IMPORTANT NOTICE

THIS OFFERING IS AVAILABLE ONLY TO INVESTORS WHO ARE NON-U.S. PERSONS (AS DEFINED BELOW) LOCATED OUTSIDE THE UNITED STATES.

IMPORTANT: You must read the following before continuing. The following applies to the drawdown prospectus following this page (the "**Drawdown Prospectus**") and you are therefore advised to read this page carefully before reading, accessing or making any other use of the Drawdown Prospectus. In accessing the Drawdown Prospectus, you agree to be bound by the following terms and conditions, including any modifications to them any time you receive any information as a result of such access.

NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER OF SECURITIES FOR SALE IN THE UNITED STATES OR ANY OTHER JURISDICTION WHERE IT IS UNLAWFUL TO DO SO. THE NOTES DESCRIBED IN THE DRAWDOWN PROSPECTUS HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "**SECURITIES ACT**"), OR THE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR OTHER JURISDICTION, AND THE NOTES DESCRIBED IN THE DRAWDOWN PROSPECTUS MAY NOT BE OFFERED OR SOLD, DIRECTLY OR INDIRECTLY, WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS (AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT ("**REGULATION S**")) EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND APPLICABLE STATE OR LOCAL SECURITIES LAWS.

THE DRAWDOWN PROSPECTUS MAY NOT BE FORWARDED OR DISTRIBUTED TO ANY OTHER PERSON AND MAY NOT BE REPRODUCED IN ANY MANNER WHATSOEVER AND, IN PARTICULAR, MAY NOT BE FORWARDED TO ANY U.S. PERSON OR U.S. ADDRESS. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THE DRAWDOWN PROSPECTUS IN WHOLE OR IN PART IS UNAUTHORISED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS. IF YOU HAVE GAINED ACCESS TO THIS TRANSMISSION CONTRARY TO ANY OF THE FOREGOING RESTRICTIONS, YOU ARE NOT AUTHORISED AND WILL NOT BE ABLE TO PURCHASE ANY OF THE NOTES DESCRIBED IN THE DRAWDOWN PROSPECTUS.

Confirmation of your representation: In order to be eligible to view the Drawdown Prospectus or make an investment decision with respect to the Notes described in the Drawdown Prospectus, prospective investors must be, or acting on behalf of, non-U.S. persons (as defined in Regulation S) located outside the United States. The Drawdown Prospectus are being sent to you at your request, and by accessing the Drawdown Prospectus you shall be deemed to have represented to Samhällsbyggnadsbolaget i Norden AB (publ) (the "**Issuer**") and the Manager (as defined in the Drawdown Prospectus) that (i) you are not a U.S. person, or acting on behalf of a U.S. person and the electronic mail address that you gave us and to which this e-mail has been delivered is not located in the United States, its territories, its possessions and other areas subject to its jurisdiction, and its possessions include Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, Wake Island and the Northern Mariana Islands, and (ii) you consent to delivery of the Drawdown Prospectus by electronic transmission.

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

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

You are reminded that the Drawdown Prospectus have been delivered to you on the basis that you are a person into whose possession the Drawdown Prospectus may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located and you may not, nor are you authorised to, deliver the Drawdown Prospectus to any other person.

The materials relating to this offering do not constitute, and may not be used in connection with, an offer or solicitation in any place where offers or solicitations are not permitted by law. No action has been or will be taken in any jurisdiction by the Issuer or the Manager that would, or is intended to, permit a public offering of the securities, or possession or distribution of the Drawdown Prospectus or any other offering or publicity material relating to the Bonds described in the Drawdown Prospectus, in any country or jurisdiction where action for that purpose is required. If a jurisdiction requires that the offering be made by a licensed broker or dealer, and the Manager or any affiliate of the Manager is a licensed broker or dealer in the relevant jurisdiction, the offering shall be deemed to be made by the Manager or such affiliate on behalf of the Issuer in such jurisdiction.

This communication is directed only at persons who (a) are outside the United Kingdom or (b) have professional experience in matters relating to investments or (c) are persons falling within Article 49(2)(a) to (d) ("high net worth companies, unincorporated associations, etc.") of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (all such persons together being referred to as "**relevant persons**"). This communication must not be acted on or relied on by persons who are not relevant persons. Any investment or investment activity to which the Drawdown Prospectus relate is available only to relevant persons and will be engaged in only with relevant persons.

The Drawdown Prospectus have been sent to you in electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of electronic transmission and consequently none of the Issuer or the Manager, any person who controls them or any director, officer, employee or agent of them or affiliate of any such person accepts any liability or responsibility whatsoever in respect of any difference between the Drawdown Prospectus distributed to you in electronic format and the hard copy version available to you on request from the Manager.

DRAWDOWN PROSPECTUS DATED 28 NOVEMBER 2019

SAMHÄLLSBYGGNADSBOLAGET I NORDEN AB (PUBL)

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

NOK 1,000,000,000 3.12 per cent. Fixed Rate Notes due 2024

Issue price: 100 per cent.

Samhällsbyggnadsbolaget i Norden AB (publ), a public limited company with limited liability incorporated under the laws of the Kingdom of Sweden (the "**Issuer**") is offering NOK 1,000,000,000 3.12 per cent. Fixed Rate Notes due 2024 (the "**Notes**").

This Drawdown Prospectus incorporates by reference, *inter alia*, sections of the Base Prospectus (as defined herein) relating to the €2,500,000,000 Euro Medium Term Note Programme (the "**Programme**") of the Issuer, as more fully set out under "*Documents Incorporated by Reference*".

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

This Drawdown Prospectus have been approved as a listing particulars by the Irish Stock Exchange plc, trading as Euronext Dublin ("**Euronext Dublin**"). Application has been made to Euronext Dublin for the Notes to be admitted to Euronext Dublin's official list (the "**Official List**") and to trading on its Global Exchange Market (the "**GEM**").

This Drawdown Prospectus constitutes "listing particulars" for the purposes of the admission of the Notes to the Official List and to trading of the Notes on GEM and does not constitute a prospectus for the purposes of Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 (as amended, the "**Prospectus Regulation**").

References in this Drawdown Prospectus to the Notes being listed (and all related references) shall mean that the Notes have been admitted to the Official List and have been admitted to trading on the GEM. The GEM is the exchange regulated market of Euronext Dublin and is not a regulated market for the purposes of Directive 2014/65/EU (as amended, "**MiFID II**").

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

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

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

The Notes will initially be represented by a temporary global note (the "**Temporary Global Note**"), without interest coupons, which will be deposited on or about the Issue Date with a common depositary for Euroclear Bank SA/NV ("**Euroclear**") and Clearstream Banking S.A. ("**Clearstream, Luxembourg**"). Interests in the Temporary Global Note will be exchangeable for interests in a permanent global note (the "**Permanent Global Note**" and, together with the Temporary Global Note, the "**Global Notes**"), without interest coupons, not earlier than 40 days after the Issue Date upon certification as to non-U.S. beneficial ownership. Interests in the Permanent Global Note will be exchangeable for definitive Notes only in certain limited circumstances. See "*Form of Notes*" in the Base Prospectus which is incorporated by reference into this Base Prospectus.

An investment in Notes involves certain risks. Prospective investors should have regard to the factors described under the heading "*Risk Factors*" on page 8.

Manager

DNB Markets

The date of this Drawdown Prospectus is 28 November 2019

IMPORTANT INFORMATION

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

In this Drawdown Prospectus, all information described in the section "Description of Hemfosa", unless otherwise indicated, has been retrieved from publicly available information, from Hemfosa's annual reports for the financial years ended 31 December 2017 and 2018, the interim reports for the nine months ended 30 September 2019 and 2018 and Hemfosa's webpage. Accordingly, all such information relating to Hemfosa has not been independently verified by the Issuer or the Manager.

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

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

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

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

Save for the Issuer, no party has independently verified the information contained herein. Accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by DNB Bank ASA, Sweden Branch as manager (the "**Manager**") as to the accuracy or completeness of the information contained or incorporated in this Drawdown Prospectus or any other information provided by the Issuer in connection with the offering of the Notes. The Manager does not accept any liability in relation to the information contained in this Drawdown Prospectus or any other information provided by the Issuer in connection with the offering of the Notes or their distribution.

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

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

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

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

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

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

PRESENTATION OF INFORMATION

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

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

This Drawdown Prospectus contains certain financial measures that are not defined or recognised under International Financial Reporting Standards ("**IFRS**"). Such non-IFRS financial measures and ratios include Passing Rent, Passing NOI, EPRA NAV, EPRA NAV per share, Adjusted EPRA NAV, Adjusted EPRA NAV per share, EPRA NNNAV, EPRA NNNAV per share, Net Operating Margin, Net Initial Yield, Loan-to-Value Ratio, Secured Loan-to-Value Ratio, Interest Coverage Ratio and Return on Shareholders' Equity (each as defined in the section "*Selected Consolidated Financial Operating and other Data"*).

Passing Rent, Passing NOI, EPRA NAV, EPRA NAV per share, Adjusted EPRA NAV, Adjusted EPRA NAV per share, EPRA NNNAV, EPRA NNNAV per share, Net Operating Margin, Net Initial Yield, Loan-to-Value Ratio, Secured Loan-to-Value Ratio, Interest Coverage Ratio and Return on Shareholders' Equity are presented because the Group believes they are important supplemental measures of the Group's performance and a basis upon which the Group's management assesses performance. The Issuer also believes Passing Rent, Passing NOI, EPRA NAV, EPRA NAV per share, Adjusted EPRA NAV, Adjusted EPRA NAV per share, EPRA NNNAV, EPRA NNNAV per share, Net Operating Margin, Net Initial Yield, Loan-to-Value Ratio, Secured Loan-to-Value Ratio, Interest Coverage Ratio and Return on Shareholders' Equity are useful to investors because they and similar measures, are frequently used by securities analysts, investors, ratings agencies and other interested parties to evaluate other companies in the Group's industry and as supplemental measures of performance and liquidity. The Group further believe that these and similar measures are widely used in the markets in which the Group operates as a means of evaluating a company's operating performance and financing structure.

The Issuer's definition of and method of calculating Passing Rent, Passing NOI, EPRA NAV, EPRA NAV per share, Adjusted EPRA NAV, Adjusted EPRA NAV per share, EPRA NNNAV, EPRA NNNAV per share, Net Operating Margin, Net Initial Yield, Loan-to-Value Ratio, Secured Loan-to-Value Ratio, Interest Coverage Ratio and Return on Shareholders' Equity may not be comparable to other similarly titled measures of other companies and are not measurements under IFRS or other generally accepted accounting principles, are not measures of financial condition, liquidity or profitability and should not be considered as an alternative to profit from operations for the period or operating cash flows determined in accordance with IFRS, nor should they be considered as substitutes for the information contained in the Historical Financial Information. Additionally, Passing Rent, Passing NOI, EPRA NAV, EPRA NAV per share, Adjusted EPRA NAV, Adjusted EPRA NAV per share, EPRA NNNAV, EPRA NNNAV per share, Net Operating Margin, Net Initial Yield, Loan-to-Value Ratio, Secured Loan-to-Value Ratio, Interest Coverage Ratio and Return on Shareholders' Equity are not intended to:

- represent the Group's cash expenditures or future requirements for capital expenditures or contractual commitments;
- represent changes in, or cash requirements for, the Group's working capital needs;
- reflect significant interest expense, or the cash requirements necessary to service interest or principal payments, on the Group's debt;
- reflect any cash income taxes that the Group may be required to pay;
- represent cash requirements for replacements such as assets that are depreciated or amortised over estimated useful lives and often have to be replaced in the future;
- adjust for all non-cash income or expense items that are reflected in the Group's statements of cash flows; or
- reflect limitations on, or costs related to, transferring earnings from the Group's subsidiaries to us.

Because of these limitations, Passing Rent, Passing NOI, EPRA NAV, EPRA NAV per share, Adjusted EPRA NAV, Adjusted EPRA NAV per share, EPRA NNNAV, EPRA NNNAV per share, Net Operating Margin, Net Initial Yield, Loan-to-Value Ratio, Secured Loan-to-Value Ratio, Interest Coverage Ratio and Return on Shareholders' Equity should not be considered as measures of discretionary cash available to the

Group to invest in the growth of our business or a measure of cash that will be available to us to meet our obligations.

For a detailed overview of non-IFRS information that the Group presents to supplement the Historical Financial Information (as defined below), see "*Selected Consolidated Financial, Operating and Other Data—Non-IFRS financial data and reconciliations*".

SUITABILITY OF INVESTMENT

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

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

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

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

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

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

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

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

CONTENTS

RISK FACTORS

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

The capitalised words and expressions in this section shall have the meanings defined in "*Terms and Conditions of the Notes*" in the Base Prospectus which is incorporated by reference into this Drawdown Prospectus.

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

Risks relating to the Offer (as defined below)

The Offer is subject to significant uncertainties

On 15 November 2019, the Issuer made a recommended public takeover offer (the "**Offer**") to shareholders in Hemfosa Fastigheter AB (publ), reg. no. 556917-4377 ("**Hemfosa**"), to acquire all ordinary and preference shares in Hemfosa. The Offer is subject to significant uncertainties. The Issuer has set certain conditions for the completion of the Offer, amongst others that the Offer is accepted to such an extent that the Issuer will become the owner of 90 per cent. of the total amount of shares in Hemfosa and that required approvals from authorities are obtained within a period of time that is acceptable for the Issuer. Due to these conditions being out of the control of the Issuer, there is a risk that the Offer might not be completed. The uncertainty related to the completion of the Offer could result in adverse impact on the price of the Issuer's shares.

After the completion of the Offer, Hemfosa will be a part of the operations of the Group

When the Offer is completed, Hemfosa's business will become a part of the Group's business. There is a risk that the merger of the Group and Hemfosa is made more difficult or impossible by factors currently unknown to the Issuer.

In the section "*The Combined Company*", the expected effects of the Transaction (as defined below) are described. Amongst others the cost and growth synergies that the Transaction may entail are described. Whether these synergies will be realised depends on a number of factors and is based on the Issuer's assessment of future circumstances. However, there is a risk that the synergies might not be fully realised.

Improved integration is required upon the acquisition of a new company to enable synergies in the new business. Since the intent is to coordinate the business in several different operations it is important that the integration process runs efficiently and without material loss of customers or personnel leaving. If the integration process continues for a longer period of time then currently expected, there is a risk that the Group with Hemfosa as a fully owned subsidiary (together, the "**Combined Company**") is adversely affected. There is a risk that the synergies and other positive effects that the Issuer expects do not realise fully, or at all, which could adversely impact the Combined Company's business.

In connection with the completion of the Offer, goodwill will be accrued that over time may turn out to be misleading and lead to write-downs.

In connection with the completion of the Offer, goodwill will be accrued. This goodwill will be stated in its entirety in the Combined Company's statement of financial position. If the consideration paid by the

Issuer to acquire Hemfosa over time would prove to be misleading and lead to write-downs it would mean that the Combined Company's equity and thereby solvency, would be diminished.

Information on Hemfosa has been derived from public sources and has not been independently verified by the Issuer

The information included in this Drawdown Prospectus in relation to Hemfosa has principally been compiled on the basis of publicly available information and has not been verified by the Issuer or Hemfosa or Hemfosa's directors. Therefore, following completion of the Offer, the Group may become subject to unknown liabilities or obligations of Hemfosa, which may have a material adverse effect on the Group's business, results of operations and financial condition.

Risks relating to the Issuer and the Group

Macroeconomic factors

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

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

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

Additionally, the Group's community service portfolio is affected by demographic trends such as the growing prevalence of aging populations and increasing rural-to-urban migration in the Nordic region. The demographic trends impact the level of supply and demand for the Group's properties and fluctuations in demography could have a have a material adverse effect on the Group's results of operations and profitability.

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

Geographical risks

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

Technical risks

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

Rental Income and rental development

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

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

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

Operating and maintenance costs

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

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

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

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

Dependency on members of management and other key personnel

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

Acquisitions and sales of properties

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

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

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

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

Additionally, in the Group's acquisition agreements, fixed-term warranties regarding the property and the acquired company are regularly provided by the seller. These warranties may not cover all risks or may fail to cover such risks sufficiently. Additionally, there is a risk that a warranty made by a seller may be unenforceable due to the seller's insolvency or otherwise, as well as the risk that when subsidiaries of the Group sell properties and companies, the buyer may bring warranty claims against the Group in relation to any damage that may have arisen. Moreover the Group's business includes the ongoing disposal of properties for recycling of capital and there are risks associated with this owing to the nature of the Group's portfolio and potential difficulties finding prospective buyers.

Any of the foregoing factors could lead to properties being sold at a price considerably lower than anticipated, which could have a material adverse impact on the Group's financial position and results of operations.

Risks relating to acquisitions and company integration

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

Risks relating to developing and renovating projects

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

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

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

Risks relating to insurances

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

Changes in value of properties

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

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

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

Operational risk

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

The Group is subject to counterparty risk with respect to its outsourcing arrangements with external service providers

The Group's existing operational model includes the use of external service providers for certain finance and accounting functions, human resources services and certain marketing, property management and property development activities. These external service providers are used for, among other things, property management services such as billing and collection of rent, and property maintenance, the provision of certain information technology ("**IT**") services and marketing services. See "*Legal considerations and* *supplementary information—Intellectual Technology*". While these outsourcing relationships are closely monitored, there is a risk that the Group's external service providers may fail to perform their required duties adequately and therefore the Group may experience delayed or reduced rental income, interruptions or malfunctions in its IT systems, or other negative outcomes that may negatively impact the Group's operating performance or reputation. Additionally, the Group enters into contractual agreements with these external service providers and is exposed to the risk that these contracts may need to be revised in the future. If any of the Group's external service providers are unable or unwilling to fulfil their obligations towards the Group, this could have a material adverse impact on the Group's business.

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

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

Environmental risks

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

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

Counterparty risk

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

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

Competition

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

Liquidity risk

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

The Group is also exposed to risks arising from the illiquidity of its portfolio. The market for the types of properties the Group owns or may acquire in the future is generally illiquid. Were the Group required to liquidate parts of its portfolio on short notice for any reason, including raising funds to support its operations or repay outstanding indebtedness, the Group may not be able to sell any portion of its portfolio on favourable terms or at all. In the case of an accelerated sale, there may be a significant shortfall between the fair value of the property and the price at which the Group could sell such property. In planned disposals in the ordinary course of business, an illiquid market may result in a sales price that is lower than anticipated or in a delay to the sale. Any such shortfall could have a material adverse effect on the business, earnings or financial position of the Group. In addition, the Group may be subject to restrictions on its ability to sell properties pursuant to covenants and pledges limiting asset disposals in the Group's financing agreements.

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

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

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

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

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

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

Historical earnings not indicating future performance

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

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

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

Interest-rate risk

Aside from equity contributions, the Group's operations are largely financed by borrowings, including loans from credit institutions and listed bonds and, as a result, the cost of interest payments on such debts is one of the Group's main expenses. Changes in interest rates can affect the Group's profitability by affecting the spread between, among other things, the income on its assets and the expense of its interest-bearing liabilities, the value of any interest-earning assets, its ability to make acquisitions and its ability to realise gains from the sale of its assets. Market interest rates are highly sensitive to many factors, including the expected inflation rate, governmental, monetary and tax policies, domestic and international economic and political considerations, fiscal deficits, regulatory requirements and other factors beyond the Group's control. The short-term interest rates are mainly determined by reference to the respective national bank's repo rate, which is a monetary policy rate. In times of increasing inflation expectations, the interest rate can be expected to increase and in times of decreasing inflation expectations, the interest rate can be expected to decrease.

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

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

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

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

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

Joint ventures may introduce additional risks to the Issuer

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

Reputational risk

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

Legal risks

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

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

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

Tax risks

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

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

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

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

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

Accounting risks

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

Disputes and litigation

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

EU General Data Protection Regulation

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

Covenants in credit agreements

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

Change of control and ownership

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

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

Dividend restrictions

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

FACTORS WHICH ARE MATERIAL FOR THE PURPOSE OF ASSESSING THE MARKET RISKS ASSOCIATED WITH THE NOTES AND RISKS RELATING TO THE NOTES

See "*Risk Factors - Factors which are material for the purpose of assessing the market risks associated with the Notes and risks relating to the Notes*" and "*Risk Factors – Risks relating to the Notes*" in the Base Prospectus which is incorporated by reference into this Drawdown Prospectus.

DOCUMENTS INCORPORATED BY REFERENCE

The relevant sections of such documents shall be incorporated in, and form part of, this Drawdown Prospectus, save that any statement contained in a document which is incorporated by reference herein shall be modified or superseded for the purpose of this Drawdown Prospectus to the extent that a statement contained herein modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not, except as so modified or superseded, constitute a part of this Drawdown Prospectus. Any documents themselves incorporated by reference in the documents incorporated by reference in this Drawdown Prospectus shall not form part of this Drawdown Prospectus. Any non-incorporated parts of a document referred to herein are either deemed not relevant for an investor or are otherwise covered elsewhere in this Drawdown Prospectus.

Base Prospectus

The following sections of the base prospectus dated 26 April 2019 relating to the €2,500,000,000 Euro Medium Term Note Programme of the Issuer shall be deemed to be incorporated by reference in, and to form part of, this Drawdown Prospectus:

1. The section entitled "*Terms and Conditions of the Notes*", as set out on pages 36 – 71 (inclusive).

2. The risk factors in the sections entitled "*Factors which are material for the purpose of assessing the market risks associated with the Notes and risks relating to the Notes*" and "*Risks relating to the Notes*" as set out on pages 14 – 19 (inclusive).

3. The section entitled "*Form of the Notes*", as set out on pages 21 – 23 (inclusive).

4. The section entitled "*Taxation*", as set out on pages 98 – 99 (inclusive).

5. The section entitled "*Subscription and Sale*", as set out on pages 100 – 103 (inclusive).

   https://sbbnorden.se/wp-content/uploads/2019/04/SBB-Programme-Establishment-Prospectus.pdf

Financial Statements

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

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

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

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

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

3. The unaudited interim consolidated financial statements of the Issuer in respect of the nine-month period ended 30 September 2019 (the "**Unaudited Q3 2019 Interim Financial Statements**") as set out on pages 8 to 15 (inclusive) and 28 to 32 (inclusive) of the Issuer's report for the first nine months of 2019:

   https://sbbnorden.se/wp-content/uploads/2019/10/2019-Q3-Interim-Report.pdf

The 2017 Audited Financial Statements, the 2018 Audited Financial Statements and the Unaudited Q3 2019 Interim Financial Statements are English translations of the Swedish financial statements prepared for and used in the Kingdom of Sweden.

FORWARD-LOOKING STATEMENTS

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

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

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

USE OF PROCEEDS

The net proceeds of the issue of the Notes will be used by the Issuer for general corporate purposes.

PRO FORMA STATEMENT

PURPOSE OF THE PRO FORMA FINANCIAL STATEMENTS

The Issuer presents these pro forma financial statements for illustrative purposes only. The pro forma financial statements illustrate a hypothetical situation and do not reflect the Issuer's actual earnings or financial position. The pro forma financial statements are intended solely to provide information and highlight facts and not to show the Issuer's earnings or financial position at any specific future point in time.

BACKGROUND OF THE PRO FORMA FINANCIAL STATEMENTS

On 15 November 2019, the Issuer announced a public takeover bid regarding all ordinary and preference shares in Hemfosa. The purchase price comprises newly issued shares in the Issuer, as well as a cash portion. The newly issued shares, intended to be approved within the framework of a non-cash issue, comprise a total of 512,701,953 class B common shares and 33,879,996 class D common shares. The cash portion of the purchase price amounts to SEK 10,118 billion. Based on the shares' closing prices as of 14 November 2019, corresponding to SEK 23.85 per class B common share and SEK 34.70 per class D common share, a total purchase price of SEK 23,521 million has been estimated for these pro forma financial statements.

To present the hypothetical impact of the acquisition of Hemfosa (the "**Transaction**") on the Issuer's earnings if completed on 1 January 2018, and the hypothetical impact of the Transaction on the Issuer's financial position if completed on 30 September 2019, the Issuer has included pro forma financial statements for the financial year that ended 31 December 2018 and for the nine-month period that ended 30 September 2019. The following pro forma financial statements are presented here:

- Pro forma income statement for the financial year ended 31 December 2018
- Pro forma income statement for the nine-month period ended 30 September 2019
- Pro forma balance sheet as of 30 September 2019

BASIS AND ASSUMPTIONS ON WHICH THE PRO FORMA FINANCIAL STATEMENTS HAVE BEEN PREPARED

Subscription to the Offer

The Offer encompasses all ordinary and preference shares in Hemfosa and full acceptance of the Offer has been assumed in the pro forma financial statements.

Presentation format

Because the Issuer and Hemfosa use different presentation formats for their income statements and balance sheets, for the purposes of these pro forma financial statements, the presentation formats in Hemfosa's financial reports have, as far as possible, been adjusted to conform with the Issuer's presentation format. The Issuer did not have access to the underlying accounts used in the preparation of Hemfosa's financial reports when preparing the pro forma accounts, meaning that it was not possible to present the distribution between items in Hemfosa's accounts. Accordingly, to achieve comparability between the financial statements of the Issuer and Hemfosa, Hemfosa's presentation format has, in some instances, been used for pro forma purposes.

Since the pro forma financial statements are presented in SEK million, figures in the pro forma financial statements and disclosures in the notes have, in some cases, been rounded off, which is why tables and totals do not always add up precisely.

Accounting principles

The pro forma financial statements have been prepared in accordance with the Issuer's accounting principles and IFRS as adopted by the EU, which are detailed in the Issuer's annual report for the 2018 financial year. Hemfosa also applies IFRS as adopted by the EU, which are detailed in Hemfosa's annual report for the 2018 financial year.

Business versus asset acquisitions

At the time of preparing the pro forma financial statements, the Transaction was classified as a business acquisition in accordance with IFRS 3. The classification of a Transaction as a business acquisition or an asset acquisition is done in accordance with evaulation criteria as prescribed in IFRS 3. The criteria in this standard is subject to amendments, which takes effect from 1 January 2020. The amendment to IFRS has not been taken into account for pro forma purposes.

Supporting documentation

For both the Issuer and Hemfosa, the companies' audited annual reports for the 2018 financial year, as well as a review of interim reports for the period 1 January to 30 September 2019, form the supporting documentation for the pro forma report. The Issuer's annual report for the 2018 financial year was audited by Ernst & Young AB. Hemfosa's annual report for the 2018 financial year was audited by KPMG AB. The Issuer's interim report for the period 1 January to 30 September 2019 was reviewed by Ernst & Young AB. Hemfosa's interim report for the period 1 January to 30 September 2019 was reviewed by KPMG AB.

In addition to the aforementioned public information, the Issuer has not been privy to any documentation relating to Hemfosa's accounts.

PRO FORMA ADJUSTMENTS

The overarching nature of the pro forma adjustments is described below. The adjustments are described in greater detail in the notes to the pro forma financial statements. General synergies or integration expenses have not been included in the pro forma financial statements.

Adjustments to accounting principles

Based on public information, the Issuer has performed an analysis of the significant differences between the accounting principles of the Issuer and Hemfosa. In the Issuer's assessment, there are no significant differences between the accounting principles of the Issuer and Hemfosa that would have any significant effects on the financial data.

Preliminary acquisition analysis

In the pro forma financial statements, the purchase price was calculated at SEK 23,521 million. In the preliminary acquisition analysis, the value of the Issuer's shares has been calculated based on the Issuer's share prices on 14 November 2019, amounting to SEK 23.85 per class B common share and SEK 34.70 per class D common share.

Based on the assumptions stated in the section "*Basis and assumptions on which the pro forma financial statements have been prepared*" above, the cash portion of the purchase price amounts to SEK 10,118 million and the portion for which the consideration will take the form of shares amounts to SEK 13,404 million, of which SEK 12,228 million relates to class B common shares and SEK 1,176 million to class D common shares.

When preparing the preliminary acquisition analysis, the Issuer did not have access to complete data allowing it to value Hemfosa's assets and liabilities. This also means that the deferred tax related to the difference between the book values of investment properties and their tax values has not been determined and has not been taken into account. Accordingly, a preliminary acquisition analysis regarding Hemfosa has been prepared based on Hemfosa's consolidated balance sheet as of 30 September 2019.

