issuance of the Bonds was authorized by a resolution adopted by the board of directors of the Issuer on September 20, 2019, and the Bonds were subsequently issued on October 3, 2019.

The Issuer is responsible for the information given in this Securities Note and to the best of the Issuer's knowledge, the information contained in the Securities Note is in accordance with the facts and the Securities Note makes no omission 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 Securities Note.

The Securities Note has been approved by the SFSA as competent authority under Regulation (EU) 2017/1129. The SFSA only approves this Securities Note as meeting the standards of completeness, comprehensibility and consistency imposed by Regulation (EU) 2017/1129, and such approval should not be considered as an endorsement of the quality of the Bonds. Investors should make their own assessment as to the suitability of investing in the Bonds.

The board of directors of the Issuer confirms that, to the best of its knowledge, the information contained in the Securities Note is in accordance with the facts and the Securities Note makes no omission likely to affect its import.

November 20, 2019

HEMFOSA FASTIGHETER AB (PUBL)

The board of directors

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.

Issuer	Hemfosa Fastigheter AB (publ), reg. no. 556917-4377.
Type of securities	Senior unsecured floating rate green bonds.
ISIN	SE0013109444.
The aggregate amount of the Bonds	SEK 800,000,000.
Nominal Amount	The Bonds will have a nominal amount of SEK 1,250,000.
Number of Bonds	640.
Denomination	SEK.
Issue Date	October 3, 2019.
Issue Price	100 percent.
Interest Rate	Interest on the Bonds will be paid at a floating rate of three months STIBOR plus 2.10 percent per annum, however if the Interest Rate is below zero, the Interest Rate will be deemed to be zero. ²
Interest Payment Dates	January 3, April 3, July 3, and October 3, 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 January 3, 2020 and the last Interest Payment Date shall be the relevant Redemption Date.
Redemption	The Issuer may redeem, in whole or in part, the outstanding Bonds 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.
Final Maturity Date	October 3, 2022.

² For an account of the historic development of STIBOR, please refer to 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 <i>pari passu</i> 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.
Use of Proceeds.....	The Issuer shall use the proceeds from the issue of the Bonds, less the Transaction Costs, in accordance with the Green Bond Framework, adopted in 2019 and available on the Issuer's website, www.hemfosa.se .
Benchmark Regulation.....	As at the date of this Prospectus, the Swedish Bankers' Association (Sw. <i>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.
Transfer restrictions.....	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. 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.
Listing.....	Application has been made to list the Bonds on the sustainable bond list of Nasdaq Stockholm.
Listing costs.....	The cost for listing of the Bonds is estimated to amount to approximately SEK 60,000.
Clearing and settlement....	The Bonds are connected to the account- based system of Euroclear Sweden AB (" Euroclear Sweden "). No physical notes have been issued. Payment of principal, interest and, if applicable, withholding tax will be made through Euroclear Sweden's book-entry system.
Agent.....	Nordic Trustee & Agency AB (publ). Investors may have free access to the contracts relating to these forms of representation, i.e. the Terms and Conditions, on the Agent's website, www.nordictrustee.com .
Sole bookrunner.....	Skandinaviska Enskilda Banken AB (publ).

- Governing law and jurisdiction**..... The Bonds have been created under Swedish law. The 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. The Issuer submits to the non-exclusive jurisdiction of the City Court of Stockholm (*Sw. Stockholms tingsrätt*).
- Risk factors**..... Investing in the Bonds involves substantial risks and prospective investors should refer to the sections "Risk Factors related to Hemfosa" in the Registration Document and "Risk Factors related to the Bonds" in the Securities Note for a description of certain factors that they should carefully consider before deciding to invest in the Bonds.

OTHER INFORMATION

Board of directors

As of the date of this Securities Note, Hemfosa's board of directors comprise chairman of the board Bengt Kjell and board members Anneli Lindblom, Caroline Sundewall, Per-Ingemar Persson, Gunilla Högbom, Anneli Jansson, Anders Kupsu and Carl Mörk.