When preparing the final acquisition analysis, all identifiable assets and liabilities will be recognised at fair value. Acquired properties will then be valued in accordance with the Issuer's process for determining the market value of each property. This value may deviate from the fair value of Hemfosa's properties recognised as of 30 September 2019. When preparing the acquisition analysis, new intangible assets may also be identified, which may, in the future, entail amortisation of these assets being charged against earnings. The final acquisition analysis may differ from the preliminary acquisition analysis. A final acquisition analysis will be prepared and announced, as part of the Issuer's financial reporting, within one year from the acquisition date.

In the preliminary acquisition analysis, the difference between Hemfosa's net assets and the purchase price has been recognised as goodwill.

Transaction expenses and financing

Although calculated transaction and issue expenses were incurred after 30 September 2019, for pro forma purposes, they are assumed to have been incurred in the period before 1 January 2018 and adjustments have been made for these in the pro forma balance sheet as of 30 September 2019.

In connection with the Offer, but after 30 September 2019, the Issuer raised a bridge loan to secure the financing on which the Offer is based. In the pro forma income statements, the bridge loan is treated as if it had been raised in connection with the hypothetical acquisition date of 1 January 2018. The ultimate financing of the Offer may, however, look different, resulting in other interest expenses.

Hemfosa has outstanding bonds subject to early redemption terms in the event of changes in ownership. It is assumed that these bonds will be redeemed following the implementation of the Offer, to be replaced by the aforementioned bridge loan.

Tax effect on adjustments

The tax effect has been taken into account in connection with all adjustments deemed tax deductible or taxable in the pro forma financial statements. The calculated tax effect may differ from the actual tax effect on implementation of the Offer.

The tax calculations for current tax are based on a tax rate of 22 per cent. for 2018 and of 21.4 per cent. for 2019.

PRO FORMA INCOME STATEMENT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

	The Issuer (180101-181231) Audited IFRS	**Hemfosa (180101-181231) Audited IFRS**	**Pro forma adjustments Unaudited**	**Note**	**The Issuer Pro forma income statement Unaudited Total**
(SEK million)					
Rental income	1,680	2,525			4,205
Operating expenses	(386)	(403)			(789)
Maintenance	(100)	(175)			(275)
Property administration	(92)	(82)			(174)
Property tax	(32)	(74)			(106)
Net operating income	**1,071**	**1,792**	-		**2,863**
Central administration	(102)	(141)			(243)
Other operating income and expenses	-	43			43
Result from associated companies/joint ventures	13	24			37
Profit before financial items	**982**	**1,718**	-		**2,700**
Financial income and expenses	(661)	(514)	(22)	A	(1,197)
Profit from property management	**321**	**1,204**	**(22)**		**1,503**
Changes in value, properties	1,575	1,305			2,880
Changes in value, derivatives	8	(14)			(6)
Profit before tax	**1,904**	**2,495**	**(22)**		**4,377**
Tax	(214)	(466)	5	B	(675)
Net profit for the year, continuing operations	**1,690**	**2,030**	**(17)**		**3,703**

Discontinued operations					
Profit after tax from Nyfosa to be distributed to shareholders	-	1,407			1,407
Result on distribution of Nyfosa	-	(1,077)			(1,077)
Net profit for the year	1,690	2,360	(17)		4,033

Notes to the pro forma accounts

A

The cash consideration totalling SEK 10,118 million, as well as transaction and issue expenses totalling SEK 198 million will be financed through proprietary funds and a bridge loan of SEK 800 million. Since no interest is charged on cash and cash equivalents, no pro forma adjustment is made in the income statement. The bridge loan has an annual interest rate of 1.2 per cent. This entails a pro forma adjustment in the income statement for increased interest expenses totalling SEK 10 million.

The bridge loan is also used for refinancing Hemfosa's outstanding bonds amounting to SEK 2,561 million (based on issued volume as per 30 September 2019). This entails a pro forma adjustment in the income statement for decreased interest expenses totalling SEK 24 million. In connection with the refinancing, a non-recurring expense of SEK 25 million for redemption has been assumed.

The arrangement fee for the utilised bridge loan of SEK 20 million has been accrued over the tenor of the loan (assumed to correspond to the pro forma period of 21 months) and is SEK 12 million for the period.

This entails a pro forma adjustment in the income statement for increased interest expenses totalling SEK 22 million.

B

The pro forma adjustments presented regarding financing expenses have an impact on the tax expense for the period. The adjustment relates to a positive effect of SEK 5 million regarding tax related to the increased interest expense, arrangement fees and the expense for the redemption of Hemfosa's outstanding bonds (22 per cent. of SEK 22 million).

PRO FORMA INCOME STATEMENT FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2019

	The Issuer (190101-190930) Unaudited IFRS	**Hemfosa (190101-190930) Unaudited IFRS**	**Pro forma adjustments Unaudited**	**Note**	**The Issuer Pro forma income statement Unaudited Total**
(MSEK)					
Rental income	1,400	2,128			3,528
Operating expenses	(326)	(349)			(675)
Maintenance	(78)	(120)			(198)
Property administration	(68)	(73)			(141)
Property tax	(25)	(59)			(84)
Net operating income	**903**	**1,526**			**2,429**
Central administration	(85)	(98)			(183)
Other operating income and expenses	-	4			4
Result from associated companies/joint ventures	57	9			66
Profit before financial items	**875**	**1,441**			**2,316**

Financial income and expenses	(367)	(403)	8	A	(762)
Profit from property management	**508**	**1,039**	**8**		**1,555**
Changes in value, properties	1,136	814			1,950
Changes in value, derivatives	(118)	(77)			(195)
Profit before tax	**1,526**	**1,777**	**8**		**3,311**
Tax	(189)	(280)	(3)	B	(471)
Net profit for the year	1,337	1,497	6		2,840

Notes to the pro forma accounts

A

The cash consideration totalling SEK 10,118 million, as well as transaction and issue expenses totalling SEK 198 million will be financed through proprietary funds and a bridge loan of SEK 800 million. Since no interest is charged on cash and cash equivalents, no pro forma adjustment is made in the income statement. The bridge loan has an annual interest rate of 1.2 per cent. This entails a pro forma adjustment in the income statement for increased interest expenses totalling SEK 7 million.

The bridge loan is also used for refinancing Hemfosa's outstanding bonds amounting to SEK 2,561 million (based on issued volume as per 30 September 2019). This entails a pro forma adjustment in the income statement for decreased interest expenses totalling SEK 24 million.

The arrangement fee for the utilised bridge loan of SEK 20 million has been accrued over the tenor of the loan (assumed to correspond to the pro forma period of 21 months) and is SEK 9 million for the period.

This entails a pro forma adjustment in the income statement for decreased interest expenses totalling SEK 8 million.

B

The pro forma adjustments presented regarding financing expenses have an impact on the tax expense for the period. The adjustment relates to a negative effect of SEK 2 million for tax regarding the increased interest expense and for restructuring expenses (21.4 per cent. of SEK 8 million).

PRO FORMA BALANCE SHEET AS OF 30 SEPTEMBER 2019

	The Issuer (190930) Unaudited IFRS	Hemfosa (190930) Unaudited IFRS	Pro forma adjustments Unaudited	Note	The Issuer Pro forma balance sheet Unaudited Total
(*SEK million*)					
ASSETS					
Fixed assets					
Goodwill	24	-	9,066	A	9,090
Investment properties	30,776	39,773			70,549
Land lease agreements	137	133			270
Equipment, machinery and installations	4	-			4
Shares in associated companies/joint ventures	535	294			829
Receivables from associated companies/joint ventures	1,754	-			1,754
Financial fixed assets at fair value	239	-			239
Other long-term receivables	39	-			39
Other fixed assets	-	35			35
Total fixed assets	**33,508**	**40,235**	9,066		**82,809**

Current assets					
Accounts receivables	626	297			923
Short-term investments	1,094	-	(1,094)	B	-
Cash and cash equivalents	8,532	616	(8,422)	B	474
Total current assets	**10,252**	**913**	(9,516)		**1,649**
TOTAL ASSETS	**43,760**	**41,149**	(450)		**84,459**
EQUITY AND LIABILITIES					
Equity	**15,940**	**14,456**	(1,209)	B, C	**29,187**
Interest-bearing liabilities	25,331	23,687	780	D	49,798
Deferred tax liabilities	1,238	1,428	(21)	E	2,645
Liabilities leasing	137	133			270
Other liabilities	1,114	1,446			2,560
Total liabilities	**27,820**	**26,694**	759		**55,273**
TOTAL EQUITY AND LIABILITIES	**43,760**	**41,149**	(450)		**84,459**

Notes to the pro forma accounts

A

In the pro forma financial statements, the purchase price was calculated at SEK 23,521 million (based on the Issuer's share prices as of 14 November 2019).

Since the Issuer has not had access to information enabling valuation of assets and liabilities, the deferred tax relating to the difference between the book values of investment properties and their tax values could not be determined and has not been taken into account. Accordingly, the preliminary acquisition analysis has been based on the values recognised in Hemfosa's balance sheet as of 30 September 2019.

The difference between Hemfosa's net assets and the purchase price has been recognised as goodwill in the amount of SEK 9,066 million.

Preliminary acquisition analysis as of 30 September 2019:

Purchase price	SEK 23,521 million
Acquired net assets, Hemfosa	SEK (14,455) million
Goodwill	**SEK 9,066 million**

B

The cash consideration totalling SEK 10,118 million will be financed with proprietary funds of SEK 9,318 million and the bridge loan of SEK 800 million after deduction of arrangement fee for the bridge loan of SEK 20 million (based on utilised bridge loan of SEK 3,361 million). This entails a pro forma adjustment of cash and cash equivalents by SEK 8,224 million, and of total current investments by SEK 1,094 million.

No transaction or issue expenses attributable to the acquisition were incurred before 30 September 2019. On a pro forma basis, such expenses are assumed to have arisen before 1 January 2018, entailing an adjustment being made only in equity and cash and cash equivalents as of 30 September 2019. The expenses are items of a non-recurring nature. Transaction expenses are estimated at SEK 80 million and issue expenses are estimated at SEK 98 million. Only the issue expenses are assumed to be deductible.

C

Equity has been adjusted for the non-cash issue, increasing equity by SEK 13,404 million following the deduction of issue expenses of SEK 77 million after tax, (based on the Issuer's share prices on 14 November 2019 of SEK 23.85 per class B common share and of SEK 34.70 per class D common share). Transaction expenses have reduced equity by SEK 80 million and acquired equity in Hemfosa (SEK 14,455 million) has been eliminated.

Pro forma equity adjustments:

Non-cash issue	SEK 13,404 million
Issue expenses, after tax	SEK (77) million
Transaction expenses	SEK (80) million
Elimination of acquired equity in Hemfosa	SEK (14,455) million
Pro forma equity adjustment	**SEK (1,209) million**

D

Interest-bearing liabilities have been adjusted for the bridge loan of SEK 800 million used for the partial financing of the Takeover Offer, following the deduction of the expenses of SEK 20 million for raising the bridge loan of SEK 3,361 million.

The bridge loan is also used for refinancing Hemfosa's outstanding bonds amounting to SEK 2,561 million. No pro forma adjustment of interest-bearing liabilities is made for the refinancing.

E

Deferred tax liabilities have been adjusted for tax attributable to issue expenses of SEK 21 million.

DESCRIPTION OF THE ISSUER AND ITS OPERATIONS

OVERVIEW

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

The Issuer is a major Nordic social infrastructure property company. The Group owns a property portfolio across Sweden, Norway, Finland and Denmark with a gross asset value of SEK 30.8 billion as of 30 September 2019. The Group generates most of its income from the management of its social infrastructure property portfolio, which includes (i) community services properties, such as elderly care homes, schools and group housing for people with disabilities, in Sweden, Norway, Finland and Denmark and (ii) rent-regulated residential properties in Sweden. The Group also has additional income streams from property renovations, property development activities and real estate transactions. As of 30 September 2019, community services properties and Swedish rent-regulated residential properties accounted for 60 per cent. and 34 per cent. of the total portfolio by gross asset value, respectively. The remaining part comprises cash flow properties with development potential to develop building rights for social infrastructure.

The Issuer actively manages its own real estate portfolio in order to generate sustainable cash flow and create additional value. The Group's business model is to acquire and manage properties that have low-risk profiles and steady risk-adjusted returns. The Group generates rental income either from publicly financed municipalities and governmental agency tenants (in the case of community services properties) or from residential tenants in Swedish rent-regulated apartments who are highly motivated to pay their rent due to the acute shortage of rental housing in Sweden.

In addition to property management, which is the foundation of the Issuer's earning capacity, the Group generates additional income from value-enhancing capital expenditures on renovations in its rent-regulated residential property portfolio, from property development for social infrastructure building rights, which includes sales of properties and their associated building rights upon re-zoning and selective participation in joint ventures, and from real estate transactions in which the Issuer's experienced transaction team buys and sells properties in order to continue building the Group's portfolio, realise gains from matured properties and recycle capital for use in acquiring attractive new investment properties.

The Issuer has built strong long-term relationships with a number of Nordic municipalities, becoming a preferred partner for municipalities due to its track record operating in both community services and residential sectors. The Issuer's experienced team has local market presence in its investment markets as well as expertise to cover each stage of the property value chain from property management, development and transaction to financing. The Group believes that the experience of its team, including the long-standing local presence of the team members and the relationships that have been established with municipalities, states, regions and private tax-funded welfare providers in the Nordics, makes the Issuer's position difficult for a competitor to replicate.

As of 30 September 2019, the Issuer's property portfolio comprised 842 properties in the Nordic countries covering 1.8 million square metres with Passing Rent of SEK 2,003 million, an Economic Occupancy Rate (as defined below) of 95.3 per cent. and a Net Initial Yield (which excludes building rights) of 4.7 per cent. The Weighted Average Unexpired Lease Term ("**WAULT**") for the Group's community services properties as of 30 September 2019 was seven years.

The Issuer had a Loan-to-Value Ratio as of 30 September 2019 of 38.4 per cent. and has a BBB- (stable) credit rating from Fitch and BBB- (positive) credit rating from S&P as of 18 November 2019.

Community services properties – The Group's community services properties portfolio primarily consists of elderly care homes, schools, group housing for people with disabilities, municipal and government agency office buildings and healthcare centres in Sweden, Norway, Finland and Denmark. The Issuer's diversified tenant base includes a range of low-risk municipality and government tenants with strong credit ratings, such as the Swedish and Norwegian states, Boden and Linköping municipalities and Västra Götaland County, amongst others. The Issuer's portfolio of 517 community services properties was valued at SEK 18.3 billion, or 59.6 per cent. of the gross asset value of the Group's overall property portfolio, as of 30 September 2019. As of 30 September 2019, Passing Rent for this segment was SEK 1,195 million, Passing NOI was SEK 953 million, the rental income as a percentage of Rental Value (the "**Economic Occupancy Rate**") was 97.5 per cent. and Net Initial Yield was 5.3 per cent. For the nine months ended 30 September 2019, the Group generated SEK 799 million of Rental Income and SEK 601 million of net operating income in its community services properties segment.

Swedish rent-regulated residential properties – The Group's rent-regulated residential property portfolio consists of rent-regulated residential apartment properties located in Swedish growth municipalities. The Issuer owns rent-regulated residential properties in approximately 30 Swedish cities with a large geographical spread, whereof most of the rent-regulated residential properties are located in the Stockholm region, Sundsvall, Oskarshamn, Karlstad, Borlänge and Motala. The Issuer's portfolio of 300 rent-regulated residential properties was valued at SEK 10.3 billion, or 33.6 per cent. of the gross asset value of the Group's overall property portfolio, as of 30 September 2019. As of 30 September 2019, Passing Rent for this segment was SEK 697 million, Passing NOI was SEK 368 million, the Economic Occupancy Rate was 93.9 per cent. and Net Initial Yield was 3.7 per cent. For the nine months ended 30 September 2019, the Group generated SEK 513 million of Rental Income and SEK 258 million of net operating income in its rent-regulated residential properties segment.

Other – The remaining SEK 2.1 billion, or 6.8 per cent., of the gross asset value of the Group's property portfolio as of 30 September 2019 was made up of 25 cash flow generating properties in locations that municipalities have prioritised for urban development. The Issuer augments income from its core social infrastructure property management business with cash flow properties with a clear development potential to develop building rights for social infrastructure. Before such acquisitions, the Issuer communicates with the relevant municipality to ensure that the property and area is prioritised for upcoming urban development. After the acquisition, the Issuer initiates work preparing a new zoning plan with the ambition to divest final building rights to a project developer or a joint venture (with the Issuer as a partner) together with an experienced project developer who takes responsibility for construction upon the final approval of the zoning plan. As of 30 September 2019, Passing Rent for this segment was SEK 112 million, Passing NOI was SEK 53 million, the Economic Occupancy Rate was 83.9 per cent. and Net Initial Yield was 3.9 per cent. For the nine months ended 30 September 2019, the Group generated SEK 88 million of Rental Income and SEK 44 million of net operating income in its income segment.

For the nine months ended 30 September 2019, the Group generated gross rental income of SEK 1,400 million, net operating income of SEK 903 million and profit before financial items of SEK 875 million. As of 30 September 2019, the gross asset value of the Issuer's property portfolio was SEK 30,776 million, its EPRA NAV was SEK 9,914 million and its Loan-to-Value Ratio was 38 per cent. For the year ended 31 December 2018, the Group generated gross rental income of SEK 1,680 million, net operating income of SEK 1,071 million and profit before financial items of SEK 982 million. As of 31 December 2018, the gross asset value of the Issuer's property portfolio was SEK 25,243 million, its EPRA NAV was SEK 8,736 million and its Loan-to-Value Ratio was 53 per cent. The Group has delivered compelling EPRA NAV growth with a compound annual growth rate of 79.9 per cent. from 31 December 2016 to 30 September 2019 and the gross asset value of its portfolio has grown with a compound annual growth rate of 66.5 per cent.

HISTORY

The Group was founded by Ilija Batljan in March 2016 with a vision to create a leading Nordic property company focused on the ownership, management and development of social infrastructure properties in the Nordics.

In May 2016, the Group acquired its first large property portfolio consisting of approximately 750 rent-regulated residential units and in September 2016, the Group executed its first transaction with a Swedish municipality through its acquisition of a property in Ulricehamn from the municipal housing company Stubo AB. In October 2016 the Group acquired its first property in Oslo, Norway with the Norwegian government as its tenant. That acquisition marked the Group's expansion into the Nordic market outside of Sweden and was worth SEK 1.2 billion. By the end of 2016 the Group had 358 properties in its property portfolio that were valued at SEK 7,572 million.

In March 2017, the Issuer received approval to be listed on Nasdaq First North. As of 31 December 2017, the Group's property portfolio had grown to 749 properties in 128 municipalities in both Sweden and

Norway further illustrating the Group's commitment to be a leading property company in the Nordic region. As of 31 December 2017, the gross asset value of the Issuer's property portfolio was SEK 23,001 million.

In February 2018, the Group expanded into the Finnish property market and acquired residential care properties in Helsinki and other parts of Finland. In October 2018, the Group signed a definitive agreement for the acquisition of the new cultural centre in Skellefteå, Sweden for SEK 1,050 million, which will be payable when construction is finished and the use of the property commences, which is expected to be in 2021. In connection with the acquisition, the Issuer entered into a 50-year lease with the municipality of Skellefteå for the entire property, representing what the Directors believe to be the first municipal contract in Europe with a 50-year term. The Group also disposed of 280 properties in late-2018 in order to reduce leverage and optimise and consolidate its portfolio consistently with its strategy of selling matured properties and recycling capital for future use. As of 31 December 2018, the Group's property portfolio comprised 570 properties in 131 municipalities in Sweden, Norway and Finland and had a gross asset value of SEK 25,243 million.

In 2019, the Group acquired 37 additional infrastructure properties in Finland, Sweden and Norway for SEK 468 million, to be used primarily as elderly care homes, preschools and care homes and expanded into Denmark by acquiring six community service properties in Copenhagen and Aarhus and the surrounding regions. In April 2019, the Group entered into an agreement for the sale of DNB Bank's headquarters in Oslo, with an agreed net property value of SEK 4,897 million (NOK 4,487.5 million), which exceeded the net property value at the time of the Issuer's acquisition by NOK 473 million. Also in April 2019, the Issuer completed the EUR 142 million acquisition of 48 community service properties in Finland, established its EUR 2,500 million EMTN Programme and received investment grade ratings of BBB- with stable outlook from Fitch and BBB- with positive outlook from S&P. Additionally, the Group signed ISDA Agreements with Nordea, DNB, Skandinaviska Enskilda Banken AB (publ) ("**SEB**") and Danske Bank, providing the Issuer with full access to the derivatives market. In August 2019, the Group successfully issued a EUR 500 million senior unsecured bond into the European debt capital markets set to mature in September 2026 with a fixed coupon of 1.1 per cent. In September 2019, the Issuer became the first private real estate company to become a member of Public Housing Sweden, an industry and interest organisation for the municipality owned public housing companies in Sweden that is made up of approximately 300 member companies that collectively manage approximately 800,000 dwellings. Additionally, in September 2019, Nasdaq Stockholm's listing committee approved the Group's shares for admission and the Issuer changed the listing venue for its Class B shares and Class D shares from Nasdaq First North Premier Growth Market to Nasdaq Stockholm.

SIGNIFICANT EVENTS FOLLOWING 30 SEPTEMBER 2019

In October 2019, the Group acquired 1,560 apartments, the majority of which are located in Växjö or Ronneby. The total rental income from these properties amounts to SEK 116.3 million with a net operating income of approximately SEK 66.5 million. Additionally, the Group formed a joint venture with Amasten Fastighets AB (publ) ("**Amasten**") to build rent regulated residential properties in Nyköping, selling approximately 50,000 square metres of building rights at a price of SEK 3,000 per square metre. The Group also entered into an agreement with various sellers to acquire class A common shares in Amasten for SEK 711,188,032, corresponding to a holding of 20.2 per cent. of the shares and 20.5 per cent. of the votes through an option agreement entered into through a subsidiary, giving the Group the right to purchase additional shares in Amasten. If the call option is exercised, the Issuer would directly and indirectly hold 130,088,850 class A common shares corresponding to 30.2 per cent. of the shares and 30.3 per cent. of the votes in Amasten.

In October 2019, the Group decided on a directed new issue of 18,181,819 of class B common shares, raising proceeds of approximately SEK 400 million. The Group intends to use the proceeds from the directed share issue to further support the strengthening of the balance sheet in parallel with its on-going work to achieve a property portfolio of SEK 55 billion by 2021 and achieve and retain a BBB+ credit rating.

In November 2019, the Group successfully issued senior unsecured bonds totalling SEK 2,250 million under the EMTN Programme (as defined below). The proceeds from these issuances will be used for general corporate purposes.

In November 2019, the Issuer also acquired 23 schools and preschools in Stockholm from the municipal property company, SISAB. The properties have a total lettable area of approximately 17,700 square metres and have rental income of just over SEK 25 million and all premises are fully let.

On 18 November 2019, S&P upgraded the Issuer's ratings outlook from stable to positive, which means that the Issuer's new rating is BBB- with positive outlook for ratings on the Issuer and its senior unsecured debt.

VISION, MISSION AND VALUES

Ilija Batljan founded the Issuer in March 2016 with a vision to create the best Nordic property company focused on residentials and social infrastructure properties. The Issuer's strategy is to have a long-term view on ownership, management and development of rent-regulated residential properties in Sweden and social infrastructure properties in the Nordics. Further, the Issuer aims to actively carry out property development where cash flow properties can be converted into building rights for social infrastructure.

COMPETITIVE STRENGTHS

The Group believes that the following competitive strengths provide the Issuer with a strong operational platform building on its experience, market knowledge and relationships, and represent the primary drivers for the Issuer's business success.

Differentiated strategy of focusing on low-risk social infrastructure offering attractive yields, underpinned by strong relationships with municipalities

The Issuer is a major Nordic social infrastructure property company. The Group owns a property portfolio across Sweden, Norway, Finland and Denmark with a gross asset value of SEK 30.8 billion as of 30 September 2019. The Group generates most of its income from the management of its social infrastructure property portfolio, which includes community services properties, such as elderly care homes, schools and group housing for people with disabilities, municipal and government agency office buildings and healthcare centres.

Community service properties in the Nordic region are typically financed and owned by municipalities or governmental agency tenants, and it is estimated that approximately 80 per cent. of these properties are currently in public ownership. Municipal and governmental organisations as tenants are characterised by lower counterparty risk due to their strong sovereign credit ratings and the relatively low national debt of Nordic countries in comparison to other EU nations. The Group has a history of actively working with many municipalities, states, regions and tax-funded welfare providers in the Nordic countries and only six months after its founding, the Group completed its first transaction with a Swedish municipality. The Group has continued to develop very positive relationships with municipal, county and state authorities and has engaged in transactions with municipalities throughout Sweden such as Stockholm, Skellefteå, Huddinge, Borlänge and Karlskrona collaborating on projects involving the development of new community service properties and building properties specifically adapted for community service purposes. For example, in November 2019, the Issuer acquired 23 schools and preschools in Stockholm from the municipal property company, SISAB, for SEK 421.5 million. In 2018, the Group acquired the culture centre in Skellefteå, which is set to house the county theatre, a museum, an art gallery and a new city library for over SEK 1 billion with the municipality as the sole tenant on a 50-year lease agreement. In 2017, the Issuer acquired a portfolio with education properties in Huddinge for SEK 200 million. These relationships together with a long-term perspective and a proven track record provides the Group with favourable opportunities to acquire social infrastructure properties from municipalities thereby increasing its market share and also helping the Group become a long-term reliable partner for municipalities and governmental agencies. Additionally, as the market for social infrastructure benefits from a number of strong underlying growth trends, such as a high demand for additional social infrastructure properties coupled with stretched public balance sheets, there is a significant opening for private investment in the sector as for example, the required number of elderly homes and high schools expected to be needed by municipalities in 2022 exceeds the number of planned units for 2019 to 2022 by 2.4 and 4.3 times, respectively. Additionally, the rent per square metre for new build health care, education, group housing for people with disabilities and elderly care properties as of 30 September 2019 was 2.8, 1.8, 2.0 and 1.8 times more, respectively, than the rent per square metre for the Group's corresponding properties. Therefore, should rent levels increase to market levels, the Group is positioned to benefit from improved margins.

Social infrastructure properties are also characterised by long leases. As of 30 September 2019, the Group had average lease lengths of seven years for its community service properties. A clear majority of tenants in the Group's community service properties renew their leases, and as of 30 September 2019, 32 per cent. of leases expiring between 2019 and 2022 had been in place for more than 20 years, and 68 per cent. had been in place for more than 10 years. Furthermore, the Group recently signed a 50-year lease for the culture centre in Skellefteå, which is one of the wealthiest Swedish municipalities. In the social infrastructure segment, the majority of the Group's tenants renew their leases, and the Group experiences low tenant turnover in addition to its long lease length ensuring stability, long-term value and security.

Rent-regulated residential portfolio in Sweden ensures low tenant turnover and income stability with significant potential

The Group only invests in Sweden based on the strict and predictable Swedish rent regulations. The Swedish market has a much stricter regulation than other Nordic countries, which, combined with strong population growth, makes Swedish rent-regulated rental apartments one of the world's safest asset classes according to the Issuer. Market regulation has led to insufficient new production of housing, which has led to a widespread shortage of housing and high housing demand in municipalities. The waiting period for housing in Sweden currently is approximately ten years in Stockholm and three years on average in the rest of Sweden. In 2018, 84 per cent. of municipalities reported a need for additional housing, which reflected a slight decrease from 2017, but this reported need has generally increased over the previous five years from 43 per cent. in 2013 to 52 per cent. in 2014, 63 per cent. in 2015 and 83 per cent. in 2016. The Group's rent-regulated residential properties are primarily located in favourable locations across approximately 30 Swedish cities that are currently exhibiting positive population growth and will therefore have an increased need for rental properties. As rent levels are regulated and usually below market levels resulting in high demand for rental properties, the Group's management believes that the Issuer is well positioned to benefit from these demographic developments and generate a stable net operating income and a solid risk-adjusted yield. The Group's rent-regulated residential portfolio as of 30 September 2019 was valued at SEK 13,941 per square metre, while new construction cost (including land) for new apartments in Sweden is SEK 45,175 per square metre, illustrating the opportunity for additional growth. The Group's rent per square metre for its residential properties as of 30 September 2019 was SEK 973 compared to SEK 1,742 per square metre in new build apartments, which positions the Group to benefit from improved margins if rents increase towards market levels and to conduct rent increasing apartment renovations. Additionally, as rent-regulated residential properties in Sweden are characterised by high demand and insufficient supply, the Group experiences low levels of tenant turnover and near-zero long-term vacancies. The Group's rent-regulated residential property portfolio maintained an Economic Occupancy Rate of 93.9 per cent. as at 30 September 2019, with most of the vacancies being assets that are under renovation in accordance with the Group's ongoing renovation programme that is targeting the renovation of 600 units per year.

Recurring additional income streams from renovations, property development and transactions

The Group has three additional income streams besides ordinary property management: renovations, property development activities and real estate transactions. The Group renovates and refurbishes apartments within its portfolio and as a result of these efforts is able to generate yearly returns of approximately 7-9 per cent. on investments. Since its founding the Group has increased the number of apartments it renovates each year and the long-term goal is to renovate 600 apartments per year. During the nine months ended 30 September 2019, the Issuer began renovations of 476 apartments, of which 311 were complete as of 30 September 2019, and signed agreements for the renovation of an additional 232 apartments, of which half are expected to begin in the fourth quarter of 2019. This is compared to the renovation of 415 and 138 apartments in the years ended 31 December 2018 and 2017, respectively.

The Issuer additionally derives income from developing and selling building rights for social infrastructure. The Group has a proven track record of acquiring properties and after re-zoning these properties to create building rights for social infrastructure properties, achieving increased valuations. Lastly, the Group also derives a portion of its income through property transactions.

The Group's income from property management combined with additional income streams all contribute to a large value creation and possibilities to perform additional investments to expand the Group's property portfolio.

Possibilities to acquire mixed portfolios

Swedish municipalities often own community services and rent-regulated residential properties together and often seek out companies that have the ability, organisation and long-term perspective necessary to invest in and develop both rent-regulated residential and community service properties. Although there is competition to acquire these types of portfolios, few companies have the ability to acquire portfolios made up of properties from both segments. The Issuer is one of the few companies able to acquire mixed portfolios and is therefore well positioned to seize opportunities in the market.

Investment grade credit rating ensures broad access to capital markets and financial flexibility

The Group maintains a strong capital structure that is diversified across different types of debt instruments. As of 30 September 2019, a majority of its debt portfolio (excluding commercial paper) had maturities longer than five years. Excluding commercial paper, 53 per cent. of the Group's debt had maturities longer than five years. Including commercial paper, 49 per cent. of the Group's debt had maturities longer than five years. As a result of its strong balance sheet position and funding mix, the Group has an investment grade rating of BBB- (stable) from Fitch and BBB- (positive) from S&P and aims to achieve a BBB+ rating from both agencies during the next 12 months. The Group's average interest rate on its debt obligations as of 30 September 2019 was 1.75 per cent., reflecting a steady decrease from 2.49 per cent. as of 30 September 2018 and 3.36 per cent. as of 31 December 2017. The Group's current rating signals the Group's stability and lowered risk of default. As a result of its rating the Group has broad access to capital markets and financial flexibility in order to fund its acquisitions and pursue its growth strategy.

Highly experienced management team, scalable platform and reputable owners

The Issuer's active and hands-on management team has vast experience in the development and management of both community services properties and rent-regulated residential properties and is highly qualified to implement the Group's growth strategy. The Chief Executive Officer Ilija Batljan founded the Issuer in March 2016 and has held multiple corporate and municipal management positions in Sweden and internationally. The Group's seven person management team, which includes the Group's Chief Executive Officer, Chief Operating Officer/Deputy Chief Executive Officer, Head of Property Development/Deputy Chief Executive Officer, Chief Financial Officer, Business Development Manager, Investor Relations Manager and the Finance Manager, have an average of 23 years of experience in the property development, property management and project development industry and are supported by a highly dedicated, reputable and diverse Board of Directors with extensive expertise in the real estate industry. The Head of Asset Management is an adjunct member of the management team. As a result, the Group believes that the expertise and dedication of the Group's senior management team provide it with the skills, knowledge and expertise necessary to pursue and execute its strategy.

STRATEGY

The Issuer aims to generate sustainable and attractive returns and create long-term value with a low-risk profile. Additionally, the Issuer intends to actively manage its portfolio in major cities across Sweden, Norway, Finland and Denmark and to cover the full real estate value chain with its integrated organisational platform and local market presence. Backed by its strong relationships with Nordic municipalities, the Issuer's core strategy is to generate income from property management by investing in community services properties in the Nordic and rent-regulated residential properties in Sweden. This is further supplemented by additive income streams, including income from value-enhancing capital expenditures on renovations in its social infrastructure portfolios, from property development activities and from real estate transactions in which the Issuer's experienced transaction team acquires properties and divests matured properties to continue building the Group's diverse portfolio.

The strategic focal point for the Issuer is to create sustainable long-term value for all of its stakeholders and includes the following strategies.

Continuing to be the partner of choice for municipalities and further build existing and new relationships while responding to housing demands

The Group aims to be a natural, reliable and long-term partner in the public sector in the Nordic region and delivers its social infrastructure properties in close cooperation with the primary providers of care services, which are often municipalities and county councils. The Group maintains robust relationships with municipal, county and state authorities and has engaged in transactions with municipalities throughout Sweden such as Stockholm, Skellefteå, Huddinge, Borlänge and Karlskrona. The Group has also acquired properties from both the Danish and the Norwegian Governments and is involved in discussions regarding new transactions with municipalities throughout the countries in which it operates. These relationships provide the Group with favourable opportunities to acquire social infrastructure properties from municipalities. Due to the growing prevalence of aging populations in the Nordic region, with Finland and

Sweden in particular being amongst the countries with the highest proportions of their populations being made up of people aged 65 years and older worldwide, it is expected that there will be an increased need for quality welfare services and residential care properties with an estimated unit demand for 300 new elderly care homes in Sweden in 2022. As one of the Nordic region's largest players in the field of elderly care homes and for group housing for people with disabilities, the Issuer is well positioned to respond to these demographic changes. The Group's strategy therefore involves maintaining these strong relationships with municipalities and governmental tenants through ongoing discussions for the development of new community service properties. As approximately 80 per cent. of community service properties are currently publicly owned, the Group aims to increase its 1 per cent. market share and build upon its strong position as a partner of choice to municipalities in the Nordic region. Additionally, Sweden's residential market is characterised by rent regulation and a shortage of housing. As a result of rent regulations in Sweden, rent charged is strictly controlled, based on the standard of each apartment, compared with equivalent residential units in comparable areas. The demand for residential properties is expected to increase as a result of continuing population growth. Additionally, lengthy zoning plan processes and delays in construction further add to this shortage. There are 290 municipalities in Sweden and, according to a survey carried out by the National Board of Housing, Building and Planning in May 2018, 243 of the 288 participating municipalities assessed that there was a shortage of housing in their respective municipality. The Group's strategy involves the Issuer responding to this housing demand and remaining municipalities' partner of choice in meeting this need.

Generating income from property management

The Group's community service and residential portfolios provide a sustainable and stable source of income and the Group's strategy is focused on maintaining and developing this income stream. The Group additionally aims to generate stable and low-risk income through developing and selling building rights. Due to an expected increase in the need for community services and residential properties owing to demographic developments and a shortage of housing the Group aims to maintain its strong relationships with municipalities and continue engaging in value creating development as well as management of its existing portfolio.

Generating income from development of social infrastructure building rights

The Group aims to generate low-risk income through the acquisition and sale of attractive properties and their associated building rights. As part of the Group's strategy to generate income, the Group focuses on municipalities with favourable demographics such as underlying population growth and a high demand for housing and identifies properties in these localities with a yield of approximately 4-6 per cent. Prior to acquisition, the Group assesses the potential of the target property and engages in discussions with municipalities to ascertain whether the target acquisition and its surrounding location are suitable for development. Once the Group has acquired and conducted development of a new zoning plan, the Group can thereafter choose to sell the property or retain a percentage of ownership through its participation in joint ventures with experienced project developers where the Group's counterpart takes responsibility for production or construction risks associated with the development. Great opportunities to develop building rights also exist within the current portfolio of social infrastructure properties, where many of the Group's properties have large green- and/or parking spaces well suited for building rights development. The Group intends to continue seeking attractive acquisition opportunities with unrealised building rights that are primed for development. The Group's strategy contributes to diversifying the income streams and to strengthen its important relationships with municipalities by producing and developing building rights for social infrastructure to meet the municipalities current and upcoming needs.

Generating income from renovations

The Group derives a significant portion of its income through the renovation of properties in its community services and apartments in its rent-regulated residential properties portfolio. The Group has a history of performing income generating renovations, and in the first nine months of 2019 began the renovation of 476 apartments, of which 311 were completed and signed agreements for the renovation of an additional 232 apartments, of which half are expected to begin in the fourth quarter of 2019. The Group also renovated 415 and 138 apartments in 2018 and 2017, respectively. In the course of its renovations, the Group also explores opportunities to redesign apartments within its existing portfolio in order to upgrade the standard of each of the apartments, increase the apartment's modernity and safety and create extra rooms per apartment so that the property and the apartments can be better utilised in the future. A significant portion of the Group's rent-regulated residential portfolio was built between 1960 and 1975 and therefore may require refurbishment in order to meet current and future tenant requirements for quality and comfort as well as to meet current technical standards. As only approximately 10 per cent. of the Group's portfolio has been renovated, the Group's strategy centres on capturing additional value from its remaining un-renovated residential portfolio utilising refurbishments and renovations to increase the attractiveness of its properties. The Group has a long-term target of renovating a total of approximately 600 apartments per year. These renovations may increase the number of apartment points awarded to each unit and also allow the Group to reach agreements with various tenant associations to increase rent levels that recognise the value added by the renovation. See *"—The Group's Business Model—Property Portfolio—Property Management—Swedish Rent-regulated residential properties*" for additional details on the utility value system for determining rent levels in Sweden.

Generating income from real estate transactions

The Issuer's transaction team, which the Group believes is the most experienced social infrastructure property transaction team in the Nordic region, has an unparalleled track record of closing transactions that has often made it the first potential buyer approached by private and public sellers before they begin a more broadly marketed sale process. These off-market transactions provide the Group with a competitive advantage to acquire portfolios of social infrastructure properties. The Group intends to continue to acquire portfolios of social infrastructure properties in these off-market transactions to maintain this competitive advantage. In the nine months ended 30 September 2019, the Group acquired properties for SEK 9,595 million and disposed of properties for SEK 6,339 million for a net change of real estate transactions of SEK 3,256 million. Engaging in real estate transactions and selling developed and matured properties allows the Group to recycle capital for use in new acquisitions.

THE GROUP'S BUSINESS MODEL

Overview

The Issuer's business focus is to make sound decisions that generate profit for its shareholders and benefit society as a whole by:

- being a natural and reliable partner to the public sector in the Nordic welfare states through its focus on the long-term ownership, management and development of community services properties in Sweden, Norway, Finland and Denmark;
- owning, managing and developing rent-regulated residential properties throughout Sweden; and
- acting as a social infrastructure builder and long-term partner to municipalities, countries and state authorities, by working actively to create building rights for social infrastructure.

Operating and financial targets

The operating and financial targets set forth below constitute forward-looking information that is subject to considerable uncertainty. The operating and financial targets are based upon a number of assumptions relating to, among others, the development of the Group's industry, business, results of operations and financial condition. The Group's business, results of operations and financial condition, and the development of the industry and the macroeconomic environment in which it operates, may differ materially from, and be more negative than, those assumed by the Group when preparing the operating and financial targets set out below. As a result, the Group's ability to reach these operating and financial targets is subject to uncertainties and contingencies, some of which are beyond the Group's control, and no assurance can be given that the Group will be able to reach these targets or that its financial condition or results of operations will not be materially different from these operating and financial targets. See also "*Forward-Looking Statements*".

The Board has adopted the following financial and operating targets.

Financial targets

- Generate growth in net asset value per share, excluding dividends on shares, to average at least 12 per cent. per year over a 5-year period.
- Maintain a Loan-to-Value ratio below 50 per cent.

- Maintain an Equity Ratio of at least 45 per cent.
- Generate an income from sales of building rights amounting to an average of SEK 250-400 million per year.
- Maintain a Secured Loan-to-Value ratio of less than 30 per cent.
- Maintain an Interest Coverage Ratio of at least 3.0 times.

Operational targets

- Achieve a property portfolio of SEK 55 billion by 2021 and achieve and retain a BBB+ credit rating from both S&P and Fitch.
- Renovate at least 600 apartments per year.

Property portfolio

As of 30 September 2019, the Group owned 842 properties in 228 municipalities, with 58 per cent. of the Group's property value located in the Nordic metropolitan city regions.

Key metrics of the Issuer's property portfolio

The following table shows several key metrics of the properties in the Issuer's portfolio as of 30 September 2019, 31 December 2018 and 31 December 2017. For additional information on these metrics, including certain definitions and reconciliations, see "*Selected Consolidated Financial, Operating and Other Data—Non-IFRS financial data and reconciliations—Key performance indicators and other historical financial and operating data*".

	As of 30 September		**As of 31 December**	
	2019	**2018**	**2018**	**2017**
Number of properties	842	782	570	749
Leasable area of properties (m^2 thousands)	1,795	1,402	1,330	1,366
Gross asset value of properties (SEK millions)	30,776	25,122	25,243	23,001
Gross asset value of properties per square metre (SEK) (excluding value of building rights)	16,401	17,002	17,979	15,976
Passing Rent (SEK millions)	2,003	1,637	1,585	1,588
Passing Net Operating Income (SEK millions)	1,374	1,139	1,112	1,111
Net Initial Yield (%)	4.7	4.8	4.7	5.1
Economic Occupancy Rate (%)	95.3	96.9	96.2	96.8

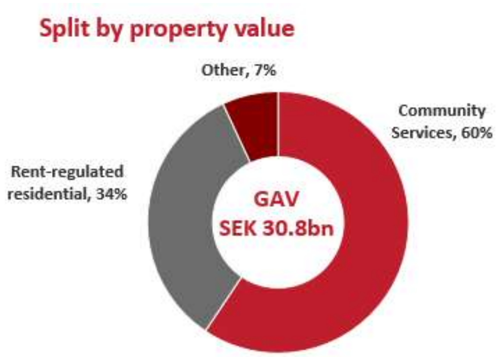
The following tables show these key metrics for the Group's community services properties, rent-regulated residential properties and other properties as of 30 September 2019.

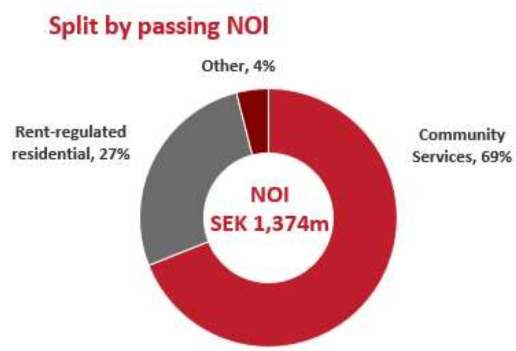
	Community Services	**Rent-Regulated Residential**	**Other**
Number of properties	517	300	25
Leasable area of properties (m^2 thousands)	874	716	205
Gross asset value of properties (SEK millions)	18,337	10,336	2,103
Gross asset value of properties per square metre (SEK) (excluding value of building rights)	20,696	13,941	6,666
Passing Rent (SEK millions)	1,195	697	112
Passing Net Operating Income (SEK millions)	953	368	53
Net Initial Yield (%)	5.3	3.7	3.9
Economic Occupancy Rate (%)	97.5	93.9	83.9
WAULT of community services properties (years) (2)	7	n/a	n/a

Geographic locations of the Issuer's property portfolio

The Group's property portfolio is located entirely in the Nordic region with 94 per cent. of the Group's property portfolio consisting of social infrastructure properties as of 30 September 2019. Properties in Sweden accounted for 83 per cent. of the gross asset value of the Group's property portfolio as of 30 September 2019. As of that date, community services properties in Sweden, Norway, Finland and Denmark accounted for 42 per cent., 9 per cent., 6 per cent. and 1 per cent., respectively, of the gross asset value of the Group's property portfolio. Rent-regulated residential properties in Sweden made up 34 per cent. of the gross asset value of the Group's property portfolio and the remaining 7 per cent. of the gross asset value of the Group's property portfolio as of 30 September 2019 was made up of cash flow generating properties in locations that municipalities in Sweden have prioritised for urban development.

Property management





Through its property management function, which is the foundation of its earning capacity, the Group receives predictable cash flows from rental income from social infrastructure properties. The Issuer's social infrastructure properties accounted for 94 per cent. of the Group's gross asset value as of 30 September 2019.

Community services properties

The Group's community services properties include properties rented by tenants that are directly or indirectly tax funded, resulting in limited tenant churn and minimal counterparty risk. Tenants are engaged in activities such as care for the elderly, education, providing group housing for people with special needs, municipal and state administration and healthcare. Examples of tenants in the Group's community service properties include the Swedish and Norwegian states, Boden and Linköping municipalities and Västra Götaland County, amongst others.

The Issuer is one of the Nordic region's largest players in the field of elderly care homes and is the owner of group housing for people with disabilities in the Nordics with approximately 250 such properties. The Group's aim is to offer modern care properties in close cooperation with the main providers of care services, which are often municipalities and county councils, but also include private companies that benefit from tax funding.

Passing Rent for the community services properties segment as of 30 September 2019 was SEK 1,195 million, of which elderly care accounted for 26 per cent., education accounted for 23 per cent., group housing for people with special needs accounted for 21 per cent., municipality houses and ministry accounted for 11 per cent., healthcare accounted for 9 per cent., offices accounted for 8 per cent. and police and justice accounted for 2 per cent.

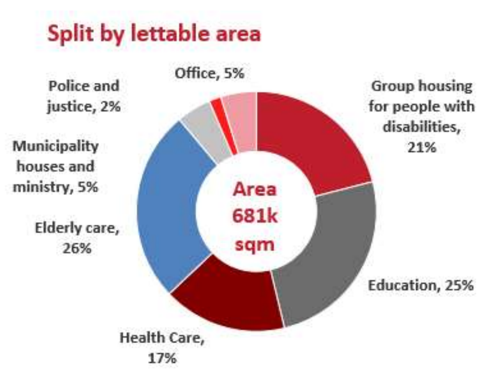
As shown in the table below, as of 30 September 2019, the Group's top 10 community services properties tenants by Passing Rent accounted for 43 per cent. of the Group's Passing Rent in this segment.

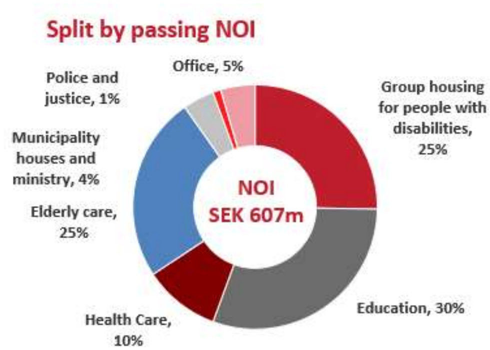
Tenant	Passing Rent	Country	Credit rating
	(%)		(S&P)
Norwegian State	12	Norway	AAA
Attendo	6	Sweden	-
Bodens Municipality	5	Sweden	AAA
Ambea	4	Sweden/Norway	-
Linkopings Municipality	4	Sweden	AA+/A-1+
Västra Götaland County	3	Sweden	AAA
Karlskrona Municipality	2	Sweden	AAA
Esperi Care	2	Finland	-
Academedia	2	Sweden	-
Lund University	2	Sweden	-
Total	**43**		

Sweden

As of 30 September 2019, the Issuer's community services properties portfolio in Sweden comprised 377 properties valued at SEK 13,001 million or SEK 18,810 per square metre (excluding value of building rights). Passing Rent for the community services properties in Sweden as of 30 September 2019 was SEK 821 million, Economic Occupancy Rate was 96.8 per cent., Passing NOI was SEK 607 million and Net Initial Yield was 4.7 per cent.

The charts below show the split by asset type for the Group's community services properties in Sweden as of 30 September 2019.

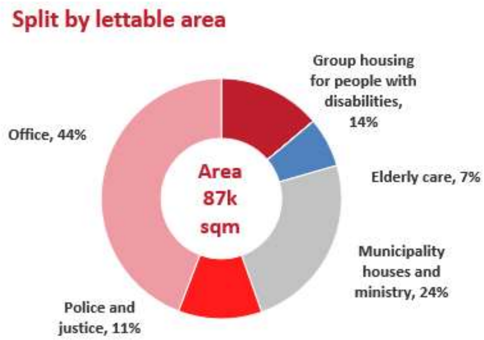


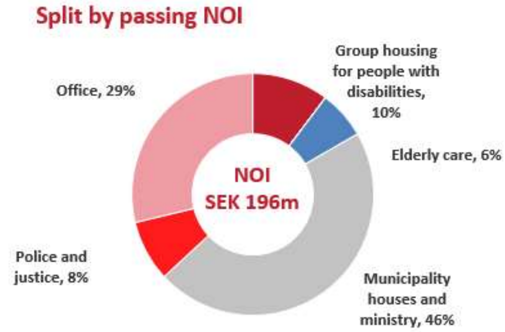


Norway

As of 30 September 2019, the Issuer's community services properties portfolio in Norway comprised 51 properties valued at SEK 2,917 million or SEK 32,666 per square metre (excluding value of building rights). Passing Rent for the community services properties in Norway as of 30 September 2019 was SEK 209 million, Economic Occupancy Rate was 98.3 per cent., Passing NOI was SEK 196 million and Net Initial Yield was 6.9 per cent.

The charts below show the split by asset type for the Group's community services properties in Norway as of 30 September 2019.

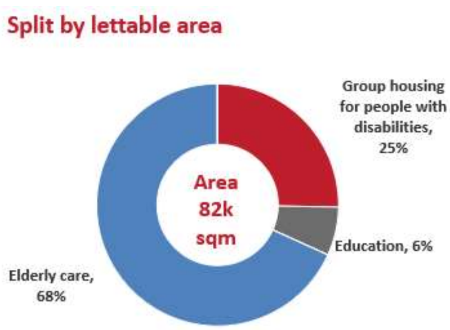


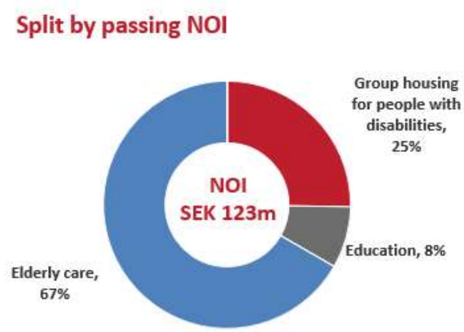


Finland

As of 30 September 2019, the Issuer's community services properties portfolio in Finland comprised 85 properties valued at SEK 1,979 million or SEK 24,236 per square metre. Passing Rent for the community services properties in Finland as of 30 September 2019 was SEK 136 million, Economic Occupancy Rate was 100.0 per cent., Passing NOI was SEK 123 million and Net Initial Yield was 6.2 per cent.

The charts below show the split by asset type for the Group's community services properties in Finland as of 30 September 2019.

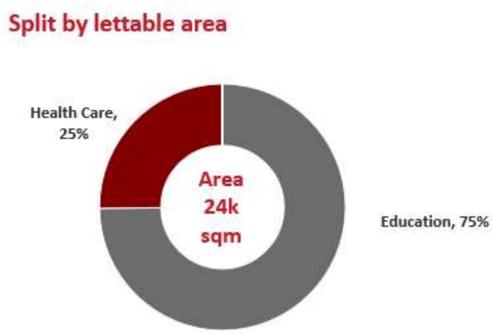




Denmark

As of 30 September 2019, the Issuer's community services properties portfolio in Denmark comprised 4 properties valued at SEK 441 million or SEK 18,672 per square metre. Passing Rent for the community services properties in Denmark as of 30 September 2019 was SEK 28 million, Economic Occupancy Rate was 100.0 per cent., Passing NOI was SEK 26 million and Net Initial Yield was 6.0 per cent.

The charts below show the split by asset type for the Group's community services properties in Denmark as of 30 September 2019.



The WAULT for the Group's community services properties as of 30 September 2019 was seven years, which does not yet take into account the 50-year lease with Skellefteå municipality for its new cultural centre that was signed in October 2018 but has not yet closed. The chart below shows the staggered maturity profile of the Group's community services properties leases as of 30 September 2019. The percentages represent the amount of the Group's Passing Rent expiring in each year.

Lease agreements for community services properties are characterised by long maturities. Newly signed leases typically have 10-15 year terms. As of 30 September 2019, of the Group's leases for community services properties that are expiring from 2019 to 2022, 32 per cent. have been in place for more than 20 years and 68 per cent. have been in place for more than 10 years. Additionally, the Group's lease agreements require the majority of tenant improvements to be paid for by the tenants, limiting the Group's unexpected capital expenditures.

The Issuer's community services properties footprint in the greater Oslo area

The Issuer has a good community services properties footprint in the greater Oslo area, an area that has Norway's highest gross domestic product ("**GDP**") per capita and accounts for 33 per cent. of national GDP. Oslo has approximately 637,000 residents, with its population increasing by around 4 per cent. between 2015 and 2018. Approximately 1,000,000 people live in the greater Oslo area and the region hosts 17 universities and educational establishments.

Swedish rent-regulated residential properties

The Issuer manages and develops rent-regulated residential properties in Swedish municipalities that are experiencing population and income growth. The Issuer owns rent-regulated residential properties in approximately 30 Swedish municipalities with a large geographical spread. However, most of the rent regulated residential properties are located in the Stockholm region, Sundsvall, Oskarshamn, Karlstad, Borlänge and Motala. The properties are generally located close to the city centre and have access to good transportation links. For example, the Issuer acquired Tellus 1, a residential property with 476 apartments. Following the acquisition, the Issuer signed an agreement with the local tenant association on an average rent after renovation of SEK 1,250 per square metre compared to an average pre-renovation rent of

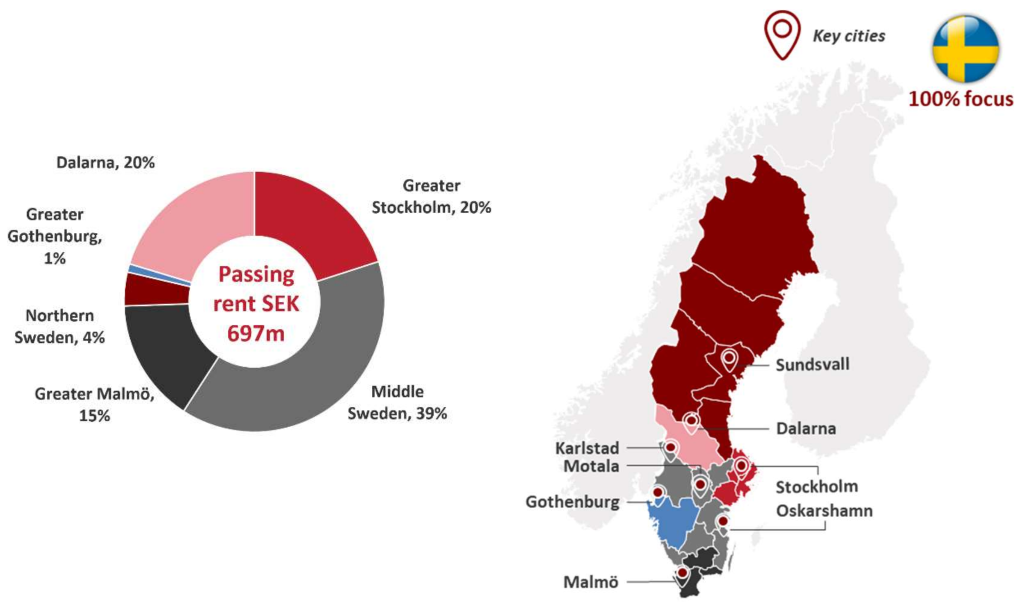
SEK 750 per square metre. At 30 September 2019, the Issuer had renovated 109 apartments in the Tellus property and had also increased the property's net operating income by SEK 0.8 million through the structuring the leasing of parking spaces. The Group has initiated a zoning plan process to create an additional 20,000 square metres of social infrastructure building rights for both residential and community services properties and has already sold 5,000 square metres for residential use.