Certain material interests

SEB and/or its affiliates has engaged in, and may in the 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 SEB and/or its 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.

Credit rating

No credit rating has been assigned to the Bonds.

TERMS AND CONDITIONS OF THE BONDS**TERMS AND CONDITIONS****HEMFOSA FASTIGHETER AB (publ)****UP TO SEK 1,000,000,000****SENIOR UNSECURED FLOATING RATE GREEN BONDS****ISIN: SE0013109444****26 September 2019**

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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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. *direktregistrerad 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.

"Debt Register" means the debt register (Sw. *skuldbok*) kept by CSD in respect of the Bonds in which (i) an owner of the Bonds is directly registered or (ii) an owner's holdings of Bonds is registered in the name of a nominee.

"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 3 October 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 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;
- (e) 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);
- (f) counter-indemnity obligations in respect of guarantees or other instruments issued by a bank or financial institution; and
- (g) liabilities under guarantees or indemnities for any of the obligations referred to in paragraphs (a) to (f) 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) (*Information from the Issuer*).

"First Issue Date" means 3 October 2019.

"Force Majeure Event" has the meaning set forth in paragraph (a) of Clause 26 (*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 relevant 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 3 January, 3 April, 3 July and 3 October of each year or, to the extent such day is not a Business Day, the Business Day following from an application of the Business Day Convention. The first Interest Payment Date for the Bonds shall be 3 January 2020 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 Skandinaviska Enskilda Banken AB (publ), Swedish Reg. No. 502032-9081, or another party replacing it, as Issuing Agent, in accordance with these Terms and Conditions.

"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 thirty (30) 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 2.10 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, 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 (Sw. *avstämningsregister*) 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 equal to the relevant Interest Period; or
- (b) if no rate as described in (a) is available for the relevant Interest Period, the rate determined by the Issuing Agent by interpolation between the two closest rates 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; or
- (c) if no rate as described in (b) 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
- (d) if no quotation is available pursuant to paragraph (c), the interest rate which according to the reasonable assessment of the Issuing Agent best reflects the interest rate for

deposits in 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 1,000,000,000.

"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). 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 800,000,000. 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 1,000,000,000. 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 Transaction Costs, 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 4 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 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 4 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. The Debt Register shall constitute conclusive evidence of the persons who are Bondholders and their holdings of Bonds.
- (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. 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 payment date, or to such other person who is registered with the CSD on such Record 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 redemption (call option)

(a) The Issuer may redeem, in whole or in part, the outstanding Bonds 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 31 December 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 1,000,000,000 (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. APPOINTMENT AND REPLACEMENT OF THE CSD

- (a) The Issuer appoints Euroclear Sweden AB, Swedish Reg. No. 556112-8074, P.O. Box 191, 101 23 Stockholm, Sweden as the CSD to manage certain specific tasks under these Terms and Conditions and in accordance with the CSD's rules and regulations and other regulations applicable to the Notes.
- (b) The CSD may retire from its assignment or be dismissed by the Issuer, provided that the Issuer has effectively appointed a replacement CSD that accedes as new CSD at the same time as the old CSD retires or is dismissed. The replacing CSD must be authorised to professionally conduct clearing operations pursuant to the Swedish Securities Markets Act (*Sw. lag (2007:528) om värdepappersmarknaden*) and be authorised as a central securities depository in accordance with the Financial Instruments Account Act.

23. 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 23 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 23.

- (c) The provisions of paragraph (a) of this Clause 23 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.

24. 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.

25. NOTICES AND PRESS RELEASES

25.1 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 25.1 or, in case of letter, three (3) Business Days after being deposited postage prepaid in an envelope addressed to the address specified in paragraph (a) of this Clause 25.1.
- (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 25.1 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.

25.2 Press releases

- (a) Any notice that the Issuer or the Agent shall send to the Bondholders pursuant to Clause 10.3 (*Voluntary 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 25.2, 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.

26. 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 26 apply unless they are inconsistent with the provisions of the Financial Instruments Accounts Act which provisions shall take precedence.

27. 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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