Demand for housing in Sweden is large due to the regulated market creating queues for housing. According to a 2014 report from The Swedish Union of Tenants, the average time spent in the housing queue for a rental apartment in Sweden was approximately three years and approximately ten years in Stockholm. At the end of 2018, 640,000 people were in the Stockholm housing queue. In a 2018 survey by the National Board of Housing, Building and Planning, 243 out of 288 participating municipalities assessed that there is a shortage of housing in their municipality, with lagging construction contributing to the excess demand.

As of 30 September 2019, the Issuer's rent-regulated residential properties portfolio in Sweden comprised 300 properties valued at SEK 10,336 million or SEK 13,941 per square metre (excluding value of building rights). Passing Rent for the rent-regulated residential properties in Sweden as of 30 September 2019 was SEK 697 million, Economic Occupancy Rate was 93.9 per cent. (with most of the vacancies being attributed to ongoing renovation programmes), Passing NOI was SEK 368 million. Lettable Area was 716,144 square metres and Net Initial Yield was 3.7 per cent.

Geographic distribution

The following chart shows the geographic distribution of the proportion of Passing Rent as of 30 September 2019 allocated to the different regions of Sweden.



"**Middle Sweden**" includes the municipalities of Åmål, Åtvidaberg, Borgholm, Eda, Eksjö, Falköping, Filipstad, Forshaga, Fritsla, Gotland, Grästorp, Gullspång, Habo, Hagfors, Hammarö, Hemse, Hjo, Hultsfred, Jönköping, Kalmar, Karlsborg, Karlstad, Kil, Klinte, Kristinehamn, Laxå, Linköping, Ljungby, Mariestad, Mellerud, Mjölby, Motala, Mullsjö, Nässjö, Nora, Norrköping, Nybro, Oskarshamn, Othem, Säffle, Skara, Skövde, Sollebrunn, Sunne, Tibro, Tidaholm, Tierp, Tingsryd, Tranås, Vaggeryd, Värnamo, Västervik, Växjö, Vimmerby and Visby.

"**Greater Stockholm**" includes the municipalities of Botkyrka, Enköping, Eskilstuna, Flen, Haninge, Heby, Huddinge, Järfälla, Katrineholm, Knivsta, Nacka, Norrtälje, Nyköping, Nykvarn, Nynäshamn, Ösmo, Österåker, Sigtuna, Södertälje, Sollentuna, Solna, Stockholm, Strängnäs, Sundbyberg, Täby, Upplands Väsby, Upplands-Bro, Uppsala, Vallentuna, Värmdö and Västerås.

"**Dalarna**" includes the municipalities of Avesta, Borlänge, Falun, Gagnef, Ljusnarsberg, Ludvika, Malung-Sälen, Orsa, Sandviken, Säter, Storfors and Torsby.

"**Greater Malmö**" includes the municipalities of Åstorp, Burlöv, Hässleholm, Helsingborg, Höganäs, Höör, Hörby, Karlshamn, Karlskrona, Kävlinge, Laholm, Lund, Malmö, Örkelljunga, Simrishamn, Staffanstorp, Svalöv, Tomelilla and Trelleborg.

"**Northern Sweden**" includes the municipalities of Årjäng, Boden, Härnösand, Ljusdal, Luleå, Lycksele, Östersund, Söderhamn and Sundsvall.

"**Greater Gothenburg**" includes the municipalities of Ale, Borås, Falkenberg, Göteborg, Götene, Kungsbacka, Lilla Edet, Lysekil, Mölndal, Partille, Stenungsund, Tanum, Uddevalla, Ulricehamn and Vänersborg.

Additive income streams

Income from the Issuer's property management function is augmented by recurring additive income streams, including income from investments on renovations in its social infrastructure property portfolios, property development and real estate transactions in which the Issuer's experienced team buys and sells properties to continue building the Group's portfolio.

Income from renovations

The Issuer benefits from the unique residential renovation business model in Sweden that allows it to increase rents, which are artificially low in the regulated market, by improving the standard of an apartment. A significant part of the Group's rent-regulated residential properties portfolio was built between the years 1960 and 1975 and requires some refurbishment to meet current and future tenant requirements for quality and comfort, as well as to meet current technical standards. This is achieved by successive renovations coordinated with end of lease vacancy periods of the apartments. The Group targets value-creating renovation to a new modern standard in order to generate increased rental income and lower property costs through energy saving measures and reduced maintenance costs. Historically, the Group has achieved approximately 6-8 per cent. yield on renovation costs. Prior to renovation, an assessment is made as to whether additional value-creating changes can be made. For example, large rooms of apartments are reconfigured to create extra rooms so that the property can be better utilised in the future. The Group aims to renovate to an attractive standard that appeals to both new and existing tenants.

When a tenant moves out of an apartment, the Issuer renovates one apartment as a prototype to show the Swedish Union of Tenants and to form the basis of the negotiation. Once a normative rent is agreed, the Issuer proceeds to renovate the rest of the apartments as tenants terminate their leases. This provides a clear visibility on the potential future rental upside. The Issuer implements property development programs that enable value creation through a wide range of targeted investments and manages all aspects of value creation, including:

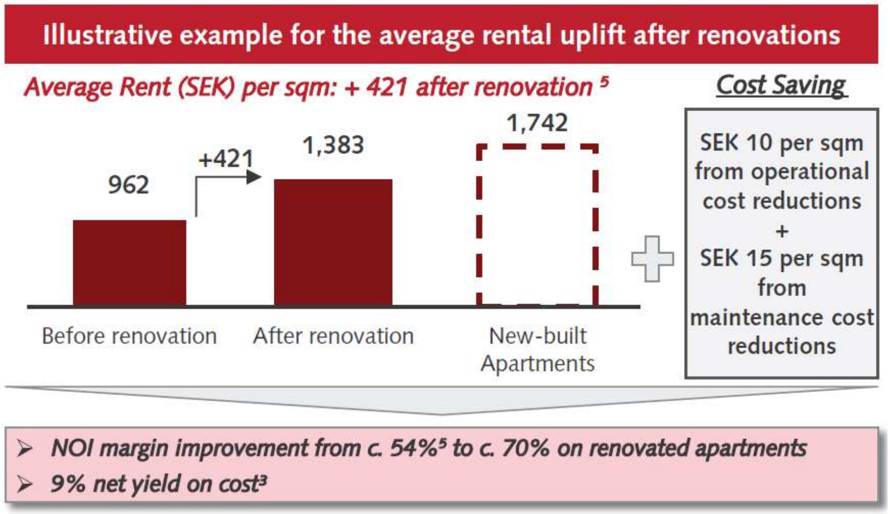
- *Apartment renovations*: standardised, pre-planned renovations of individual apartments to high quality standards; and

- *Residential conversion*: the conversion of storage, commercial premises and other non-strategic premises into residential units, as well as the review of apartment layouts in order to explore possibilities of unlocking additional living space.

An apartment renovation timeline commences when the Group receives notice of lease termination from a tenant. During what is typically a three month notice period, the Issuer conducts its inspection prior to the tenant moving out and makes a decision whether to renovate. If a decision is made to renovate the apartment the project preparation phase continues before the tenant moves out and includes measurements being taken, contractors with whom the Group has long-standing relationships, being engaged and materials being prepared at a regional logistics centre. Once the tenant moves out and the apartment becomes vacant, the shipment of material arrives and contractors immediately begin the renovation, which may take around six weeks.

Although not part of the formal renovation program that the Group has in place, the Issuer also engages in additional renovations of its properties including property upgrades involving targeted investments in properties, such as renovations of laundry rooms, entrance halls and stairways, preparation of outdoor areas or upgraded storage premises that generate additional rent-uplifts.

The graphic below provides and illustrative example the Group's average rental uplift after renovating one of its apartments.



Notes: [3] Assuming SEK 5,000 renovation cost per year (Source: Newsec report).; [5] Margin calculated based on the average cost per sqm on apartments that qualify for renovation, average rental uplift on renovated apartments and SEK 25 in total cost savings, calculated as average uplift for apartments that meet a 6% NOI return threshold. Upgraded annual rent per sqm based on the formula:

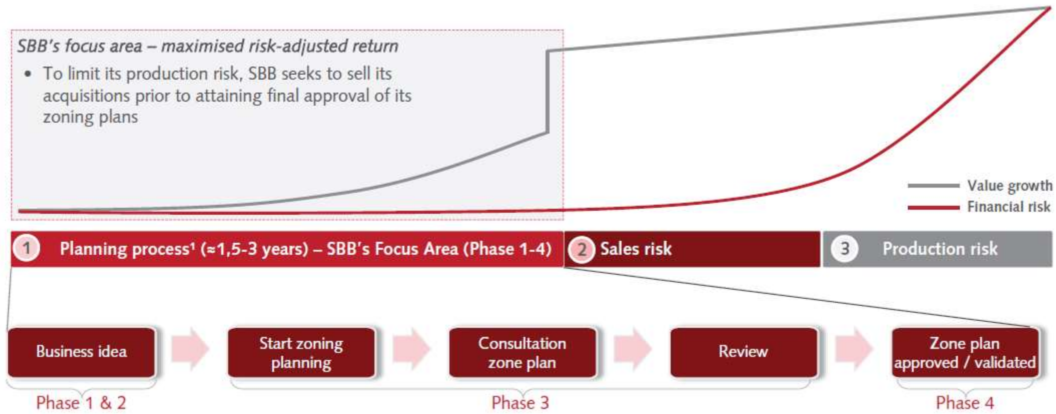
$$\text{Annual rent per sqm} = \frac{\text{Normative rent} * (\text{Area} + \text{Apartment points}) * 77}{121 * \text{Area}}$$

During the nine months ended 30 September 2019, the Group commenced the refurbishment of 476 apartments in its rent-regulated residential property portfolio, of which 311 were completed as of 30 September 2019, and signed agreements for the renovation of an additional 232 apartments, of which half are expected to begin in the fourth quarter of 2019. During the years ended 31 December 2018 and 2017, the Group renovated 415 and 138 apartments, respectively. As of 30 September 2019, only approximately 10 per cent. of the 8,708 apartments in the Issuer's rent-regulated residential property portfolio had been renovated since the Group took ownership, providing significant additional untapped value creation potential. For its current portfolio, the Group has set a long-term target of 600 renovations per year in order to capture additional value from its remaining unrenovated rent-regulated residential properties.

Income from social infrastructure building rights and selectively participating in joint ventures

The Issuer further augments income from its core social infrastructure property management business by finding both new and already existing social infrastructure properties where it can work with local municipalities to determine, prior to acquiring the property, what is required for a new zoning plan to be approved allowing for the development of community services or rent-regulated residential properties. Zoning is a complicated, time-consuming process and good relations with the municipalities and officials forms a crucial aspect of the process. The Group prepares an initial two-part acquisition analysis that assesses the current status of the chosen site and its long-term prospects. Following this, the Group conducts its due diligence, whereby the main critical factors investigated are the property's technical condition, its net operating income and any potential legal risks. The Issuer then acquires the properties, commences work on pursuing the new zoning plan and seeks to divest the re-zoned property either by selling it to, or forming a joint venture with, an experienced project developer. The project developer or the joint venture then takes responsibility for construction, including the necessary capital expenditures, upon the final approval of the zoning plan.

The graphic below provides an overview of the planning process, emphasising the Issuer's area of main focus on the planning process.



The Group's strategy is to have approximately 10 per cent. of its property portfolio made up of cash flow properties with development potential to develop building rights for social infrastructure and to achieve SEK 250-400 million per year from this development. As of 30 September 2019, the Issuer had sold 371,950 square metres of building rights to joint ventures where the Issuer is a partner. As of the date of this Drawdown Prospectus, the sale of 147,850 square metres of such building rights have closed.

The Issuer works actively to have zoning plans approved for property development within social infrastructure for various purposes (e.g., rent-regulated residential, community services properties and cooperatively owned housing). The Issuer also has extensive experience of conducting sales of building rights early in the planning process with closing after the zoning plan is approved. The Issuer's property development organisation is also responsible for project development that takes place within the Issuer's property portfolio as well as joint ventures related to property development.

As of 30 September 2019, the Group had ongoing development projects in various phases of the planning process with a total area of 1,020,350 square metres. The planning process consists of various phases and the Issuer categorises them as follows: initial project coordination (phase 1); projects pending formal planning decision (phase 2); projects with formal planning processes initiated (phase 3); and projects with new zoning plans granted (phase 4). While the timelines for various projects vary depending on how the projects are prioritised in phases 1 and 2, the Group generally expects between 18 and 36 months to elapse during phases 3 and 4. As of 30 September 2019, the Group's other segment comprised properties in phase 1 with a gross floor area ("**GFA**") of 96,140 square metres, a book value of SEK 20 million or 9.4 per cent. of the property development portfolio, properties in phase 2 with a GFA of 91,000 square metres, a book value of SEK 64 million or 8.9 per cent. of the property development portfolio, properties in phase 3 with a GFA of 665,920 square metres, a book value of SEK 817 million or 65.3 per cent. of the property development portfolio, and properties in phase 4 with a GFA of 167,290 square metres, a book value of SEK 442 million or 16.4 per cent. of the property development portfolio.

The Group has closed sales for 158,450 square metres of properties that were previously in the Group's other segment for SEK 409 million on or prior to 30 September 2019 with a value of SEK 2,581 per square metre. In addition, as of 30 September 2019, a GFA of 414,650 square metres of property development properties had sold for SEK 1,447 million, with a value of SEK 3,490 per square metre, and with closing after the zoning plan has been approved.

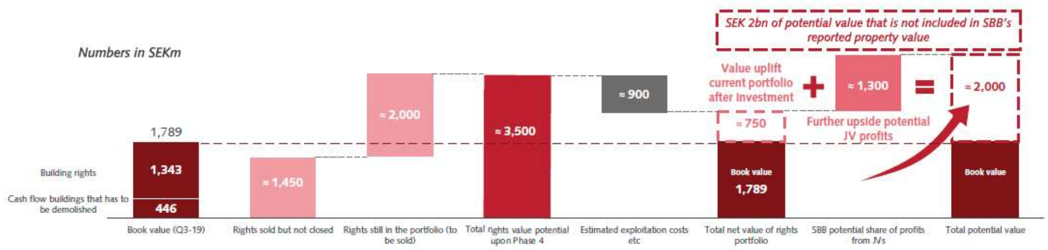
The table below shows the total area and book value of the Group's property development properties by planning phase.

Planning phase	**GFA building rights**	**Book value**	**Book value per m²**
	(m²)	*(SEK millions)*	*(SEK)*
Phase 1	96,140	20	207
Phase 2	91,000	64	703
Phase 3	665,920	817	1,227
Phase 4	167,290	442	2,642
Total	**1,020,350**	**1,343**	**1,316**

The table below shows the split by square metres of the building rights (i) that have been sold, but had not yet closed as of 30 September 2019 and (ii) that had not been sold as of that date.

Sales Status	GFA building rights	Value	Value per m^2
	(m^2)	*(SEK millions)*	*(SEK)*
Sold, but not closed building rights	414,650	1,447	3,490
Unsold building rights	605,700	2,013	3,323
Total	**1,020,350**	**3,460**	**3,391**

The Group believes that the potential value of the development portfolio is greater than the book value based on its estimates of the value of the unsold building rights in the portfolio when they enter phase 4 and estimates of further upside potential from joint venture development profits. The illustration below shows the Group's view of the potential value of the development portfolio.



Income from real estate transactions

The Issuer's transaction team, which the Group believes is the most experienced social infrastructure property transaction team in the Nordic region, has an unparalleled track record of closing transactions that has often made it the first potential buyer approached by private and public sellers before they begin a more broadly marketed sale process. These off-market transactions provide the Group with a competitive advantage to acquire diverse portfolios of social infrastructure properties.

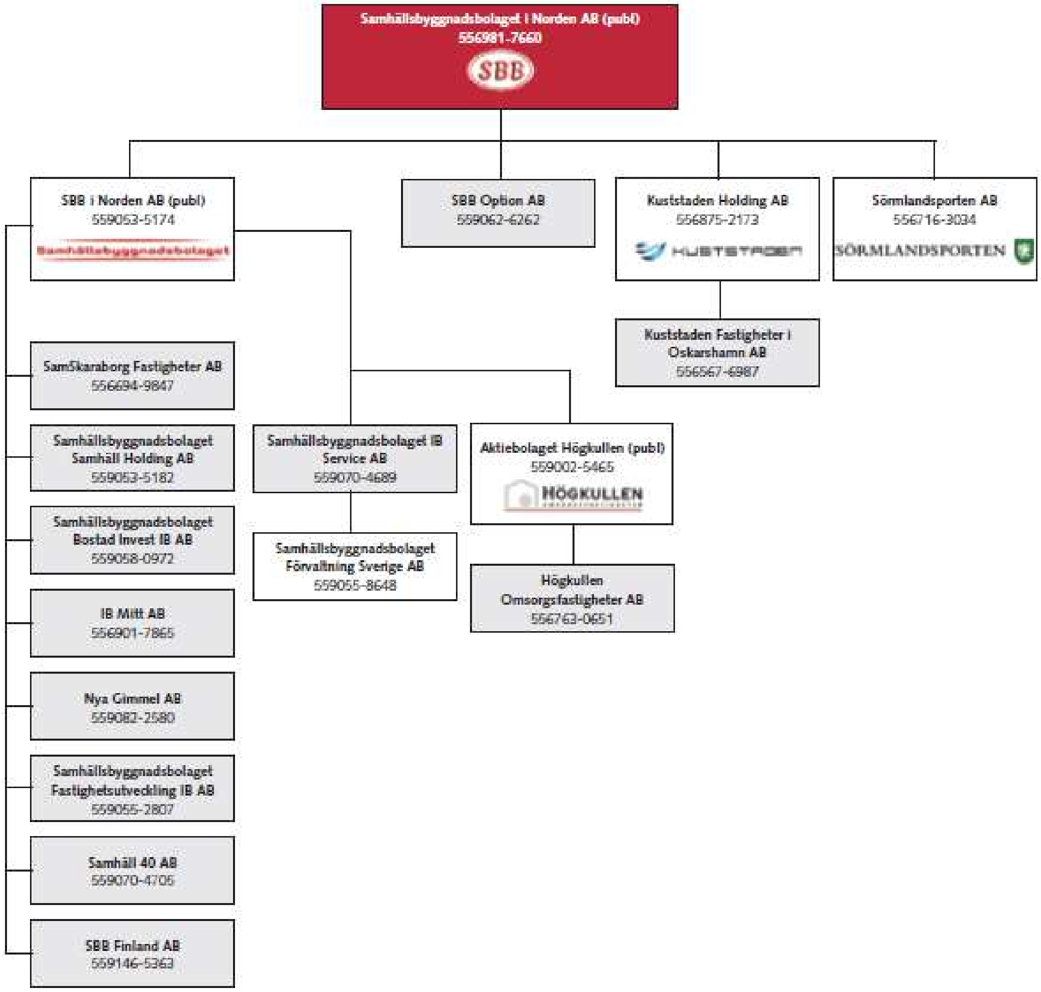
The table below shows the value creation of the Group's property real estate transactions for the nine months ended 30 September 2019 and the years ended 31 December 2018 and 2017.

	Nine months ended 30 September	Year ended 31 December	
	2019	2018	2017
		(SEK millions)	
Gross asset value of properties at beginning of period	**25,243**	**23,001**	**7,572**
Acquisitions	9,595	3,597	13,470
Investments	474	311	209
Disposals	(6,339)	(3,359)	(729)
Translation difference	359	176	(311)
Unrealised changes in value	1,444	1,517	2,790
Gross asset value of properties at end of period	**30,776**	**25,243**	**23,001**

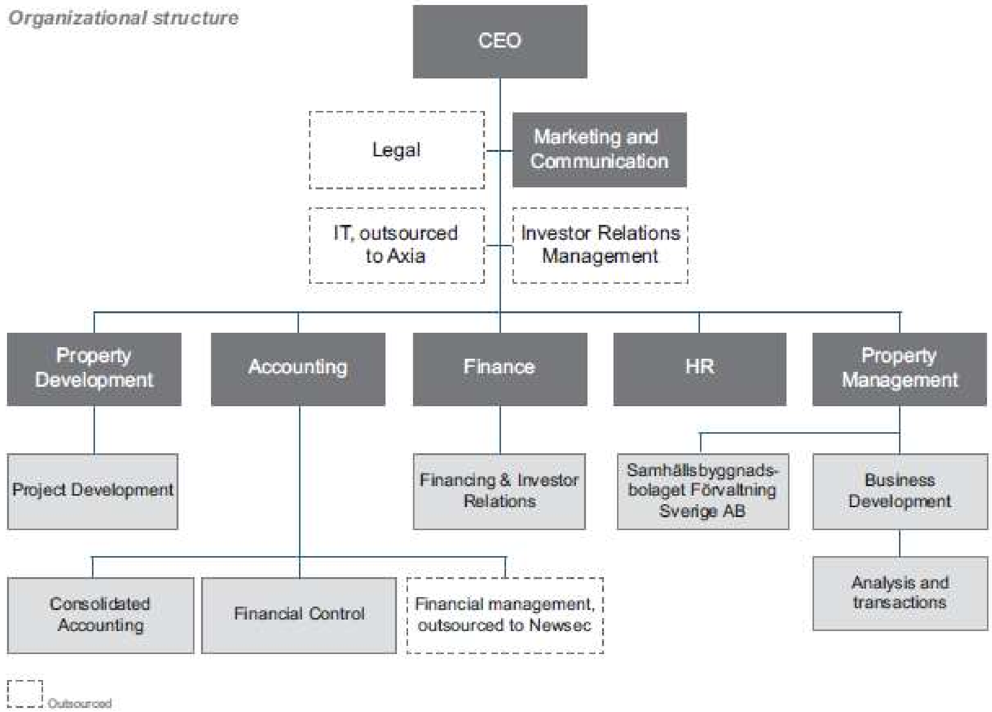
OVERVIEW OF THE GROUP'S STRUCTURE

The Group's operations are mainly carried out by its direct and indirect subsidiaries and the Group is largely dependent on its subsidiaries in order to generate profit and cash flow. Samhällsbyggnadsbolaget i Norden AB (publ) is the parent company of the Group. As of 30 September 2019, the Group comprised 618 entities (including the parent company) formed in Sweden, Norway, Finland and Denmark.

The following chart illustrates the key companies within the Group as of 30 September 2019.



The following chart shows the Group's organisational structure.



Internal functions

The Group has an in-house team of employees focusing on transactions, property management and property development.

Property development

When working on re-zoning plans for the development of building rights for social infrastructure, the Group coordinates with municipal urban planning departments in various parts of the Nordics. The Issuer either sells the building rights outright or forms joint ventures with external financiers and contractors. The Group's Property Development Manager and Deputy Chief Executive Officer are responsible for these processes along with a team of five employees.

Accounting and finance

The Group's CFO is responsible for the accounting department, which includes internal resources for financial control and consolidated accounting. The Group's Head of Finance is responsible for the capital markets department, which includes financing and investor relations.

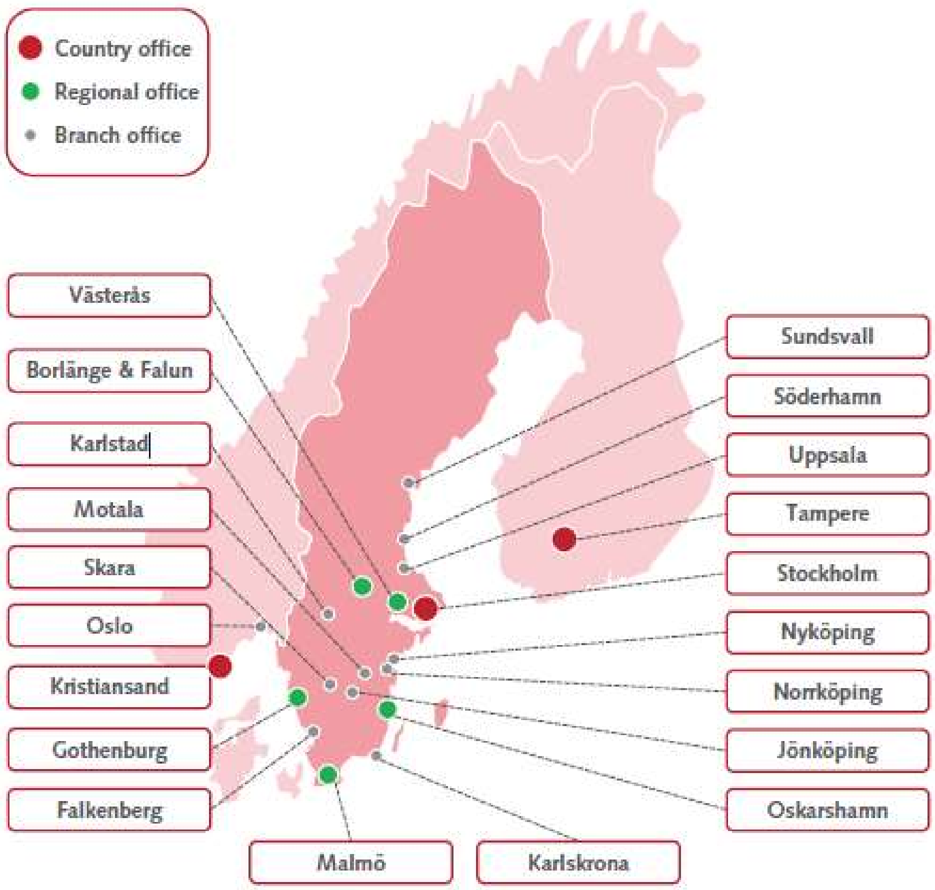
HR

HR is a separate department within the Issuer headed by the Issuer's Head of HR.

Property management

The Group has an internal property management organisation, which contracts with external parties to provide services relating to the Group's property portfolio. The Group's property management department is headed by Lars Thagesson, the Group's Deputy Chief Executive Officer and Chief Operating Officer.

The Issuer has an experienced asset management team with local market knowledge and a presence in all of the Group's major investment markets. The Group's network of country offices, regional offices and branch offices is shown below.



Outsourcing arrangements

The Group outsources its information technology and accounting functions and uses external counsel for legal services.

Legal

The Group does not have an internal legal department, but instead relies on external counsel with expertise in the relevant area as needed.

Information technology

The Issuer has entered into a Swedish law-governed agreement with Axia IT AB pursuant to which Axia IT AB develops and manages the Group's information technology infrastructure and operations. The agreement runs until 31 January 2020, unless extended no later than three months prior to that date.

Financial management

The Issuer has entered into a Swedish law-governed administrative services agreement with Newsec Asset Management AB pursuant to which Newsec Asset Management AB shall provide accounting services, including financial management, valuation and communication services, as well as administrative services regarding rents and agreements, property transactions and matters relating to budgets, prognoses and analyses. The agreement runs until 31 March 2023 and thereafter is subject to automatic one-year extensions, unless otherwise terminated in accordance with its terms.

EMPLOYEES

The Group believes that the knowledge, experience and commitment of its employees are key to the successful operation of its business and emphasises a work environment that promotes employee development. In keeping with this, the Group maintains an incentive program for current and future employees that entitles employees to subscription of a certain number of Class B shares.

The Group has strong teams in its various divisions including property management, property development, marketing and communications, finance, accounting and human resources and the Group's future development and its employees are focused on property acquisition and disposals, property development activities and cost-effective property management.

The Group had 137 full-time employees as of 30 September 2019 as well as 14 part-time employees and three consultants. Approximately 90 per cent. of the Group's employees are focused on property management and six are focused on property development.

The following table shows the number of full-time employees of the Group in each location in which the Group operates as of 30 September 2019, 31 December 2018, 31 December 2017 and 31 December 2016.

	As of 30 September	As of 31 December		
	2019	**2018**	**2017**	**2016**
Sweden	132	99	37	5
Norway	4	4	4	-
Finland	1	1	-	-
Total	**137**	**104**	**41**	**5**

CORPORATE AND SOCIAL RESPONSIBILITY

The Group employs a sustainability strategy that aims to take responsibility for the long-term economic, environmental and social results of its business practices and operations. An environmentally conscious perspective permeates all of the Group's properties and since its founding, the Group has focused on minimising the environmental impact and CO_2 emissions released as a result of its operations and within its property portfolio. In 2017, the Group mapped and selected areas as part of its plan to reduce CO_2 emissions. The Group maintains as its core focus the decrease in its CO_2 emissions by at least 400 tonnes per year between 2018 and 2023. In February 2019, the Issuer announced that it would be initiating investments in a unique project that is expected, through the use of heat pumps and heat recovery from exhaust air and wastewater, to decrease CO_2 emissions by 75 per cent. in a residential area with 476 apartments in Motala, Sweden. The Group is also actively engaged in cooperating with third party energy product developers Watts2YOU, to develop solar energy modules to be used in the Group's heat pumps and it also hopes to decrease its energy consumption by at least 50 per cent. In October 2019, the Group initiated a collaboration with Skellefteå Kraft that will supply 100 per cent. origin certified renewable electricity to all of the Issuer's Swedish properties, which will lead to CO_2 emissions 15,000 tonnes lower per year than if the energy was used according to the Nordic residual mix and nuclear fuel waste saving will be just under 70 kilograms.

The Group is committed to upholding its social responsibility and the Group's employees actively participate in community-oriented sustainability work in the places where the Group's properties are located. The Group also collaborates with non-governmental organisations such as the Mentor Sverige program, an initiative designed to encourage healthy and drug-free lifestyles and employees are actively involved in this program.

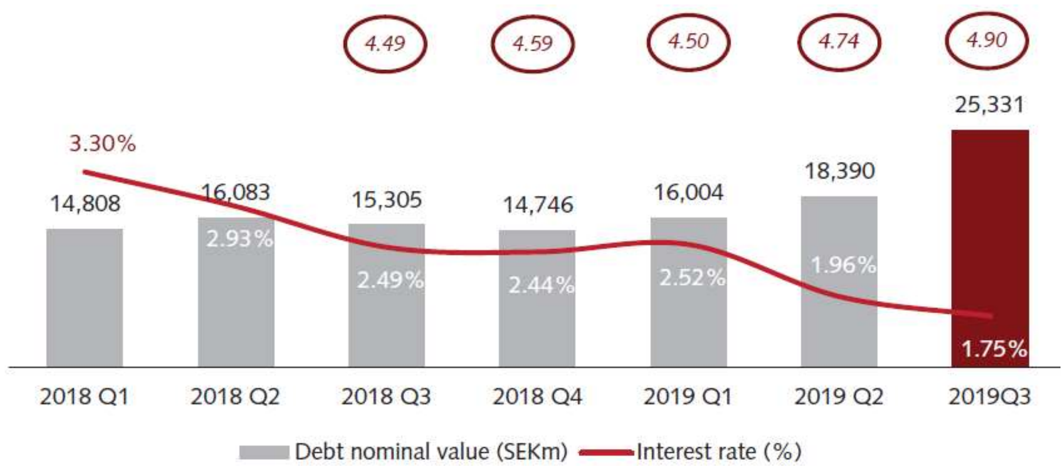
The Group is a community participant in a large number of locations in Sweden and engages in social sustainability work with young people living in the Group's residential areas. Since its founding the Group has prioritised youth engagement and offered summer jobs to young people living in these residential areas which connects all of the dimensions of the Group's social engagement by contributing to the creation of nicer external environments in the Issuer's residential areas, reducing the wastage of shared resources, furthering the Group's long-term operating net profit and creating a link to youth employment.

MATERIAL AGREEMENTS

Financing arrangements

The Group has substantial indebtedness comprising bank loans in SEK and NOK, unsecured bonds in SEK and EUR, secured bonds in SEK and NOK and commercial paper in SEK and EUR. As of 30 September 2019, the Group's interest-bearing liabilities were SEK 25,331 million and the Group had 4.9 years weighted average maturity (including commercial paper) and a 1.75 per cent. weighted average cost of debt.

The graphic below shows the evolution of the nominal value of the Group's debt along with the weighted average maturity and weighted average cost of debt at the end of each quarter since the first quarter of 2018.



Bank loans

As of 30 September 2019, the Group had SEK 5,770 million of outstanding bank loans. The Group's loan portfolio is divided among 10 credit institutions, primarily Nordic commercial banks. As of 30 September 2019, the Group had SEK 4,248 million of borrowing capacity under its various back-up-facilities.

Bonds

As of 30 September 2019, the Group had SEK 17,883 million of outstanding bonds. The following tables show the Group's listed bonds as of 30 September 2019, including information about whether the bonds are secured, classified as green bonds or issued under the EUR 2,500 million multi-currency Euro Medium Term Note Programme (the "**EMTN Programme**").

Term	**Amount Issued (SEK millions)**	**Amount Repurchased by the Issuer (SEK millions)**	**Interest Rate**	**Base Interest Rate Floor**	**Maturity Date**	**ISIN**	**Comment**
2018-2021	750	167	Stibor 3M + 3.90%	Yes	29/01/2021	SE0010414581	
2018-2019	300	277	2.90%	No	20/12/2019	SE0010869123	
2018-2021	474	120	Stibor 3M + 3.65%	Yes	17/05/2021	SE0010985713	
2017-2020	1,500	1,430	Stibor 3M + 6.00%	Yes	06/04/2020	SE0009805468	
2018-2022	1,000	580	Stibor 3M + 3.60%	No	03/10/2022	SE0011725514	
2019-2024	500	-	Stibor 3M + 3.30%	No	14/02/2024	SE0012256741	Green
2019-2024	200	-	Stibor 3M + 3.25%	No	19/02/2024	SE0012313245	
2018-HYB	1,200	-	Stibor 3M + 6.35%	No	Hybrid	SE0011642776	
2017-HYB	1,000	300	Stibor 3M + 7.00%	Yes	Hybrid	SE0010414599	
2019-2025	600	-	Stibor 3M + 1.90%	No	14/01/2025	XS1997252975	EMTN Programme

Term	Amount Issued (SEK millions)	Amount Repurchased by the Issuer (SEK millions)	Interest Rate	Base Interest Rate Floor	Maturity Date	ISIN	Comment
2019-2023	200	-	Stibor 3M + 1.40%	No	22/05/2023	XS2000538699	EMTN Programme
2016-2021	683	-	Stibor 3M + 1.85%	Yes	23/12/2021	NO963342664	Secured
2019-2022	500	-	Stibor 3M + 1.20%	No	22/07/2022	XS2021634675	Green, EMTN Programme
2019-2021	1,400	-	Stibor 3M + 0.93%	No	05/07/2021	XS2022418243	EMTN Programme
2019-2023	500	-	Stibor 3M + 1.15%	No	06/09/2023	XS2050862262	Green

Term	Amount Issued (EUR millions)	Amount Repurchased by the Issuer (EUR millions)	Interest Rate	Base Interest Rate Floor	Maturity Date	ISIN	Comment
2019-HYB	300	-	4.63%	No	Hybrid	XS1974894138	
2019-2025	550	3	1.75%	No	14/01/2025	XS1993969515	EMTN Programme
2019-2026	500	-	1.13%	No	04/09/2026	XS2049823680	EMTN Programme

Term	Amount Issued (NOK millions)	Amount Repurchased by the Issuer (NOK millions)	Interest Rate	Base Interest Rate Floor	Maturity Date	ISIN	Comment
2016-2023	620	-	3,00%	No	01/11/2023	NO0010777683	Secured

Preference Shares

As of the date of this Drawdown Prospectus, the Group had Outstanding Preference Shares in an aggregate principal value of SEK 22,174,786 in issue.

Commercial paper

In May 2018, the Group established a SEK 2,000 million commercial paper program (the "**SEK CP Program**") arranged by Swedbank and in June 2019, the SEK CP Program limit was increased to SEK 4,000 million. In July 2018, the Group established a EUR 200 million commercial paper program (the "**EUR CP Program**") arranged by Swedbank AB (publ) filial i Finland. As of 30 September 2019 the Group had SEK 1,728 million of outstanding commercial paper, comprising SEK 1,030 million outstanding under the SEK CP Program and the EUR 66.5 million (SEK 698 million) outstanding under the EUR CP Program.

Debt Maturity Structure

The following table shows the maturity profile of the Group's financial obligations, excluding commercial paper, as of 30 September 2019.

Less than 1 year	Between 1 and 2 years	Between 2 and 3 years	Between 3 and 4 years	Between 4 and 5 years	More than 5 years	Total
			(SEK millions)			
232	**2,522**	**4,201**	**2,097**	**2,108**	**12,566**	**23,726**

The following table shows the maturity profile of the Group's financial obligations, including commercial paper, as of 30 September 2019.

Less than 1 year	Between 1 and 2 years	Between 2 and 3 years	Between 3 and 4 years	Between 4 and 5 years	More than 5 years	Total
			(SEK millions)			

Less than 1 year	Between 1 and 2 years	Between 2 and 3 years	Between 3 and 4 years	Between 4 and 5 years	More than 5 years	Total
1,960	2,522	4,201	2,097	2,108	12,566	25,457

Off-balance sheet arrangements

As of 30 September 2019, the Group did not have any off-balance sheet arrangements.

Acquisition and transfer agreements

Since the Group's establishment in March 2016, a significant number of acquisitions and transfers, mainly of property owning companies and properties, have been made by the Group. Amongst others, the Issuer has acquired Samhällsbyggnadsbolaget i Norden AB (publ) (the current SBB i Norden) (after its acquisition of AB Högkullen (publ) and Gimmel Fastigheter AB), Kuststaden Holding AB, Sörmlandsporten AB, Kopparleden AB, as well as an acquisition and subsequent sale of a company owning property in central Oslo that included DNB Bank ASA's headquarters.

In acquisition agreements, fixed-term warranties regarding the property and the acquired company are regularly provided by the seller. When subsidiaries of the Group sell properties and companies, warranty claims may be brought by the buyer in relation to any damage that has arisen. Historically, no material warranty claims have been brought against the Group and the Group is not aware of any pending or threatened warranty claims or other material obligations. See "*Risk Factors—Acquisitions and Sales of properties*".

Commercial leases

As of 30 September 2019, the Group had commercial lease agreements primarily for its community services properties, including residual commercial premises in lower floors and development properties used as offices, warehouses or industrial spaces. Most of the Group's commercial leases are based on the Swedish Property Federation's (Sw. *Fastighetsägarna*) standard agreements or similar standards in the other Nordic countries and are subject to annual rent adjustments tied to changes to the consumer price index. The agreements usually contain appendices with specific provisions for the relevant lease and the term of the leases are usually three to five years with a termination notice period of nine months.

Distributor agreements

Other than its financing costs, the Group's most significant expenses are related to its property costs, including costs of heating, waste disposal and continuous maintenance of its properties. The Group does not consider any individual distributor agreement relating to property costs to be material.

INFORMATION TECHNOLOGY

The Group's information technology infrastructure and operations are largely outsourced to Axia IT AB. cent. has entered into a comprehensive IT services agreement with Axia IT AB, under which Axia IT AB provides IT development, support, maintenance and administration with the overall aim of optimising the Issuer's IT infrastructure and consolidating different IT environments within the Group, in order to create a central platform and structure. Further, the Head of IT Operations for the Issuer is appointed under the IT services agreement.

Together with the external Head of IT Operations, the Issuer has implemented several internal policies and guidelines with the purpose of supporting the overall continuity of the operations of the Issuer by ensuring that the Issuer's IT infrastructure is secure and that there are procedures in place for upholding and recovering necessary IT services in time. Among other things, the policies include procedures for the storage and backup of data, as well as a detailed IT disaster plan. The Issuer's IT environment has an integrated mechanism for authorisation control, which includes limiting authority based on different roles within the Issuer.

INTELLECTUAL PROPERTY

The Group has not registered and does not own or license intellectual property rights that would be material to its operations except for the sbbnorden.se internet domain and the trademarks "Samhällsbyggnadsbolaget i Norden", "SBB i Norden" and "Samhällsbyggnadsbolaget" and four logos containing "SBB

Samhällsbyggnadsbolaget" or "SBB", which are protected as registered EU trademarks. Intellectual property rights do not have a material effect on the Group's business or profitability.

INSURANCE

The Group maintains insurance for risks connected to its properties and other aspects of its operations, including machines, management and service, environmental responsibilities for builders, rental loss, legal costs, liability for its CEO and Board members and investments. The Group believes that its insurance coverage, including the maximum coverage amounts, exclusions and limitations of liability and terms and conditions of its policies, are both consistent with that of other companies operating in the same industry and appropriate for the operations of the Group. There is, however, no guarantee that the Group will not incur any losses or become the subject of claims that exceed the scope of the relevant insurance coverage.

LEGAL PROCEEDINGS

The Group is, from time to time, involved in disputes, claims and negative decisions from authorities as a part of the business. During the last twelve months, the Group has not been involved in any governmental, legal or arbitration proceedings (including any proceedings that are pending or threatened of which the Group is aware), that have had or could have material effects on the financial position or profitability of the Group. The Group is not aware of any facts or circumstances that could reasonably be expected to lead to any material claims being made against the Group in the foreseeable future. See "*Risk Factors—Legal risks*".

CORPORATE GOVERNANCE

THE BOARD, MANAGEMENT AND AUDITORS

The Issuer's board of directors ("**Board of Directors**" or **Board**") consists of seven ordinary members, including the chairman of the Board, with no deputy members of the Board, all of whom are elected for the period up until the end of the annual general meeting in 2020. The table below shows the members of the Board, when they were first elected and whether or not they are considered to be independent of the Issuer and/or the Issuer's major shareholders. In this context, major shareholders are defined as controlling, directly or indirectly, at least ten per cent. of the shares or votes in the Issuer. If a company owns more than 50 per cent. of the shares, ownership interest or votes in another company, the former is regarded as having indirect control of the latter company's ownership in other companies.

			Independent of	
Name	**Position**	**Member since**	**The Issuer and executive management**	**The major shareholders**
Lennart Schuss	Chairman	2017	Yes	Yes
Ilija Batljan	Board member and CEO	2017	No	No
Sven-Olof Johansson	Board member	2017	Yes	Yes
Fredrik Svensson	Board member	2018	Yes	No
Hans Runesten	Board member	2014*	Yes	Yes
Eva Swartz Grimaldi	Board member	2017	Yes	Yes
Anne-Grete Strøm-Erichsen	Board member	2017	Yes	Yes

* Hans Runesten was also a member of the Board of Directors in relation to the previous business, which was conducted under the company name Effnetplattformen AB (publ) and related to advanced digital communication and investment.

LENNART SCHUSS

Born 1954. Chairman of the Board since 2017, chairman of the audit committee and member of the remuneration committee.

Education: B.A. in Economics from Stockholm School of Economics.

Other current assignments: Member of the board of directors of Brasil Development AB, Briot AB and Skoga Invest AS.

Deputy member of the board of Strandeken Fastigheter AB and a number of subsidiaries in the Group.

Advisor to Genesta Fastighetsfonder and chairman of the Swedish Society of Friends of the Weizmann Institute of Science.

ILIJA BATLJAN

Born 1967. Member of the Board and CEO since 2017.

Education: Ph.D. in demography and planning for elderly care, Stockholm University. Bachelor of Economics, Stockholm University.

Other current assignments: Chairman of the board of Cryptzone Research & Development Aktiebolag, Cryptzone Group AB, Cryptzone Digital AB and a number of subsidiaries in the Group.

Member of the board of Used A Porter International AB, Health Runner AB, Ilija Batljan Invest Kristianstad Fastigheter AB, Ilija Batljan Invest AB, Ilija Batljan Invest Kristianstad AB and a number of subsidiaries in the Group.

SVEN-OLOF JOHANSSON

Born 1945. Member of the Board since 2017 and member of the audit committee.

Education:	Master's degree in political science from Stockholm University and Stockholm School of Economics
Other current assignments:	Chairman of the board of Gaudemus AB, Deamatris Förvaltning Aktiebolag, FastProp Gävle AB, FastProp Holding AB, Xenella Holding AB, Centralparken Täby III AB, Centralparken Täby IV AB and Slättö Fastpartner Spånga AB. Member of the board of Kebarco AB, Autoropa Aktiebolag, Storheden Invest AB, STC Interfinans Aktiebolag, Batteriet Hus AB, Landeriet Förvaltning AB, Fastpartner Årsta 76:2 AB, Standard Fastighet i Märsta AB, Landeriet 14 AB, Fredriksten Fastighet AB, Märsta Centrum AB, Robarco AB, Anbarco Bilinvest AB, Partnerfastigheter NF AB, Batteriet Fastighetsförvaltning AB, Profundo AB, Landeriet Fastighet AB, Fastighetspartner Täby AB, Fastighetspartner Amplus AB, Fastighetspartner Hallstahammar AB, Fastighetspartner Norrköping AB, Hjulsbro Byggtjänst AB, Cabinjo Holding AB, Colonia Fastighet AB, FastPartner Expansion AB, Ranchen.com Tobo Gård AB, H.J. Catering AB, Landeriet-Gruppens Hyresredovisning AB, Compactor Fastigheter AB, FastPartner Mälarporten AB, Batteriet Centrumhus AB, Västsvenska Hotellfastigheter AB, Svenska Stadshotell AB, Fastpartner Bagaren 7 AB, Nordpartner Aktiebolag, Fastpartner Humlet AB, VATTELUS AB, FastPartner Frihamnen AB, FastPartner Tech Center AB, Fastighetspartner Globen AB, FastPartner Sätesdalen 2 AB, Fastpartner Hammarby-Smedby 1:454 AB, Fastpartner Hammarby-Smedby 1:461 AB, Fastighetspartner Avaström Holding AB, FastPartner Syllen 4 AB, Fastighetspartner AB Drillsnäppan, Fastighetspartner Skolfastigheter AB, FastPartner Västerbotten 19 AB, Fastpartner Märsta 24:4 AB, FastPartner Ekplantan 2 AB, FastPartner Centrum 13 AB, FastPartner Ritmallen 1 AB, Fastighetspartner Lunda AB, Fastighetspartner Knivsta-AR AB, Adam Care AB, Hotell Larmvall AB, Fastighets AB Bomullsspinneriet, Vexillum Duo AB, Fastighetspartner Bromma AB, Vallentuna Centrum AB, FastPartner Solna One AB, VATELLUS Holding AB, Vallentuna 1:7 AB, Vallentuna Prästgård 1:130 AB, Vallentuna 1:474 AB, Sätra Hälsofastigheter AB, FastPartner Högsbo 27:6 AB, FastPartner Mälardalen AB, FastPartner Sporren 4 AB, SRU Intressenter AB, Gävle Näringen 22:2 AB, FastPartner Haninge AB, Vinsta Stenskärve AB, FastPartner Hässelby AB, FastPartner Rinkeby AB, FastPartner Älvsjö AB, FastPartner Tensta AB, FastPartner Bredäng AB, FastPartner Brynäs 124:3 AB, FastPartner Hemsta 9:4 AB, FastPartner Fastigheter Märsta AB, FastPartner Hammarby-Smedby AB, Vallentuna 1:472 AB, Fastighetsbolaget Oljan 2 i Täby AB, Fastighets AB Krejfast, FastPartner Brista AB, FastPartner Märsta Kontor AB, Fastighets AB Repslagaregatan, Fast Real AB, Märsta 1:198 AB, FastPartner Bredden AB, FastPartner Luntmakargatan 22-34 AB, Fastpartner Valbo-Backa 6:13 AB, FastPartner Alingsås-Ulricehamn AB, Autoropa Holding AB, FastPartner Västra Hindbyvägen 12 AB, FastPartner Målaren 14 AB, FastPartner Kärra 78:3 AB, FastPartner Aga 2 AB, FastPartner Fagerstagatan 21 AB, One Network Of Holding AB, One Network Of Concept AB, Fastpartner Uppfinnaren 1 AB, FastPartner Biskopsgården 46:4 AB, FastPartner Slakthuset 21 AB, FastPartner Slakthuset 20 AB, FastPartner Importen 3 AB, FastPartner Slakthuset 18 AB, FastPartner Slakthuset 19 AB, FastPartner Slakthuset 22 AB, Tartt Förvaltning AB, Fastpartner Kostern 11 AB, FastPartner Sjöstugan 1 AB, FastPartner Pooc AB,

Fastpartner Karis 4 AB, Fastpartner Karis 3 AB, FastPartner Ekenäs 4 AB, FastPartner Ekenäs 3 AB, FastPartner Ekenäs 2 AB, FastPartner Ekenäs 1 AB, FastPartner Bolmensvägen AB, FastPartner Gustav 1F AB, FastPartner Gustav 1B AB, FastPartner Gustav 1 AB, FastPartner Gustav 1C AB, FastPartner Gustav 1D AB, FastPartner Gustav 1E AB, FastPartner Bromsten Holding II AB, FastPartner Bromsten Holding I AB, FastPartner Bosgården 1:32 AB, FastPartner Sätra Skolfastigheter AB, Fastpartner Kungsängen 40:1 AB, Fastpartner Flyggodset AB and Fastpartner Reläet 8 AB.

Deputy member of the board of Colinasverdes AB, Henrik and Sven-Olof Fastigheter AB and Centralparken Holding AB.

FREDRIK SVENSSON

Born 1961. Member of the Board since 2018 and member of the audit committee.

Education: M.B.A. from Linköping University.

Other current assignments: Chairman of the board of Rocklunda Fastigheter Aktiebolag, Industritekniska Gymnasiet Bergslagen AB, Arvid Svensson Invest AB, Fastighetsaktiebolaget Femur AB, Arosmotets Bostadsfastigheter AB, KFAS Fastigheter i Västerås AB, Fastighetsaktiebolaget Femur 2, EMIRIT i Västerås AB, Anund Fastighets AB, Fridnäs 2:1 AB and SVKA Holding i Västerås AB.

Member of the board of Aktiebolaget Arvid Svensson, Fastighets AB Balder, Aktiebolaget Axel Sundströms Järnhandel, Fagerblads Frank Aktiebolag, ASCA Förvaltnings AB, Vretvägens Fastighets AB, Aston Carlsson AB, Arvid Svensson Fastigheter Aktiebolag, Arvid Svensson Förvaltnings AB, Allmogekulturen i Västerås AB, Arvid Svensson Cityfastigheter AB, Svanå Bruk & Säteri AB, ASE Media AB, Savana Stockholm AB, AB Venarv, Lås & Larmteknik Europe AB, Mirino AB, AB Tenzing, Youth Entrepreneurship Togetherness Innovation Holding AB, Svensk Markförvaltning AB, Ektorp Holding AB, Högantorp Holding AB, Albyäng Holding AB and Fastighets AB Vintertullstorget.

Deputy member of the board of Celeritas Fastigheter AB.

HANS RUNESTEN

Born 1956. Member of the Board since 2014 and member of the audit committee.

Education: M.B.A. from Stockholm University.

Other current assignments: Chairman of the board of Effnet AB, Effnetplattformen AB (publ), Twicebasic AB and Scan Baltic Ltd.

Member of the board of Ironbridge AB.

EWA SWARTZ GRIMALDI

Born 1956. Member of the Board since 2017, chairman of the remuneration committee and member of the audit committee.

Education: Bachelor's degree in Languages (Italian, Spanish and French) as well as from Kulturvetarlinjen.

Other current assignments: Chairman of the board of Norstedts Förlagsgrupp AB, Michael Berglund AB, Doberman AB, Eva Swartz Grimaldi Consulting AB, Doberman Group AB and Efevevmimanisa AB.

	Member of the board of Richard Swartz AB och Storytel AB (publ).
	Member of the board of Stockholm University, Stockholm Concert Hall, Forget Foundation and Royal Patriotic Society.

ANNE-GRETE STRØM-ERICHSEN

Born 1949. Member of the Board since 2017 and member of the audit committee.

Education:	B.A. i Computer Science från Bergen Technical School (University of Bergen), South Dakota School of Mines & Technology 1980-1981.
Other current assignments:	Chairman of the board of the Norwegian Atlantic Committee, Bergen og Omland Havn and DIP AS.
	Member of the board of Kongsberg Gruppen ASA, Carte Blanche AS, and Tankesmien Agenda AS.

EXECUTIVE MANAGEMENT TEAM

ILIJA BATLJAN

Born 1967. Member of the Board and CEO since 2017.

For further details, see "*—Board*" *above.*

LARS THAGESSON

Born 1959. Deputy CEO and COO since 2018.

Education:	9 years of elementary school.
Other current assignments:	Chairman of the board of Seglora Fastighets AB, Arctic Forest Development AB, Nordic Forest Development AB, Hammars Markentreprenad i Jönköping AB, Solhemmet Samhällsfastigheter AB, BRN Fastigheter 1 AB, BRN Fastigheter 2 AB and BRN Fastigheter 3 AB.
	Member of the board of Trenäs Förvaltning AB, Smart Parkering Sverige AB, Djurgårdsblicken AB, Tagesson & söner Fastighets AB, Hagabacken Förvaltnings AB, Skomakargatan 13 Invest AB and Valerum Fastighets AB.
	Deputy member of the board of Seglora Invest AB, Tyghuset i Taberg Aktiebolag, Örnen Vänern AB and Tabergsdalens Invest AB.
	CEO of Karlbergsvägen 77 Fastighets AB

KRISTER KARLSSON

Born 1970. Deputy CEO and property development director since 2016.

Education:	Real estate economics from the Royal Institute of Technology, Stockholm University and Uppsala University and law studies at Uppsala University.
Other current assignments:	Chairman of the board, board member and deputy board member of a number of subsidiaries in the Group.

ROSEL RAGNARSSON

Born 1955. Finance director since 2017.

Education:	Bachelor of Science in Business and Economics from Uppsala University.
Other current assignments:	Deputy member of the board of Ragnarsson Ekonomikonsult Aktiebolag.

EVA-LOTTA STRIDH

Born 1975. CFO since 2016.

Education:	Bachelor of Science in Business and Economics from Stockholm University.
Other current assignments:	Member of the board of Eva-Lotta Stridh Ekonomikonsult AB and a number of subsidiaries in the Group.

OSCAR LEKANDER

Born 1985. Business development director since 2016.

Education:	Master of Science in Real Estate and Finance from The University of Hong Kong. B.A. in Real Estate and Finance from the Royal Institute of Technology.
Other current assignments:	Member of the board of SBB i Norden AB (publ), Holp Förvaltning AB and a number of subsidiaries in the Group. Deputy board member of a number of subsidiaries in the Group.

FREDRIK HOLM

Born 1962. Head of Asset Management since 2019.

Education:	Degree in Engineering from Mälardalens Högskola, Bsc in Economics and Business administration from University of Örebro, Business strategy and real estate development, course, Kth Royal Institute of Technology
Other current assignments:	Member of the board and managing director of AB Hållbar Rörelse Fastighetsutveckling

ADRIAN WESTMAN

Born 1985. IR-director (consultant) since 2018.

Education:	Degree in strategic communication and PR from Bergs School of Communication. Studies in business administration and economic history at Stockholm University.
Other current assignments:	Member of the board of SSW Holding AB and Hypoteket Fondförvaltning Sverige AB. Partner of Fogel & Partners i Stockholm AB.

OTHER INFORMATION ON THE BOARD AND THE EXECUTIVE MANAGEMENT TEAM

There are no family ties between any of the members of the Board or executive management.

There are no conflicts of interest or potential conflicts of interest between the obligations of members of the Board and executive management of the Issuer and their private interests and/or other undertakings.

Hans Runesten was a member of the board of Axxonen Holding AB (publ) and Axxonen Properties AB and withdrew from his position less than a year before the companies were declared bankrupt in 2018.

Krister Karlsson was a member of the board of Uppsala Fastighetsprojekt FAS 2 AB and Uppsala Fastighetsprojekt Holding AB and withdrew from his position less than a year before the companies were declared bankrupt in 2019.

With the exception of the aforementioned, none of the members of the Board nor any of the members of the executive management has, during the last five years, (i) been sentenced for fraud-related offences, (ii) represented a company which has been declared bankrupt or filed for liquidation, or been subject to administration under bankruptcy, (iii) been the subject of accusations and/or sanctions by any agency authorised by law or regulation (including approved professional organisations) or (iv) been prohibited by a court of law from being a member of any company's administrative, management or supervisory body or from holding a senior or overarching position in any company.

All members of the Board and the members of the executive management are available at the Issuer's main office at Strandvägen 1, SE-114 51 Stockholm.

EXTERNAL AUDITOR

At the Issuer's extraordinary general meeting held on 16 January 2017, Ernst & Young Aktiebolag was elected as the Issuer's auditor for the period up to the end of the annual general meeting in 2017. At the Issuer's annual general meetings on 27 April 2017, 27 April 2018 and 29 April 2019, Ernst & Young Aktiebolag was elected as the auditor for the period up to the end of the annual general meetings in 2018, 2019 and 2020 respectively. Ingemar Rindstig (born 1949) is the auditor in charge. Ingemar Rindstig is an authorised public accountant and a member of FAR (professional institute for authorised public accountants). Ernst & Young Aktiebolag's office address is Jakobsbergsgatan 24, SE-111 44 Stockholm.

Ernst & Young Aktiebolag, with Ingemar Rindstig as auditor in charge, has been the auditor of SBB i Norden since the period before 16 January 2017 and is covered by the financial information in this Drawdown Prospectus.

GOVERNANCE FRAMEWORK

The Issuer is a Swedish public limited liability company. Prior to its listing on Nasdaq Stockholm, the Issuer's corporate governance was based on Swedish law, the Issuer's own internal rules and instructions, the regulations, rules and recommendations for companies whose shares are listed on Nasdaq First North Premier Growth Market and good practice in the stock market. Since listing on Nasdaq Stockholm the Issuer complies with Nasdaq Stockholm's Rule Book for Issuers and is subject to the requirement of applying the Swedish Corporate Governance Code (the "**Code**"). Prior to the listing on Nasdaq Stockholm, the Issuer applied the Code on a voluntary basis. The Issuer is not obliged to comply with every rule in the Code as the Code itself provides for the possibility to deviate from the rules, provided that any such deviations and the chosen alternative solutions are described and the reasons therefor are explained in the corporate governance report (according to the so-called "comply or explain principle").

Any deviation from the Code will be reported in the Issuer's corporate governance report. There were no deviations reported in the Issuer's corporate governance report for the financial year of 2018.

General meeting

According to the Swedish Companies Act (2005:551) (Sw. *aktiebolagslagen*) (the "**Swedish Companies Act**"), the general meeting is the Issuer's ultimate decision-making body. At the general meeting, the shareholders exercise their voting rights on key issues, such as the adoption of income statements and balance sheets, appropriation of the Issuer's results, discharge from liability of members of the Board and the CEO, election of members of the Board and auditors and remuneration to the Board and the auditors.

The annual general meeting must be held within six months of financial year-end. In addition to the annual general meeting, extraordinary general meetings may be convened. According to the Issuer's articles of association, general meetings are convened by publishing the convening notice in the Swedish National Gazette (Sw. *Post- och Inrikes Tidningar*) and on the Issuer's website. At the time of the notice convening the meeting, information regarding the notice shall be published in the Swedish daily newspaper Dagens Nyheter.

Right to participate in general meetings

Shareholders who wish to participate in a general meeting must be included in the general register maintained by Euroclear Sweden on the day falling five workdays prior to the meeting and notify the Issuer of their participation no later than the date stipulated in the notice convening the meeting. Shareholders may attend the general meetings in person or by proxy and may be accompanied by a maximum of two assistants. Typically, it is possible for a shareholder to register for the general meeting in several different ways as indicated in the notice of the meeting. A shareholder may vote for all Issuer shares owned or represented by the shareholder.

Shareholder initiatives

Shareholders who wish to have a matter brought before the general meeting must submit a written request to the Board. Such request must normally be received by the Board no later than seven weeks prior to the general meeting.

Nomination committee

Companies applying the Code shall have a nomination committee. According to the Code, the general meeting shall appoint the members of the nomination committee or resolve on procedures for appointing the members. The nomination committee shall, pursuant to the Code, consist of at least three members of which a majority shall be independent in relation to the Issuer and the Group management. In addition, at least one member of the nomination committee shall be independent from the largest shareholder or group of shareholders acting in concert (in terms of voting rights).

At the Issuer's annual general meeting held on 29 April 2019 it was resolved that the nomination committee for the annual general meeting in 2020 shall be composed of representatives of the three largest shareholders and the chairman of the Board.

The nomination committee consists of Mia Batljan (chairman), Rikard Svensson, Sven-Olof Johansson and Lennart Schuss.

The nomination committee's term of office ends when a new nomination committee has been appointed. If the shareholder structure changes in a material way after the nomination committee has been appointed, the representatives shall be replaced accordingly. The nomination committee proposes and nominates to the annual general meeting, the chairman and the other members of the Board. The committee also proposes the remuneration to be divided between the chairman of the Board and the other Board members, as well as other remuneration for committee work, proposes the auditor and their remuneration (and auditor alternate if applicable) and proposes instructions for appointing a new nomination committee. The nomination committee may charge the Issuer for hiring headhunters and other ancillary costs that are deemed appropriate in order for the nomination committee to be able to fulfill its duties. There shall be no remuneration for work carried out by the nomination committee.

Board

The Board shall comprise 3-10 members and no deputy members.

The Board is the second-highest decision-making body of the Issuer after the general meeting. According to the Swedish Companies Act, the Board is responsible for the organisation of the Issuer and the management of the Issuer's affairs, which means it is responsible for, among other things, setting targets and strategies, devising processes to evaluate targets, continuously assessing the financial condition and profits of the Issuer and evaluate the operating management. The Board is also responsible for ensuring that annual reports and interim reports are prepared in a timely manner. It also appoints the CEO. The Board members are generally appointed by the annual general meeting for the period up to the end of the next annual general meeting. In accordance with the Issuer's articles of association, the Board shall, to the extent it is elected by the general meeting, consist of at least three but not more than 10 members and no deputies.

According to the Code, the chairman of the Board is to be elected by the general meeting. The chairman's main role is to lead the work of the Board and to ensure that the Board carries out its work efficiently.

The Board applies written rules of procedure, which are revised annually and adopted by the inaugural Board meeting every year. Among other things, the rules of procedure govern the practice and functions of the Board as well as the division of work between the members of the Board and the CEO. At the inaugural Board meeting, the Board also adopts instructions for the CEO, including instructions for financial reporting.

The Board meets according to an annual predetermined schedule. In addition to these meetings, additional Board meetings can be convened to handle issues that cannot be postponed until the next ordinary Board meeting. In addition to the Board meetings, the chairman of the Board and the CEO continuously discuss the management of the Issuer.

Currently, the Board consists of seven ordinary members elected by the general meeting. See "*—Board*" and "*—Executive Management Team*" for further details.

Audit committee

In a Swedish limited liability company, the transferable securities of which are admitted to trading on a regulated marketplace, the Board shall have an audit committee. The members of the committee may not be employees of the Issuer, at least one member must be independent and have accounting or auditing proficiency and the committee shall appoint one of its members as chairperson.

The audit committee of a company shall monitor the Issuer's financial reporting, monitor the efficiency of the Issuer's internal controls, internal auditing and risk management, keep informed of the auditing of the annual report and the consolidated accounts, review and monitor the impartiality and independence of the auditors and pay close attention to whether the auditors are providing other services besides audit services for the Issuer, and assist in the preparation of proposals for the general meeting's decision on election of auditors. The Issuer has an audit committee consisting of six members: Lennart Schuss (chairman), Sven-Olof Johansson, Hans Runesten, Eva Swartz Grimaldi, Anne-Grete Strøm-Erichsen and Fredrik Svensson.

Remuneration committee

The Issuer has a remuneration committee consisting of two members: Eva Swartz Grimaldi (chairman) and Lennart Schuss. The remuneration committee considers matters concerning remuneration principles, remuneration and other employment terms for the CEO and the executive management.

The CEO and other executive management

The CEO is appointed by the Board and is responsible for the everyday management and operations of the Issuer. The division of work between the Board and the CEO is set out in the rules of procedure for the Board and the CEO's instructions. The CEO is responsible for preparing reports and compiling information for Board meetings and for presenting such materials at Board meetings.

According to the instructions for financial reporting, the CEO is responsible for the Issuer's financial reporting and consequently must ensure that the Board receives adequate information to be able to evaluate the Issuer's financial condition.

The CEO must continuously keep the Board informed of: developments in the Issuer's operations; the Issuer's sales development, results and financial condition, liquidity and credit status; any important business events; and all other events, circumstances or conditions that may be of significance to the Issuer's shareholders.

For details on the CEO and executive management, see "*—Board*", "*—Executive Management Team*" and "*—Other Information on the Board and the Executive Management Team*".

REMUNERATION OF THE MEMBERS OF THE BOARD, CEO AND EXECUTIVE MANAGEMENT

Remuneration payable to the members of the Board

Fees and other remuneration payable to the members of the Board, including the chairman, are determined by the general meeting. At the annual general meeting held on 29 April 2019, it was resolved that the fee payable to the chairman of the Board should be SEK 450,000 and that the fee payable to the other members should be SEK 300,000 each. Further, the fee payable to each of the members of the remuneration committee should be SEK 30,000. The members of the Board are not entitled to any benefits following termination of their assignments as directors.

Remuneration to the Board during the 2018 financial year

The table below presents an overview of remuneration payable to the previous and present members of the Board elected by the general meeting for the 2018 financial year.

Name	Remuneration	Variable compensation	Pension cost	Other remuneration	Total
			(SEK thousand)		
Chairman of the Board					
Lennart Schuss	480	–	–	–	480
Board member					
Ilija Batljan	–	–	–	–	–
Sven-Olof Johansson	300	–	–	–	300
Fredrik Svensson	300	–	–	–	300
Hans Runesten	300	–	–	–	300
Eva Swartz Grimaldi	330	–	–	–	330
Anne-Grete Strøm-Erichsen	441	–	–	–	441
Total	**2,151**	**–**	**–**	**–**	**2,151**

Guidelines for remuneration payable to the Board, the CEO and the deputy CEOs

The annual general meeting to be held in 2020 will resolve upon guidelines for remuneration to the Board of Directors, the CEO and the deputy CEOs. The guidelines will not cover, for example, remuneration fees and other compensation for Board assignments. Other remuneration to the members of the Board of Directors, such as salary, will however be covered by the guidelines.

Current employment agreements for the CEO and other executive management

Decisions as to the current remuneration levels and other conditions of employment for the CEO and the other members of executive management have been determined by the Board.

The table below presents an overview of remuneration to the CEO and other members of executive management for the 2018 financial year.

Name	Remuneration	Variable compensation	Pension cost	Other remuneration	Total
			(SEK thousand)		
Ilija Batljan, Chief Executive Officer	3,211	–	928	–	4,139
Other members of executive management (6)	6,862	–	1,607	–	8,468
Total	**10,073**	**–**	**2,535**	**–**	**12,607**

The CEO, Ilija Batljan, is entitled to pension provisions corresponding to 30 per cent. of his salary. Other members of executive management are entitled to pension provisions corresponding to 4.5 per cent. on wage shares, up to 7.5 base income amounts (SEK 40,250 per month during 2019) and 30 per cent. on wage share exceeding 7.5 base income amounts.

In circumstances where the CEO gives notice to the Issuer, the CEO is subject to a six month notice period and in circumstances where the Issuer gives notice to the CEO, the CEO is subject to a twelve month notice period. A notice period of three months applies to members of executive management. Neither the CEO nor the other members of the executive management is entitled to a severance payment.

INTERNAL CONTROL

The Issuer's internal control over financial reporting is designed to manage risks and ensure high reliability in the processes regarding the preparation of financial reports and to ensure that applicable accounting requirements and other requirements for the Issuer, as a listed company, are complied with. The Board is responsible for the internal control of the Issuer regarding financial reporting. The Issuer follows the Committee of Sponsoring Organisations of the Treadway Commission (COSO) framework to evaluate a company's internal control of financial reporting, entitled the "Internal Control - Integrated Framework", which consists of the following five components: (i) control environment, (ii) risk assessment, (iii) control activities, (iv) information and communication and (v) follow-up.

(i) Control environment

Distribution and delegation of responsibility have been documented and communicated in several internal documents governing the Board and the Issuer, for example: (i) the Board's rules of procedure, (ii) the instructions to the CEO, (iii) the delegation scheme, (iii) the certification scheme and (iv) other internal control documents (e.g., financial manual). All internal control documents are regularly updated when changes are made to, for example, legislation, accounting standards or listing requirements and when otherwise needed.

(ii) Risk assessment

In accordance with the rules of procedure, the Board, as well as the audit committee, reviews the Issuer's internal control once a year. Risks are identified and assessed and measures are implemented to reduce identified risks. The auditor is invited to report on his/her internal control report at a Board meeting and to the audit committee. The significant risks identified by the Issuer are errors in accounting and valuation of properties, credit risks, refinancing risks, interest rate risks, tax and value added tax (**VAT**), and the risk of fraud, loss or misappropriation of assets.

(iii) Control activities

The Issuer's financial system is structured such that the conclusion of agreements, payment of invoices and other similar actions must comply with certain decision paths, signatory powers and authorisations set out in the internal control documents. There is therefore a basic control structure to counteract and prevent the risks that the Issuer has identified. In addition to these control structures, a number of control activities are carried out to detect and correct errors in and deviations from, such control structures. These control activities consist of follow-up at various levels in the organisation, such as follow-up and reconciliation of the resolutions made by the Board, review and comparison of profit items, account reconciliations, approval and reporting of business transactions with the finance department.

(iv) Information and communication

The Issuer has built up an organisation to ensure that its financial reporting is correct and effective. The internal control documents specify who is responsible for what and daily interaction between relevant people ensures that the relevant information reaches all parties concerned. The Issuer's management regularly receives financial information concerning the Issuer and its subsidiaries and the development of letting and other management and reviews and follows up on ongoing and future investments and liquidity planning. The Board is informed by the Issuer's management team in relation to risk management, internal control and financial reporting. The Issuer's information policy ensures that all information provided externally and internally reaches the appropriate person at the appropriate time. All employees at the Issuer have been involved in influencing the design of relevant internal policies and guidelines by means of a review process and have thus been directly involved in the preparation of these internal control documents.

(v) Evaluation follow-up

As explained above, a continuous internal control process takes place on an ongoing basis at all levels of the organisation. The Board regularly evaluates the information provided by the Issuer's management and its auditors. In addition, the Issuer's auditor reports its observations from the audit and its assessment of the Issuer's internal control directly to the Board. In particular, the Board monitors of the development of internal controls to ensure that action is taken in relation to any deficiencies that may emerge.

Auditing

The auditor shall review the Issuer's annual reports and accounting, as well as the management of the Board and the CEO. Following each financial year, the auditor shall submit an audit report and a consolidated audit report to the annual general meeting.

Pursuant to the Issuer's articles of association, the Issuer shall have no fewer than one and not more than two auditors and not more than two deputy auditors or one registered audit firm. The Issuer's auditor is Ernst & Young Aktiebolag, with Ingemar Rindstig as auditor in charge. See "—*External auditor*" for further details on the Issuer's auditor.

In 2018, the total remuneration payable to the Issuer's auditor amounted to SEK 11.4 million.

HEMFOSA IN BRIEF

Hemfosa is a community service properties specialist working with health care, education and the judicial system, amongst others, in the Nordic region. On Hemfosa's premises police, teachers and medical doctors work and Hemfosa actively tries to adapt their properties to their needs. As of 30 September 2019, Hemfosa owned 403 properties in Sweden, Norway and Finland with a fair value of SEK 39.8 billion.

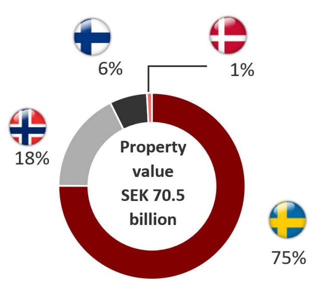
Hemfosa's operational organisation consists of a strong, locally anchored proprietary management organisation that is supported by group-wide functions. In Sweden, Hemfosa's property portfolio is divided into five regions: North, Stockholm, Mid, West and South. Each region is headed by a regional manager with operational responsibility for the properties in the region. Hemfosa has offices in Falun, Gothenburg, Halmstad, Härnösand, Karlskrona, Karlstad, Kristianstad, Norrköping, Sundsvall, Västerås, Växjö and Umeå. The Norwegian organisation has five local administrative offices and is led from the Oslo office. In Finland all the tasks are today managed from a local cooperation partner. At the headquarters in Nacka are Hemfosa's group-wide functions. These consists of Transaction and Analysis, Finance, Legal and Market/Communications. On 31 December 2018, the number of employees amounted to 71 people.

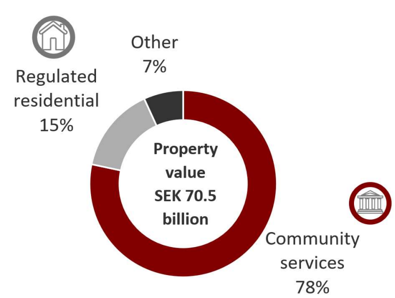
Hemfosa has a well-diversified tenant structure, with the largest tenant accounting for only 6 per cent. of total rental income and the ten largest tenants accounting for 30 per cent. At the end of the period, the average remaining lease term was 6.5 years. There is a favourable spread in lease maturities, with maximum one-seventh of the rental value expiring each year over the next few years. More than one-third will expire in 2026 or later. The economic leasing rate was 94.2 per cent.

THE COMBINED COMPANY

Operations

The Transaction would create the 4th largest listed company in the Nordics within the segment of social infrastructure with a combined portfolio book value of approximately SEK 70.5 billion, equivalent to SEK 17,419 per square meter (excluding value of building rights). The combined portfolio would consist of 1,245 properties with a total lettable area of 4.0 million square meters across Sweden, Norway, Finland and Denmark, with primary focus on community services and regulated residential. The portfolio of the Combined Company will be divided as per below:

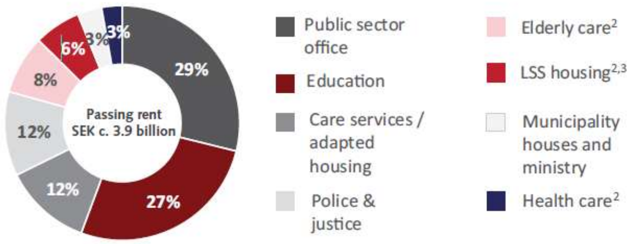




The combined property portfolio would provide a clear focus in the community services sector across the largest Nordic city regions, with a particularly strong market position in Sweden. The Combined Company's community portfolio, will further be diversified across different use cases, with the majority of the portfolio related to education and municipal houses and ministry. A further breakdown of the segment is provided below:

Community service property split by category[1]

(by passing rent)



Source: Company information, reported figures as of 30 September 2019 (Q3 2019)

Notes: [1]Hemfosa's passing rent split based on proportionate split of rental value for each category; [2]Applies to SBB's portfolio; [3]Refers to care homes for people with disabilities

The economic occupancy of the Combined Company would be 94.7 per cent. and the lease maturity would amount to 6.7 years. The EPRA NAV for the Combined Company would amount to SEK 24,509 million (adjusted EPRA NAV of SEK 34,163 million)[1]. Furthermore, the Combined Company would have an overall strengthened balance sheet and financials; improving the companies' key ratios and accelerating delivery of financial and operational targets.

Business concept, targets and strategy

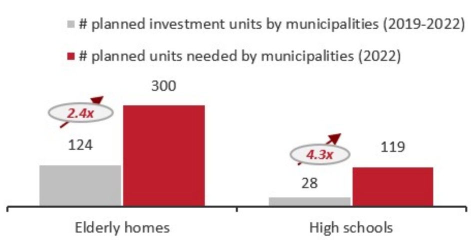
The Combined Company would be focused on low risk assets within social infrastructure with municipality and governmental tenants, including tenants such as the Swedish Government, the Norwegian Government, the Stockholm City Council and the City of Gothenburg. The sovereign credit rating of Sweden, Norway and Denmark is AAA, while Finland's sovereign credit rating is AA+ contributing to the low risk profile of the Combined Company.

Community service leases, compared to other segments, have limited tenant turnover. The lease terms are typically spanning over 10 to 15 years for newly signed leases. The lease terms generally have no break clauses and are indexed to CPI. Moreover, a majority of tenant improvements are paid for by the tenants, thus limiting unexpected capital expenditures.

The business model entails stable and predictable cash flows for the Combined Company. As part of its strategy, the Combined Company would have high exposure to the major Nordic cities, with 23 per cent. of its portfolio in Stockholm, 15 per cent. in Oslo, 7 per cent. in Malmö and 6 per cent. in Gothenburg.

The Combined Company's strategy of focusing on community service properties is further supported by attractive demographics, where the demand for elderly homes and high schools are both expected to increase significantly the upcoming years.

Planned (2019–2022) and needed units (2022) in Sweden



[1] Based on a sum of the parts analysis. The combined and adjusted EPRA NAV figures will be contingent upon the transaction structure and paid premium, among other factors.

Financial effects for the Issuer

The Combined Company will have an improved business and credit profile with an enhanced exposure to community services and an attractive equally low risk Swedish rent-regulated residential portfolio.

The Combined Company will become increasingly diversified in its community service offerings, allowing the Combined Company to potentially obtain an improved business profile rating among rating agencies and if so, potentially obtain a higher credit rating resulting in lower cost of capital. Lower cost of funding is further discussed in section "*The Combined Company – The Combined Company - Synergy effects*".

Certain key metrics of the Combined Company's portfolio are presented below. Please refer to section "*Pro forma financial statements*" for pro forma figures reviewed by the Issuer's auditor.

Key portfolio metrics (as of 30 September 2019)	The Issuer	Hemfosa	Combined Company
Portfolio book value (SEK billion)	30.8	39.8	70.5
Lettable area (million sqm)	1.8	2.2	4.0
Net initial yield (%)[1]	4.7%	5.4%	5.1%
Economic occupancy rate (%)[2]	95.3%	94.2%	94.7%
Lease maturity (years)[2]	7.0	6.5	6.7
Portfolio book value / sqm (SEK)[1, 4]	16,397	18,261	17,419
Passing rent / sqm (SEK)[1, 4]	1,116	1,329	1,233
Net Loan-to-Value Ratio (% of total assets)[1, 5]	37.1%	56.1%	< 50%
Interest Coverage Ratio[3, 5]	2,4x	3,6x	> 3.0x
Net profit for the period, 190101-190930 (SEK million)	1,337	1,497	2,834

[1] Non-IFRS measure. For reconciliation tables, see section "*—Reconciliation tables*" below.
[2] As reported by the Issuer and Hemfosa as of 30 September 2019. For the Combined Company this is calculated by weighted average on lettable area.
[3] Non-IFRS measure. For reconciliation table for the Issuer, see section "*Selected consolidated financial, operating and other data—Non-IFRS financial data and reconciliation tables*". For reconciliation table for Hemfosa, see section "*—Reconciliation tables*" below.
[4] For the Combined Company this is calculated by the combined value divided by lettable area.
[5] For the Combined Company this equals the management's expectations for the year 2020.

Moreover, the proposed merger would have significant effects on the companies' financial profiles. Certain of the Combined Company's key financial figures are presented below. Please refer to section "*Pro forma financial statements*" for pro forma figures reviewed by the Issuer's auditor.

Key financial metrics	The Issuer	Hemfosa	Combined Company
Market cap (SEK million)[1,5]	21,120	17,423	38,543
Enterprise value (SEK million)[1,5]	42,609	42,613	85,222
EPRA NAV (SEK million)[1]	10,314	14,195	24,509
Adjusted EPRA NAV (SEK million)[1,3]	17,657	15,986	33,643
Passing rent (SEK million)[2]	2,003	2,894	4,897
Passing NOI (SEK million)[2]	1,374	2,131	3,505
Passing NOI margin (%)[1,3]	68.6%	73.6%	71.6%
EBITDA (SEK million)[1]	1,369	2,021	3,390
EBITDA margin (%)[1,4]	68.3%	69.8%	69.2%

[1] Non-IFRS measure. For reconciliation tables, see section "*—Reconciliation tables*" below.
[2] As reported by Issuer and Hemfosa as of 30 September 2019 under earnings capacity.
[3] For the Combined Company this is calculated as the combined Passing NOI divided by the combined Passing rent.
[4] For the Combined Company this is calculated as the combined EBITDA divided by the combined Passing rent.
[5] Based on share prices as of 14 November 2019.

Synergy effects

The Issuer believes the Combined Company, with a larger portfolio and greater geographical coverage, would be better positioned as a partner to the Nordic welfare states and other important stakeholders than either of the Issuer or Hemfosa alone. The strengthened market position and diversification are expected to further enhance the Combined Company's profile with rating agencies; it is thus estimated that the combined business over time will benefit from an improved credit rating, which has the potential to reduce the cost of funding for the combined group. The Issuer has also identified unrealised value stemming from the developments of building rights for social infrastructure in Hemfosa's portfolio realisable upon zoning being granted. Furthermore, the Issuer believes there are additional value creation opportunities from reduction in renovation and refurbishment costs due to economies of scale and profits from property transactions.

Organisation

The Issuer expects the proposed combination of the businesses to be positive for the Issuer and provide attractive employment opportunities for the Hemfosa employees. To realise the integration benefits, the integration of Hemfosa and the Issuer will likely entail some changes to the organisation, operations and employees of the combined group. The specific initiatives to be implemented pursuant to the integration will be determined following completion of a detailed review of the combined business in the period following the completion of the Offer. Before completion of the Offer, it is too early to say which initiatives will be taken and the impact these would have. There are currently no decisions on any changes to the Issuer's or Hemfosa's employees and management or to the existing organisation and operations of Hemfosa, including the terms of employment, employment rate and locations of the business.

Reconciliation tables

The section "*The Combined Company*" contains certain financial measures that are not defined or recognised under IFRS. These financial measures has been included because the Issuer believes they provide useful supplemental information to understand and analyse the Combined Company and the possibilities and synergies that may be achieved. Below follow reconciliation tables for such non-IFRS numbers.

Net initial yield (%)

The Issuer Q3 2019 net initial yield (%)

Passing net operating income (SEK million)	1,374
Gross asset value of properties (SEK million)	30,776
Adjustment to exclude building rights value (SEK million)	1,343
Adjusted asset value of properties (SEK million)	29,433
Net Initial Yield (%)	**4.7%**

Hemfosa Q3 2019 net initial yield (%)

Passing net operating income (SEK million)	2,131
Gross asset value of properties (SEK million)	39,773
Adjustment to exclude building rights value (SEK million)	0
Adjusted asset value of properties (SEK million)	39,773
Net Initial Yield (%)	**5.4%**

Portfolio book value / sqm (SEK)

The Issuer portfolio book value / sqm (SEK)

Gross asset value of properties (SEK million)	30,776
Adjustment to exclude building rights value (SEK million)	1,343
Adjusted asset value of properties (SEK million)	29,433
Lettable area (million sqm)	1.8
Portfolio book value / sqm (SEK)	**16,397**

Hemfosa portfolio book value / sqm (SEK)

Gross asset value of properties (SEK million)	39,773
Adjustment to exclude building rights value (SEK million)	0
Adjusted asset value of properties (SEK million)	39,773
Lettable area (million sqm)	2.2
Portfolio book value / sqm (SEK)	**18,261**

Passing rent / sqm (SEK)

The Issuer passing rent / sqm (SEK)

Passing rent (SEK million)	2,003
Lettable area (million sqm)	1.8
Passing rent / sqm (SEK)	**1,116**

Hemfosa passing rent / sqm (SEK)

Passing rent (SEK million)	2,894
Lettable area (million sqm)	2.2
Passing rent / sqm (SEK)	**1,329**

Net Loan-to-Value Ratio (% of Total Assets)

The Issuer Net Loan-to-Value Ratio (% of Total Assets)

Total Assets reported (SEK million)	43,760
Cash raised on October 2019 (SEK million)	400
Total Assets adjusted for cash raised on October 2019 (SEK million)	44,160
Net interest-bearing liabilities (SEK million)	16,399
Of which gross interest-bearing liabilities (SEK million)	*25,331*
Of which cash and cash equivalents (SEK million)	*(8,532)*
Of which cash raised on October 2019 (SEK million)	*(400)*
Net Loan-to-Value Ratio (%)	**37.1%**

Hemfosa Net Loan-to-Value Ratio (% of Total Assets)

Total Assets reported (SEK million)	41,149
Net interest-bearing liabilities (SEK million)	23,071
Of which gross interest-bearing liabilities (SEK million)	*23,687*
Of which cash and cash equivalents (SEK million)	*(616)*
Net Loan-to-Value Ratio (%)	**56.1%**

Interest Coverage Ratio

Hemfosa Interest Coverage Ratio

Profit from property management (SEK million)	1,039
Share in profit from joint ventures and associated companies (SEK million)	10
Depreciation / amortisation (SEK million)	0

Financial income and expenses (SEK million)	(403)
Interest-coverage ratio, multiple	**3,6**

Market cap

The Issuer market capitalisation

Market capitalisation (SEK million)	
Equity value of A and B shares (SEK million)	18,465
Equity value of D shares (SEK million)	2,654
Market Capitalisation (SEK million)	**21,120**

Hemfosa market capitalisation

Market capitalisation (SEK million)	
Equity value of common shares (SEK million)	17,423
Market Capitalisation (SEK million)	**17,423**

Enterprise value

The Issuer Enterprise Value

Enterprise Value (SEK million)	
Market Capitalisation (SEK million)	21,120
Equity value of preference shares (SEK million)	22
Net interest-bearing liabilities (SEK million)	16,399
Of which gross interest-bearing liabilities (SEK million)	*25,331*
Of which cash and cash equivalents (SEK million)	*(8,532)*
Of which cash raised on October 2019 (SEK million)	*(400)*
Hybrid bonds (SEK million)	5,029
Non-controlling interests (SEK million)	39
Enterprise Value (SEK million)	**42,609**

Hemfosa Enterprise Value

Enterprise Value (SEK million)	
Market Capitalisation (SEK million)	17,423
Equity value of preference shares (SEK million)	2,117
Net interest-bearing liabilities (SEK million)	23,071
Of which interest-bearing liabilities (SEK million)	*23,687*
Of which cash and cash equivalents (SEK million)	*(616)*
Non-controlling interests (SEK million)	1
Enterprise Value (SEK million)	**42,613**

EPRA NAV

The Issuer EPRA NAV adjusted for October 2019 shares issued

EPRA NAV adjusted for October 2019 shares issued

EPRA NAV Q3-2019 reported (SEK million)	9,914
Equity raised on October 2019 (SEK million)	400
EPRA NAV adjusted for October 2019 shares issued	**10,314**

Hemfosa EPRA NAV

Equity attributable to Parent Company shareholders (SEK million)	14,455
Preference share capital (SEK million)	(1,791)
Deferred tax (SEK million)	1,428
Derivatives (SEK million)	103
EPRA NAV (SEK million)	**14,195**

Adjusted EPRA NAV

The Issuer Adjusted EPRA NAV adjusted for October 2019 shares issued

Adjusted EPRA NAV adjusted for October 2019 shares issued

Adjusted EPRA NAV Q3-2019 reported (SEK million)	17,257
Equity raised on October 2019 (SEK million)	400
Adjusted EPRA NAV adjusted for October 2019 shares issued	**17,657**

Hemfosa Adjusted EPRA NAV

Adjusted EPRA NAV

EPRA NAV Q3-2019 (SEK million)	14,195
Preference shares book value (SEK million)	1,791
Adjusted EPRA NAV	**15,986**

EBITDA

The Issuer EBITDA based on earnings capacity

EBITDA

Passing NOI (earnings capacity, SEK million)	1,374
Central administration costs (earnings capacity, SEK million)	(85)
Results from associated companies / joint ventures (earnings capacity, SEK million)	80
EBITDA	**1,369**

Hemfosa EBITDA based on earnings capacity

EBITDA

Passing NOI (earnings capacity, SEK million)	2,131
Central administration costs (earnings capacity, SEK million)	(125)

Results from associated companies / joint ventures (earnings capacity, SEK million)	15
EBITDA	**2,021**

Passing NOI margin (%), and EBITDA margin (%)

The Issuer NOI and EBITDA margins

Passing rent (earnings capacity, SEK million)	2,003
Passing NOI (earnings capacity, SEK million)	1,374
Passing NOI margin (%)	**68.6%**
EBITDA (Earnings Before Interests, Tax, Depreciation and Amortisation)	1,369
EBITDA margin (%)	**68.3%**

Hemfosa NOI and EBITDA margins

Passing rent (earnings capacity, SEK million)	2,894
Passing NOI (earnings capacity, SEK million)	2,131
Passing NOI margin (%)	**73.6%**
EBITDA (Earnings Before Interests, Tax, Depreciation and Amortisation)	2,021
EBITDA margin (%)	**69.8%**

SELECTED CONSOLIDATED FINANCIAL, OPERATING AND OTHER DATA

The selected consolidated financial information set forth below has been derived from (i) the 2018 Audited Financial Statements and the 2017 Audited Financial Statements (together, the "**Audited Financial Statements**"); and (ii) the Unaudited Q3 Interim Financial Statements and the unaudited interim consolidated financial statements of the Issuer for the nine months ended 30 September 2018, including the related notes thereto, which have been prepared in accordance with IAS 34 and the Swedish Annual Accounts Act (the "**2018 Unaudited Q3 Interim Financial Statements**", together with the Unaudited Q3 Financial Statements, the "**Unaudited Interim Financial Statements**", and together with the Audited Financial Statements, the "**Historical Financial Information**"), all of which were reviewed by Ernst & Young AB as set forth in their review reports included in the "*Historical Financial Information*" section of this document.

Apart from the Historical Financial Information, no information in this document has been audited or reviewed by the Group's auditor.

The information has been extracted without material adjustment from the Historical Financial Information. The following section also includes certain non-IFRS financial information for the periods indicated, which has not been extracted from the Historical Financial Information and has not been prepared in accordance with IFRS.

The selected financial information should be read in conjunction with the information referred to above. Investors are advised to read the whole of this document and not rely solely on the information summarised in this section.

CONSOLIDATED INCOME STATEMENT FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2019 AND 2018 AND THE YEARS ENDED 31 DECEMBER 2018 AND 2017

	For the nine months ended 30 September		**For the year ended 31 December**	
	2019	**2018**	**2018**	**2017**
	(unaudited)			
	(SEK million)			
Rental income	**1,400**	**1,227**	**1,680**	**1,339**
Operating costs	(326)	(275)	(387)	(303)
Maintenance	(78)	(65)	(100)	(63)
Management administration	(68)	(65)	(92)	(74)
Property tax	(25)	(25)	(32)	(23)
Net property costs	**(497)**	**(430)**	**(610)**	**(462)**
Net operating income	**903**	**797**	**1,071**	**877**
Central administration costs	(85)	(67)	(102)	(76)
Results from associated companies/joint ventures	57	3	13	-
Profit before financial items	**875**	**733**	**982**	**801**
Interest income and similar items	75	2	4	12
Interest expenses and similar items	(325)	(361)	(538)	(476)
Expenses for redeemed loans in advance	(130)	(80)	(127)	-
Translation gains/losses	15	-	-	-
Land lease expenses	(2)	-	-	-
Net financial items	**(367)**	**(440)**	**(661)**	**(464)**
Profit from property management	**508**	**294**	**321**	**338**
Changes in property value	1,136	904	1,575	2,797
Changes in derivatives value	(118)	6	8	(4)
Profit before tax	**1,526**	**1,204**	**1,904**	**3,131**
Tax	(189)	(205)	(214)	(702)
Net profit for the period	**1,337**	**999**	**1,690**	**2,429**

CONSOLIDATED BALANCE SHEET AS OF 30 SEPTEMBER 2019 AND 2018 AND 31 DECEMBER 2018 AND 2017

	As of 30 September		As of 31 December	
	2019	2018	2018	2017
	(unaudited)			
	(SEK million)			
ASSETS				
Fixed assets				
Intangible assets				
Goodwill	24	25	24	-
Total intangible assets	**24**	**25**	**24**	**-**
Tangible assets				
Investment properties	30,776	25,122	24,243	23,001
Land lease agreements	137	-	-	-
Equipment, machinery and installations	4	4	5	10
Total tangible fixed assets	**30,917**	**25,126**	**25,247**	**23,011**
Financial fixed assets				
Shares in associated companies/joint ventures	535	99	213	111
Receivables from associated companies/joint ventures	1,754	1,282	583	-
Financial fixed assets at fair value	239	-	-	-
Other long-term receivables	39	37	74	11
Total financial fixed assets	**2,567**	**1,418**	**870**	**121**
Total fixed assets	**33,508**	**26,569**	**26,140**	**23,132**
Current assets				
Current receivables				
Accounts receivable	27	18	30	26
Receivables from associated companies/joint ventures	-	-	991	-
Current assets at cost	165	-	-	-
Other receivables	333	228	290	278
Prepaid expenses and accrued income	101	125	32	40
Total current receivables	**626**	**371**	**1,344**	**344**
Short-term investments	1,094	-		
Cash and cash equivalents	8,532	143	157	93
Total current assets	**10,252**	**513**	**1,501**	**436**
TOTAL ASSETS	**43,760**	**27,083**	**27,641**	**23,569**

	As of 30 September		As of 31 December	
	2019	2018	2018	2017
	(unaudited)			
	(SEK million)			
EQUITY AND LIABILITIES				
Share capital	83	74	80	74
Other contributed capital	5,302	3,050	4,345	3,040
Reserves and retained earnings including comprehensive income	5,487	4,268	4,585	3,275
Equity attributable to the parent company's shareholders	**10,872**	**7,392**	**9,010**	**6,389**
Hybrid bonds	5,029	1,971	1,873	668
Non-controlling interests	39	489	314	579
Total equity	**15,940**	**9,852**	**11,197**	**7,636**
Long-term liabilities				
Liabilities to credit institutions	5,635	6,582	5,898	6,596
Bond loans	17,763	6,387	6,599	5,941
Derivatives	118	29	12	35
Long-term liabilities to owners	-	-	-	34
Liabilities leasing	137	-	-	-
Deferred tax liabilities	1,238	1,040	1,047	863
Other long-term liabilities	33	130	25	14
Total long-term liabilities	**24,924**	**14,168**	**13,580**	**13,482**
Current liabilities				
Liabilities to credit institutions	135	396	12	637
Commercial papers	1,728	1,823	1,840	-
Bond loans	70	30	327	660
Accounts payable	78	68	88	135

	As of 30 September		As of 31 December	
	2019	2018	2018	2017
	(unaudited)			
		(SEK million)		
Short-term liabilities to owners	-	-	-	40
Current tax liabilities	47	37	19	53
Other liabilities	404	374	279	654
Accrued expenses and prepaid income	434	335	299	270
Total current liabilities	**2,896**	**3,063**	**2,864**	**2,450**
TOTAL EQUITY AND LIABILITIES	**43,760**	**27,083**	**27,641**	**23,569**

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2019 AND 2018 AND THE YEARS ENDED 31 DECEMBER 2018 AND 2017

	For the nine months ended 30 September		For the year ended 31 December	
	2019	2018	2018	2017
	(unaudited)			
		(SEK million)		
Operations				
Profit from property management	508	294	321	338
Adjustments for non-cash flow items				
Depreciations	1	1	1	2
Net financial items	367	439	661	464
Interest paid	(390)	(464)	(739)	(416)
Interest received	73	2	4	12
Income tax paid	(52)	(17)	(1)	(40)
Net cash from operating activities before changes in working capital	**507**	**255**	**248**	**361**
Cash flow from changes in working capital				
Changes in current receivables	(106)	(23)	(6)	(181)
Changes in current liabilities	143	(333)	(402)	330
Cash flow from operations	**544**	**(102)**	**(161)**	**510**
Investment activities				
Investments in properties	(10,069)	(2,584)	(3,908)	(13,674)
Divestment of properties	6,024	1,995	3,418	737
Investments/sales equipment, machinery, installations	0	6	5	(6)
Investments in associated companies/joint ventures	(321)	12	(102)	(28)
Investments in intangible fixed assets	-	(25)	(24)	-
Changes in receivables from associated companies/joint ventures	(178)	(1,282)	(1,574)	-
Changes in financial assets	(1,408)	-	-	-
Changes in other long-term receivables	(28)	(27)	(63)	3
Cash flow from investment activities	**(5,980)**	**(1,905)**	**(2,249)**	**(12,973)**
Financing activities				
New issues	-	-	-	-
Share issue	1,053	-	1,380	2,832
Issue hybrid bonds	3,115	1,303	1,505	668
Redeemed preference shares	(93)	-	(98)	-
Repurchase hybrid bonds	-	-	(317)	-
Redeemed warrants	-	-	(93)	-
Issue warrants	-	9	9	2
Dividends paid	(390)	(133)	(186)	(71)
Shareholder contributions received	-	-	-	-
Acquired minority shares	-	-	13	315
Redeemed minority shares	(345)	(127)	(298)	(188)
New loans	21,389	5,820	7,516	11,102
Amortisation of loans	(10,929)	(4,868)	(6,895)	(1,846)
Occupied debt to owners	-	-	-	74
Amortisation of loans from shareholders	-	(74)	(74)	(794)
Occupied debt to associated companies/joint ventures	-	9	-	-
Change in other long-term liabilities	8	117	12	(45)
Cash flow from financing activities	**13,808**	**2,056**	**2,474**	**12,049**
Cash flow for the period	**8,732**	**49**	**64**	**(414)**
Cash and cash equivalents at the beginning of the period	**157**	**93**	**93**	**506**
Translation difference of cash and cash equivalents	3	1	(0)	(0)
Cash and cash equivalents at the end of the period	**8,532**	**143**	**157**	**93**

NON-IFRS FINANCIAL DATA AND RECONCILIATION TABLES

The following tables show certain key non-IFRS financial data that the Directors believe provide useful supplemental information to understand and analyse the Group's underlying results.

Key performance indicators and other historical financial and operating data

	Nine months ended 30 September		Year ended 31 December	
	2019	2018	2018	2017
Operational data				
Gross asset value of properties (SEK million)	30,776	25,122	25,243	23,001
Number of properties	842	782	570	749
Lettable area of properties (m^2 thousands)	1,795	1,402	1,330	1,366
Passing Rent (SEK million)[(1)]	2,003	1,637	1,585	1,588
Passing NOI (SEK million)[(2)]	1,374	1,139	1,112	1,111
EPRA NAV				
EPRA NAV (long-term net asset value) (SEK millions)[(3)]	9,914	8,294	8,736	7,120
EPRA NAV (long-term net asset value) per share (SEK)[(4)]	13.11	11.24	11.55	9.65
Adjusted EPRA NAV (SEK millions)[(5)]	17,257	10,432	11,941	7,955
Adjusted EPRA NAV per share (SEK)[(6)]	22.83	14.14	15.79	10.78
EPRA NNNAV (actual net asset value) (SEK millions)[(7)]	8,692	7,375	7,838	6,282
EPRA NNNAV (actual net asset value) per share (SEK)[(8)]	11.50	9.99	10.37	8.51
Key ratios				
Net Operating Margin (%)[(9)]	65.0	65.0	63.7	65.5
Net Initial Yield (%)[(10)]	4.7	4.8	4.7	5.1
Equity Ratio (%)[(11)]	36.4	36.4	40.5	32.4
Loan-to-Value Ratio (%)[(12)]	38.4	55.7	52.5	60.0
Secured Loan-to-Value Ratio (%)[(13)]	16.3	44.1	37.8	-
Interest Coverage Ratio (%)[(14)]	2.4x	1.9x	1.8x	-
Shares data				
Average number of Class A and Class B shares	756,049,031	737,949,031	741,569,031	653,360,953
Average number of Class D shares	62,248,416	-	918,854	-
Average number of preference shares	153,947	333,205	324,983	168,360
Basic number of Class A and Class B shares at period end	756,049,031	737,949,031	756,049,031	737,949,031
Number of Class D shares at period end	76,498,230	-	41,626,390	-
Number of preference shares at period end	30,713	333,205	175,251	333,205
Earnings per Class A and Class B share (SEK)	1.41	1.24	2.07	3.60
Earnings per Class D share (SEK)	1.50	-	0.50	-
Shareholders' equity (SEK millions)	10,872	7,391	9,009	6,389
Return on Shareholders' Equity (%)[(15)]	9.9	11.4	17.9	52.0

(1) "**Passing Rent**" represents contracted rental income (including additions and rent discounts) and other real estate-related income on a rolling 12-months basis, based on current lease contracts as of the period end.

(2) "**Passing NOI**" is calculated as Passing Rent less budgeted annual operating costs, budgeted annual maintenance costs, annualised management administration costs and budgeted property tax expense, as shown in the following table.

	Nine months ended 30 September		Year ended 31 December	
	2019	2018	2018	2017
Passing Rent	2,003	1,673	1,585	1,588
Budgeted annual operating costs	(402)	(313)	(307)	(292)
Budgeted annual maintenance costs	(137)	(102)	(88)	(100)
Current management administration costs annualised	(65)	(56)	(52)	(58)
Budgeted property tax expense	(26)	(27)	(26)	(27)
Passing NOI	**1,374**	**1,139**	**1,112**	**1,111**

(3) "**EPRA NAV (Long-term net asset value)**" represents total equity, excluding equity associated with preference shares, Class D shares, non-controlling interests and hybrid bonds, adding back deferred tax liability and derivatives, as shown in the following table.

	Nine months ended 30 September		Year ended 31 December	
	2019	2018	2018	2017
Equity	15,940	9,852	11,197	7,636
Preference share capital	(15)	(167)	(88)	(167)
Class D share capital	(2,299)	-	(1,244)	-
Non-controlling holdings	(39)	(489)	(315)	(579)
Hybrid bonds	(5,029)	(1,971)	(1,873)	(668)

	Nine months ended 30 September		Year ended 31 December	
	2019	2018	2018	2017
Reversal of deferred tax	1,238	1,040	1,047	863
Reversal of derivatives..	118	29	12	35
EPRA NAV (Long-term net asset value)	9,914	**8,294**	**8,736**	**7,120**

(4) "**EPRA NAV (Long-term net asset value) per share**" represents EPRA NAV (Long-term net asset value) divided by the basic number of Class A shares and Class B shares as of the end of the period.

(5) "**Adjusted EPRA NAV**" represents EPRA NAV (Long-term net asset value) plus equity attributable to investors in the hybrid bonds, Class D shares and preference shares, as shown in the following table.

	Nine months ended 30 September		Year ended 31 December	
	2019	2018	2018	2017
EPRA NAV (long-term net asset value)	9,914	8,294	8,736	7,120
Equity attributable to hybrids investors	5,029	1,971	1,873	668
Equity attributable to Class D shares investors	2,299	-	1,244	-
Equity attributable to preference shares investors	15	167	88	167
Adjusted EPRA NAV..	**17,257**	**10,432**	**11,941**	**7,955**

(6) "**Adjusted EPRA NAV per share**" represents Adjusted EPRA NAV divided by the basic number of Class A shares and Class B shares as of the end of the period.

(7) "**EPRA NNNAV (Actual net asset value)**" represents EPRA NAV (long-term net asset value) less the fair value of derivative financial instruments, adjusted for estimated actual deferred tax at 5.5 per cent., as shown in the following table.

	Nine months ended 30 September		Year ended 31 December	
	2019	2018	2018	2017
EPRA NAV (Long-term net asset value)	9,914	8,294	8,736	7,120
Fair value of derivative financial instruments	(118)	(29)	(12)	(35)
Estimated actual deferred tax at 5.5% ..	(1,104)	(890)	(886)	(803)
EPRA NNNAV (Actual net asset value)	**8,692**	**7,375**	**7,838**	**6,282**

(8) "**EPRA NNNAV (Actual net asset value) per share**" represents EPRA NNNAV (Actual net asset value) divided by the basic number of Class A shares and Class B shares as of the end of the period.

(9) "**Net Operating Margin**" represents net operating income as a percentage of rental income for the period.

(10) "**Net Initial Yield**" is calculated as Passing NOI as a percentage of the gross asset value of properties adjusted to exclude the value of building rights as shown in the following table.

	Nine months ended 30 September		Year ended 31 December	
	2019	2018	2018	2017
Passing NOI	1,374	1,139	1,112	1,111
Gross asset value of properties...	30,776	25,122	25,243	23,001
Adjustment to exclude building rights value	1,343	1,285	1,331	1,178
Adjusted asset value of properties.....................................	29,433	23,837	23,912	21,823
Net Initial Yield (%)..	**4.7**	**4.8**	**4.7**	**5.1**

(11) "**Equity Ratio**" is calculated as reported equity as a percentage of total assets.

(12) "**Loan-to-Value Ratio**" represents net interest-bearing liabilities as a percentage of total assets at the end of the period, as shown in the following table. For purposes of these calculations hybrids are treated as 100 per cent. equity.

	Nine months ended 30 September		Year ended 31 December	
	2019	2018	2018	2017
Long-term liabilities				
Liabilities to credit institutions...	5,635	6,582	5,898	6,596
Bonds	17,763	6,387	6,598	5,941
Short-term liabilities				
Liabilities to credit institutions	135	29	12	637
Commercial paper...	1,728	1,823	1,840	-
Bonds	70	30	327	660
Cash and bank	(8,532)	(143)	(157)	(93)
Net debt...	16,799	15,075	14,518	13,742
Total assets..	43,760	27,083	27,641	23,569
Loan-to-Value Ratio (%)	**38.4**	**55.7**	**52.5**	**58.3**

(13) "**Secured Loan-to-Value Ratio**" represents secured interest-bearing liabilities as a percentage of total assets at the end of the period, as shown in the following table.

	Nine months ended 30 September		Year ended 31 December
	2019	**2018**	**2018**
Liabilities to credit institutions	5,770	6,978	5,910
Secured bonds	1,356	4,964	4,552
Total secured loans	7,126	11,942	10,462
Total assets	43,760	27,083	27,641
Secured Loan-to-Value Ratio (%)	**16.3**	**44.1**	**37.8**

(14) "**Interest Coverage Ratio**" represents profit from property management for the preceding 12 months after reversal of financial expenses in relation to financial expenses excluding costs for early redemption of loans and land lease fees, as shown in the following table.

	As at 30 September		As at 31 December
	2019	**2018**	**2018**
Profit from property management (rolling 12 months)	535	382	321
Interest expense and similar items (rolling 12 months)	502	514	538
Expenses for loans redeemed in advance (rolling 12 months)	177	80	127
Translation gains/(losses) (rolling 12 months)	(15)	-	-
Land lease expenses (rolling 12 months)	2	-	-
Total	**1,201**	**976**	**986**
Interest expense and similar items (rolling 12 months)	502	514	538
Interest Coverage Ratio	**2.4x**	**1.9x**	**1.8x**

(15) "**Return on Shareholders' Equity**" is calculated as net profit for the period as a percentage of average equity during the period, which is the arithmetic mean of opening equity and total equity, as shown in the following table.

	Nine months ended 30 September		Year ended 31 December	
	2019	**2018**	**2018**	**2017**
Net profit for the period	1,337	999	1,690	2,429
Opening equity	11,197	7,636	7,636	1,767
Total equity	15,940	9,852	11,197	7,636
Average equity	13,569	8,744	9,417	4,701
Return on Shareholders' Equity (%)	**9.9**	**11.4**	**17.9**	**51.7**

OWNERSHIP STRUCTURE

Insofar as it is known to the Issuer, the following persons, have (i) direct or indirect holdings amounting to five per cent. or more of the shares or voting rights in respect of the Issuer as of the date of this Drawdown Prospectus, or (ii) are expected to have, after completion of the Offer and the rights issue made in parallel (the "**Rights Issue**"), direct or indirect holdings amounting to five per cent. or more of the shares or voting rights in respect of the Issuer, provided that all shareholders of Hemfosa choose to accept the Offer and provided that the Rights Issue is fully subscribed with preferential rights.

Further, insofar as it is known to the Issuer, the following Board members and members of executive management, have (i) direct or indirect holdings (including holdings by any related parties) of the shares or voting rights in respect of the Issuer as of the date of this Drawdown Prospectus, or (ii) are expected to have, after completion of the Offer and the Rights Issue, direct or indirect holdings (including holdings by any related parties) of the shares or voting rights in respect of the Issuer, provided that all shareholders of Hemfosa choose to accept the Offer and provided that the Rights Issue is fully subscribed with preferential rights.

(i) As of 18 November 2019:

	Shares				per cent.	
Shareholder	**A**	**B**	**D**	**Preference**	**of capital**	**of votes**
Shareholders with holdings that exceed 5 per cent. of the shares or the votes						
Ilija Batljan (directly and indirectly through companies)	109,053,868	1,137,606	–	–	13.0	39.8
Marjan Dragicevic (directly and indirectly through companies)	23,989,867	70,675,628	–	–	11.1	11.3
AB Arvid Svensson	26,000,000	34,296,667	–	–	7.1	10.7
Sven-Olof Johansson (indirectly through companies)	22,315,456	25,405,525	–	–	5.6	9.1
Erik Paulsson (indirectly through companies)	13,919,159	14,605,317	–	–	3.4	5.6
Michael Cocozza	–	45,326,742	–	–	5.3	1.7
Stiftelsen för Strategisk Forskning	–	42,651,810	–	–	5.0	1.6
Board members and members of executive management holdings (including holdings by any related parties)						
Ilija Batljan	See above					
Sven-Olof Johansson	See above					
Fredrik Svensson	See above under AB Arvid Svensson					
Lennart Schuss (directly and indirectly through companies)	2,634,957	15,624,060	–	–	2.1	1.5
Hans Runesten	–	4,376,946	30,309	–	0.5	0.2
Eva Swartz Grimaldi	–	182,724	–	–	0.0	0.0
Lars Thagesson	–	7,756,695	–	–	0.9	0.3
Krister Karlsson	3,174,785	53,172	–	–	0.4	1.2
Rosel Ragnarsson	–	137,683	–	–	0.0	0.0
Eva-Lotta Stridh	317,479	–	–	–	0.0	0.1
Oscar Lekander	3,174,785	1,536,200	275,500	–	0.6	1.2
Fredrik Holm	–	20,000	2,500	–	0.0	0.0
Adrian Westman	–	10,000	–	–	0.0	0.0
Other shareholders	5,397,135	300,456,584	76,189,921	30,713	44.9	15.7
Total	**209,977,491**	**564,253,359**	**76,498,230**	**30,713**	**100.0**	**100.0**

(ii) After the completion of the Offer and the Rights Issue, provided that all shareholders of Hemfosa choose to accept the Offer and provided that the Rights Issue is fully subscribed with preferential rights.

	Shares				per cent.	
Shareholder	**A**	**B**	**D**	**Preference**	**of capital**	**of votes**
Shareholders with holdings that exceed 5 per cent. of the shares or the votes						
Ilija Batljan (directly and indirectly through companies)	109,053,868	9,613,873	-	-	8.1%	32.8%
Marjan Dragicevic (directly and indirectly through companies)	23,989,867	7,957,589	-	-	7.0%	9.5%
AB Arvid Svensson	26,000,000	38,934,872	-	-	4.4%	8.9%
Sven-Olof Johansson (indirectly through companies)	22,315,456	29,076,369	-	-	3.5%	7.5%
Erik Paulsson (indirectly through companies)	13,919,159	16,799,507	-	-	2.1%	4.7%
Michael Cocozza	-	48,813,414	-	-	3.3%	1.5%
Stiftelsen för Strategisk Forskning	-	45,932,718	-	-	3.1%	1.4%
Board members and members of executive management holdings (including holdings by any related parties)						
Ilija Batljan	See above					
Sven-Olof Johansson	See above					
Fredrik Svensson	See above under AB Arvid Svensson					
Lennart Schuss (directly and indirectly through companies)	2,634,957	17,028,599	-	-	1.3%	1.3%
Hans Runesten	-	4,715,965	30,309	-	0.3%	0.1%
Eva Swartz Grimaldi	-	196,779	-	-	0.0%	0.0%
Lars Thagesson	-	8,353,363	-	-	0.6%	0.2%

Shareholder	Shares				per cent.	
	A	B	D	Preference	of capital	of votes
Krister Karlsson	3,174,785	301,476	-	-	0.2%	1.0%
Rosel Ragnarsson	-	148,274	-	-	0.0%	0.0%
Eva-Lotta Stridh	317,479	24,421	-	-	0.0%	0.1%
Oscar Lekander	3,174,785	1,919,775	275,500	-	0.4%	1.0%
Fredrik Holm	-	21,730	2,500	-	0.0%	0.0%
Adrian Westman	-	10.769	-	-	0.0%	0.0%
Shareholders in Hemfosa	-	512,701,953	33,879,996	-	37.4%	16.3%
Other shareholders	5,397,135	329,846,927	76,189,921	30,713	28.1%	13.7%
Total	**209,977,491**	**1,142,398,373**	**110,378,226**	**30,713**	**100.0%**	**100.0%**

LEGAL CONSIDERATIONS AND SUPPLEMENTARY INFORMATION

MATERIAL AGREEMENTS

The following agreements (not being agreements entered into in the ordinary course of business) have been entered into by a member of the Group within the two years immediately preceding the date of this Drawdown Prospectus and are, or may be, material or have been entered into at any time by any member of the Group and contain provisions under which any member of the Group has an obligation or entitlement which is, or may be, material to the Group as of the date of this Drawdown Prospectus.

Bridge facilities agreement

In November 2019, the Issuer entered into a bridge facility agreement in a principal amount of SEK 5.3 billion, with an interest rate based on Stibor and an initial margin of 1.20 per cent. (the margin is connected to the Issuer's credit rating) with a maturity of six months with an option to extend for two consecutive six months periods and making the total maximum maturity 18 months (the "**Bridge Loan**"). The funds from the Bridge Loan shall be applied to (i) the payment of the cash purchase price for the Hemfosa shares in connection with the Offer, (ii) potential market purchases of Hemfosa's shares, (ii) the capitalisation of Hemfosa in connection with a compulsory acquisition and (iii) the payment of acquisition costs. The Bridge Loan agreement contains customary conditions precedent which relate to the status of the Issuer (financial reports, authorisation documentation and registry information), all of which have been fulfilled, or the Offer (evidence that the Offer has been declared unconditional, copies of published documents and confirmations regarding their content). None of the conditions precedent are outside of the Issuer's control or relate to Hemfosa. Moreover, the Bridge Loan agreement contains customary provisions regarding fees, undertakings, representations and financial covenants, along with provisions on mandatory prepayments in case of (i) certain large disposals of assets and (ii) certain large capital markets issuances. The Bridge Loan may be cancelled and repaid at any time during the term of the loan, subject to a three-day notice period.

Acquisition and transfer agreements

Since the Group's establishment in March 2016, a significant number of acquisitions and transfers, mainly of property owning companies and properties, have been made by the Group. Amongst others, the Issuer has acquired Samhällsbyggnadsbolaget i Norden AB (publ) (the current SBB i Norden) (after its acquisition of AB Högkullen (publ) and Gimmel Fastigheter AB), Kuststaden Holding AB, Sörmlandsporten AB, Kopparleden AB, as well as an acquisition and subsequent sale of a company owning property in central Oslo that included DNB Bank ASA's headquarters.

In acquisition agreements, fixed-term warranties regarding the property and the acquired company are regularly provided by the seller. When subsidiaries of the Group sell properties and companies, warranty claims may be brought by the buyer in relation to any damage that has arisen. Historically, no material warranty claims have been brought against the Group and the Group currently does not expect any warranty claims or other material obligations to be brought against the Group. See "*Risk Factors—Risks relating to acquisitions and company integration*".

Commercial leases

As of 30 September 2019, the Group had commercial lease agreements primarily for its community services properties and residual commercial premises in lower floors and development properties used as offices, warehouses or industrial spaces. Most of the Group's commercial leases are based on the Swedish Property Federation's (Sw. *Fastighetsägarna*) standard agreements or similar standards in the other Nordic countries and are subject to annual rent adjustments tied to changes to the consumer price index. The agreements usually contain appendices with specific provisions for the relevant lease and the term of the leases are usually three to five years with a termination notice period of nine months.

Distributor agreements

Other than financing costs, the Group's most significant expenses are related to its ordinary property costs, including, inter alia, costs of heating, waste disposal and continuous maintenance. The Group does not consider any individual distributor agreement relating to property costs to be material.

For administrative services, the Issuer has entered into a significant agreement with Newsec Asset Management AB. See "*Description of the Issuer and its operations—Overview of the Group's structure—Outsourcing arrangements*".

DESCRIPTION OF HEMFOSA

OVERVIEW

Below is a summarised description of Hemfosa. The information given in this description is, unless otherwise indicated, retrieved from publicly available information, from Hemfosa's annual reports for the financial years ended 31 December 2017 and 2018, the interim reports for the nine months ended 30 September 2019 and 2018 and Hemfosa's webpage. Accordingly, all such information relating to Hemfosa has not been independently verified by the Issuer.

OPERATIONS

Operations in brief

Hemfosa is a community service properties specialist working with public-sector offices, schools, care services and adapted housing as well as the judicial system in the Nordic region. On Hemfosa's premises police, teachers and medical doctors work and Hemfosa actively tries to adapt their properties to their needs. As of 30 September 2019, Hemfosa owned 403 properties in Sweden, Norway and Finland with a fair value of SEK 39.8 billion.

Hemfosa's operational organisation consists of a strong, locally anchored proprietary management organisation that is supported by the Hemfosa Group-wide functions. In Sweden, Hemfosa's property portfolio is divided into five regions: North, Stockholm, Mid, West and South. Each region is headed by a regional manager with operational responsibility for the properties in the region. Hemfosa has offices in Falun, Gothenburg, Halmstad, Härnösand, Karlskrona, Karlstad, Kristianstad, Norrköping, Oslo, Sundsvall, Västerås, Växjö and Umeå. The Norwegian organisation has five local administrative offices and is led from the Oslo office. In Finland, a country manager has recently been appointed and today she performs all the tasks together with a local cooperation partner. At the headquarters in Stockholm are Hemfosa Group-wide functions. These consists of Transaction and Analysis, Finance, Legal, Market/Communications. On 31 December 2018 the number of employees amounted to 71 people.

Property portfolio summary

Hemfosa divides its community service properties into four categories – Public-sector offices, Care services and Adapted Housing, Schools and Judicial system. Geographically, the properties in Sweden are located in 109 municipalities throughout Sweden with the emphasis on the Stockholm, Gothenburg and Malmö regions and the coast of Norrland. In Norway, since the first acquisitions in 2015, Hemfosa has assembled a portfolio, primarily in the Oslo region and southern Norway, and since 2017 also in western Norway, through an acquisition in Bergen. At year-end of 2018, the Norwegian portfolio accounted for 25 per cent. of Hemfosa's total property value. Finland is the third market in which Hemfosa has established operations. At year-end of 2018, the property portfolio in Finland accounted for 5 per cent. of Hemfosa's total property value.

Hemfosa has a well-diversified tenant structure, with the largest tenant accounting for only 6 per cent. of total rental income and the ten largest tenants accounting for less than one-third. As of 30 September 2019, the average remaining lease term was 6.5 years. There is a favourable spread in lease maturities, with maximum one-seventh of the rental value expiring each year over the next few years. More than one-third will expire in 2026 or later. As of 30 September 2019, the economic leasing rate was 94.2 per cent.

Vision

The vision of Hemfosa is to serve the community and provide the best properties for the most important people.

Business Concept

Hemfosa has a business concept of acquiring, owning over the long term, developing and actively managing community service properties in the Nordic region with its local presence.

Targets

Hemfosa has a growth target to grow to SEK 50 billion in property value until year 2023 and that distributable earnings per share will increase on average by a minimum of 10 per cent. per year.

Strategy

The objective is that Hemfosa's property portfolio will grow to SEK 50 billion within five years – to be combined with healthy profitability while retaining a low risk. Hemfosa aims to achieve this by strengthening its position in Sweden and Norway and expanding its activities and presence in the Finnish market. The ambition is to capitalise on growth opportunities when the need for community service properties increases in all three markets as the population grows and the share of children and senior citizens becomes larger.

FINANCIAL OVERVIEW SUMMARY

The information below regarding Hemfosa is collected from the annual reports for the years ended 31 December 2018 and 2017 and from the interim reports for the nine-month periods ended 30 September 2019 and 2018. The financial reports for the financial years ended 31 December 2018 and 2017 has been prepared in accordance with IFRS issued by International Accounting Standards Board (IASB) as adopted by EU. Furthermore, the Counsel for Financial Reporting's recommendation RFR 1 Supplementary Accounting Rules for Groups has been applied. The information in the interim reports for the nine months period ended 30 September 2019 and 2018 have been prepared in accordance with IAS 34 and the Swedish Annual Reports Act (Sw. *årsredovisningslagen*). Hemfosa's independent auditor has performed a review in accordance with International Standard on Review Engagements ISRE 2410 Review of interim financial information.

Consolidated statement of profit/loss and comprehensive income

	For the nine months ended 30 September		For the year ended 31 December		
	2019	**2018**	**2018**	**2017**	**2016**
	(unaudited)				
			(SEK million)		
Rental income	2,128	1,842	2,525	2,103	2,642
Property expenses					
Operating expenses	(349)	(312)	(403)	(342)	(433)
Maintenance costs	(120)	(130)	(175)	(154)	(212)
Property tax	(59)	(54)	(74)	(66)	(98)
Property administration	(73)	(63)	(82)	(56)	(82)
Net operating income	**1,526**	**1,282**	**1,792**	**1,484**	**1,817**
Central administration	(98)	(102)	(141)	(128)	(128)
Other operating income and expenses	4	6	43	11	21
Share in profit of joint ventures	(1)	2	2	168	542
Share in profit of associated companies	10	20	22	19	-
Financial income and expenses	(403)	(368)	(514)	(381)	(440)
Profit from property management	**1,039**	**840**	**1,204**	**1,173**	**1,812**
Changes in value of properties, realised	-	(2)	(2)	(6)	46
Changes in the value of properties, unrealised	814	1,101	1,307	1,281	1,548
Change in value of financial instruments	(77)	-	(14)	-	-
Change in value of financial instruments, realised	-	12	-	-	-
Change in value of financial instruments, unrealised	-	1	-	44	18
Profit before tax	**1,777**	**1,952**	**2,495**	**2,493**	**3,424**
Current tax	-	(118)	-	-	(18)
Deferred tax	-	(259)	-	-	177
Tax	(280)	-	(466)	(544)	-
Profit after tax	**1,497**	**1,575**	**2,030**	**1,949**	**3,583**
Discontinued operations					

	For the nine months ended 30 September		For the year ended 31 December		
	2019	2018	2018	2017	2016
	(unaudited)				
			(SEK million)		
Profit after tax from Nyfosa to be distributed to shareholders	-	1,307	1,407	1,215	-
Loss on distribution to Nyfosa	-	-	(1,077)	-	-
Profit for the period	**1,497**	**2,882**	**2,360**	**3,163**	**3,583**
Other comprehensive income					
Translation differences in translation of foreign operations	235	264	50	(104)	156
Comprehensive income for the period	**1,732**	**3,146**	**2,409**	**3,059**	**3,739**
Profit for the year attributable to:					
Parent Company shareholders	1,497	2,858	2,327	3,142	3,556
Non-controlling interests	-	24	31	21	27
Profit for the period	**1,497**	**2,882**	**2,360**	**3,163**	**3,583**

The income statements for the financial years ended 31 December 2018 and 2017 have been recalculated to take into account the distribution of Nyfosa and pertains to continuing operations. The income statement for the financial year ended 31 December 2016 has not been recalculated to take into account the distribution of Nyfosa.

Consolidated balance sheet in summary

	As of 30 September		As of 31 December		
	2019	2018	2018	2017	2016
	(unaudited)				
			(SEK million)		
Investment properties	39,773	35,570	36,049	41,119	34,668
Site leasehold, right-of-use asset	133	-	-	-	-
Shares in joint ventures	63	63	60	2,096	1,676
Shares in associated companies	231	172	164	123	56
Derivatives and other fixed assets	-	-	13	17	13
Other fixed assets	35	13	-	-	-
Current receivables	297	199	200	190	140
Cash and cash equivalents	616	1,511	974	541	1,221
Assets attributable to Nyfosa, which shall be distributed to shareholders	-	17,270	-	-	-
TOTAL ASSETS	**41,149**	**54,798**	**37,459**	**44,086**	**37,774**
EQUITY AND LIABILITIES					
Shareholders' equity attributable to Parent Company shareholders	14,455	12,927	13,134	17,723	15,506
Non-controlling interests	1	116	143	85	64
Total shareholders' equity	**14,456**	**13,043**	**13,276**	**17,807**	**15,570**
Dividend of Nyfosa	-	8,077	-	-	-
Interest-bearing liabilities	23,687	-	21,944	24,033	20,605
Non-current interest-bearing liabilities	-	19,286	-	-	-
Other non-current liabilities	-	14	-	-	-
Current interest-bearing liabilities	-	3,106	-	-	-
Other current liabilities	-	1,359	-	-	-
Liabilities attributable to Nyfosa, which shall be distributed to shareholders	-	8,798	-	-	-
Lease liability	133	-	-	-	-
Derivatives	-	-	29	43	87
Deferred tax liabilities	1,428	1,115	1,229	1,184	506
Other liabilities	1,446	-	981	1,019	1,006
Total liabilities	**26,694**	**41,755**	**-**	**-**	**-**
TOTAL EQUITY AND LIABILITIES	**41,149**	**54,798**	**37,459**	**44,086**	**37,774**

Key performance data

Key financial data

	As of September 30		As of 31 December		
	2019	2018	2018	2017	2016
Return on equity, %	**14.2**	22.5	15.1	19.0	27.1
Return on equity, continuing operations, %	**-**	13.6	-	-	-
Equity/assets ratio, %	**35.1**	23.8	35.4	40.4	41.2
Equity/assets ratio, continuing operations, %	**-**	34.8	-	-	-
Net loan-to-value ratio, properties, %[1]	**58.0**	58.7	58.2	57.1	55.9
Debt/equity ratio, multiple	**1.6**	1.7	1.7	1.3	1.3
Interest coverage ratio, multiple[1]	**3.6**	3.2	3.3	3.6[2]	3.9
Net debt/EBITDA, multiple	**11.5**	-	11.4	-	-

[1] Refers to an alternative performance measure according to European Securities and Markets Authority (ESMA).
[2] Excluding Nyfosa.

Share-related key figures, ordinary shares

	As of 30 September		As of 31 December		
	2019	2018	2018	2017	2016
Profit from property management per ordinary share, SEK[2]	5.87	4.97	6.52	6.74[4]	11.49
Profit after tax per ordinary share before dilution, SEK	8.59	8.90	11.78	11.66[4]	23.25
Profit after tax per ordinary share after dilution, SEK	8.58	8.89	11.77	11.65[4]	23.25
Equity per ordinary share, SEK[1]	75.51	67.76[3]	67.62	101.01	86.95
Net asset value (EPRA NAV), per ordinary share, SEK[1,2]	83.75	75.11[3]	75.11	112.20	93.87
Cash flow from operating activities per ordinary share, SEK	6.75	8.67	5.07	6.05	6.73
Dividend per ordinary share, SEK	2.38	3.50	2.40	4.80	4.40
Number of shares outstanding, 000s[1]	169,488	167,728	167,728	157,728	157,728

[1] At the end of the period.
[2] Pertains to Alternative Performance Measures according to the European Securities and Markets Authority (ESMA).
[3] Year-end 2018.
[4] Excluding Nyfosa.

Property-related key figures

	As of 30 September		As of 31 December		
	2019	2018	2018	2017	2016
No. of properties	**403**	373	381	472	432
Rental value, SEK million[1]	**3,096**	2,759	2,826	3,397	2,999
Leasable area, 000s of sqm	**2,178**	2,040	2,059	2,918	2,627
Fair value of properties, SEK million	**39,773**	35,570	36,049	41,119	34,668
Property value, SEK per sqm of leasable area	**18,261**	17,436	17,508	14,092	13,195
Economic leasing rate, %	**94.2**	94.4	94.4	92.5	91.1
Surplus ratio, %	**71.7**	69.6	71.0	70.6[2]	68.8
Yield, %	**5.3**	5.2	5.4	5.4	5.5

[1] Pertains to Alternative Performance Measures according to the European Securities and Markets Authority (ESMA).
[2] Excluding Nyfosa.

Share-related key figures, preference shares

	As of 30 September		As of 31 December		
	2019	2018	2018	2017	2016
Dividend per preference share, SEK	**10.00**	**7.50**	**10.00**	**10.00**	**10.00**
Equity per preference share, SEK	**162.85**	**162.85**	**162.85**	**162.85**	**162.85**
Number of preference shares outstanding, 000s[1]	**11,000**	**11,000**	**11,000**	**11,000**	**11,000**

[1] At the end of the period.

SHARES, SHARE CAPITAL AND OWNERSHIP

The share

Hemfosa has two classes of shares, common shares and preference shares. Every common share entitles the holder to one vote and every preference share entitles the holder to one-tenth of a vote. The shares are associated with different rights to dividends and to Hemfosa's assets. Hemfosa's common shares are listed at Nasdaq Stockholm Large Cap under the Ticker "HEMF". Hemfosa's preference shares are listed at Nasdaq Stockholm Large Cap under the Ticker "HEMF PREF". The common shares have the ISIN code SE0007126115 and the preference shares SE0007126123.

As of the date of this Drawdown Prospectus, the number of shares in Hemfosa is 180,488,248, of which 169,488,249 are common shares and 10,999,999 are preference shares, with a quota value of SEK 0.5 per share. Hemfosa does not own shares.

Warrant program for employees

A warrants program for employees of Hemfosa together with its direct and indirect subsidiaries (the "**Hemfosa Group**") was established during 2017. A total of 52 employees acquired a combined total of 1,294,000 warrants, corresponding to 89 per cent. of the maximum number of warrants. The warrants entitle rights to subscribe for common shares during the periods 1-31 May 2022 and 1-31 August 2022 at an initial stated subscription price of SEK 98,40. The 156,000 warrants that were not subscribed have been cancelled. In total, 395,000 of the acquired warrants have been repurchased, most in connection with the distribution of Nyfosa in 2018, when a number of employees transferred to Nyfosa. The repurchased warrants have been cancelled. In connection with the distribution of Nyfosa a recalculation of the subscription price for the shares as well as the number of shares each warrant entitles subscription to was also conducted. As of the date of this Drawdown Prospectus, 899,000 warrants are outstanding, which entitle rights to subscribe 1,431,639 common shares in total, corresponding to a dilution of approximately 0.8 per cent. of the total number of common shares.

At the 2019 annual general meeting it was resolved to introduce a warrants program for employees of the Hemfosa Group. The purpose of the incentive program is to help Hemfosa to recruit and retain personnel and create joint objectives for shareholders, management and employees. The programme has been designed to reward overachievement and is targeted to all employees. In brief, the resolution entails a private placement of a maximum of 1,400,000 warrants. During the second quarter, personnel in Sweden subscribed for 941,400 warrants. These warrants entitle subscription of shares under three different two-week periods after (i) the announcement of the quarterly report Q3 2022 (however not earlier than 25 October 2022), (ii) year-end report for the financial year 2022 (however not earlier than 25 January 2023) and (iii) the quarterly report Q1 2023 (however not earlier than 25 April 2023 and with an end date not later than 10 June 2023), respectively. The subscription price per share is the common shares average price at the time of the issue of the warrants with recalculations upwards or downwards depending on all listed property companies' average development, calculated in accordance with Carnegie's property index (CREX) based on an average index value for the period from and including 8 May 2019 up to and including 21 May 2019, in comparison to an average index value for the period from and including 1 September 2022 up to and including 14 September 2022. Upon full subscription on the basis of all warrants issued under the 2019 program a dilution of approximately 0.8 per cent. of the total number of common shares in the company will occur.

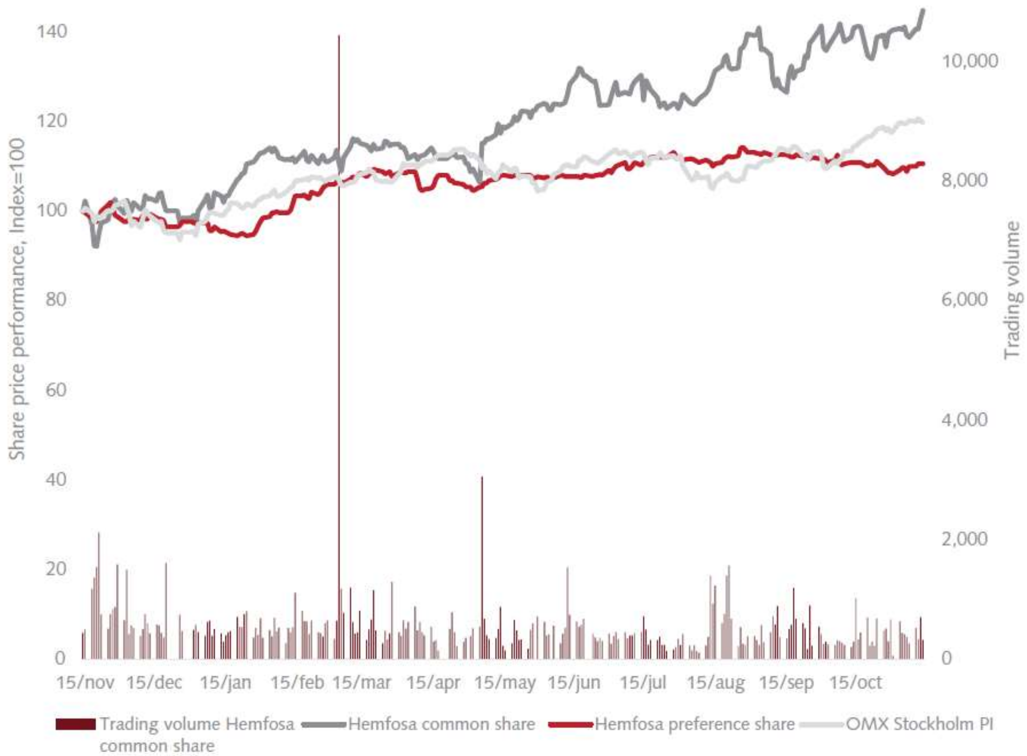
Shareholders

As of 30 September 2019, Hemfosa had 26,979 shareholders. The ten largest shareholders in terms of votes as of 30 September 2019 are set out below.

	Number of shares		**Per. cent of**	
	Ordinary shares	**Preference shares**	**Share capital**	**Votes**
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
Other	109,356,975	10,491,061	66.5	64.7
Total	**169,488,249**	**10,999,999**	**100.0**	**100.0**

Share price performance

The chart set out below illustrates the share price performance and trading volume of the Hemfosa common and preference shares, respectively, over the twelve past months prior to the announcement of the Offer (15 November 2018 to 14 November 2019), compared with the OMX Stockholm PI for the same period.



Dividends policy

The dividend is to amount to about 40 per cent. of distributable earnings, which are defined as profit from property management excluding the share in profit in joint ventures and after paid tax.

Authorisation for the board of directors to resolve upon issue of common shares

At Hemfosa's 2019 annual general meeting a resolution was passed to authorise the board on one or more occasions during the period up to the following annual general meeting, either applying or disapplying the existing shareholders' preferential rights, to decide on the issuance of common shares. The total number of ordinary shares that may be issued pursuant to the authorisation may correspond to no more 10 per cent. of the total number of common shares in Hemfosa at the time of exercising the authorisation. Such new ordinary shares shall be issued at a subscription price corresponding to market terms and payment can be made, except for payment in cash, by assets contributed in kind or by set-off. The board of directors has, on the basis of the authorisation, resolved on an issue in kind of 1,760,000 common shares, i.e. approximately 1 per cent. of the total number of common shares in Hemfosa, to ICA-handlarnas Förbund Finans AB. The issue in kind was registered on 4 July 2019.

The purpose of the authorisation, and the reason for any deviation from the shareholders' pre-emption right, is that the board of directors shall be able to resolve on issues of shares in order to finance acquisitions of real property or real property companies, or part of real property or real property companies, or in order to finance investments in new or existing real property.

Shareholder agreements

Hemfosa's annual report for the financial year 2018 does not mention any agreements between larger shareholders or between larger shareholders and the Issuer or Hemfosa.

Material agreements

Hemfosa's credit agreements contain customary provisions regarding change of control and thereby might be terminated in case of a material change of control in Hemfosa.

BOARD OF DIRECTORS, MANAGEMENT AND AUDITOR

Board of directors

BENGT KJELL, B. 1954

Chairman of the company's board of directors since 2013 and chairman of the remuneration committee. Chairman within the group since 2009.

Education:

Graduate Business Administrator, Stockholm School of Economics.

Other assignments:

Chairman of the boards of SSAB and Expassum AB, and vice chairman of the board of Indutrade AB and Pandox AB. Member of the boards of AB Industrivärden and Amasten et al.

Shareholding in the company (incl. any shares held by related parties):

2,305,000 common shares.

ANNELI LINDBLOM, B. 1967

Member of the company's board of directors since 2013 and chairman of the audit committee. No previous board assignments within the group.

Education:

Bachelor of Science in Economics, Frans Schartau Business Institute, Stockholm.

Other assignments:

Chairman of the board of NoClds AB.

Shareholding in the company (incl. any shares held by related parties):

2,400 common shares.

CAROLINE SUNDEWALL, B. 1958

Member of the company's board of directors since 2013 and member of the audit committee. No previous board assignments within the group.

Education:

Graduate Business Administrator, Stockholm School of Economics.

Other assignments:

Chairman of the board of Stiftelsen Streber Cup. CEO and member of the board of Caroline Sundewall AB. Member of the boards of Elanders AB, SinterCast, Stiftelsen Tillväxt Helsingborg and Mertzig Asset Management.

Shareholding in the company (incl. any shares held by related parties):

3,000 common shares and 2,000 preference shares.

PER-INGEMAR PERSSON, B. 1956

Member of the company's board of directors since 2016 and member of the remuneration committee. No previous board assignments within the group.

Education:

Master of Engineering, Faculty of Engineering, Lund University.

Other assignments:

Chairman of the board of NEWS and ELU Konsult AB member of the boards of Fabege, Finja Prefab AB, Wihlborgs Fastigheter AB and PEKE Konsult AB and a number of wholly owned or associate companies in the Veidekke Group.

Shareholding in the company (incl. any shares held by related parties):

4,400 common shares.

GUNILLA HÖGBOM, B. 1958

Member of the company's board of directors since 2017 and member of the audit committee. No previous board assignments within the group.

Education:

Master of Engineering, Royal Institute of Technology, Stockholm.

Other assignments:

CEO in Fastighets AB Virtuosen. Member of the board of Sydholmarna Kapitalförvaltning AB.

ANNELI JANSSON, B. 1974

Board member since 2019. No previous engagements within the group.

Education:

Master of Engineering, Royal Institute of Technology, Stockholm.

Other assignments:

CEO in Humlegården Fastigheter AB and member of the board of several companies in the

Shareholding in the company (incl. any shares held by related parties):

1,000 common shares.

ANDERS KUPSU, B. 1962

Board member since 2019.

Education:

Master of Engineering, Royal Institute of Technology, Stockholm.

Other assignments:

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

Shareholding in the company (incl. any shares held by related parties):

2,440 common shares.

Humlegården group. Member of the board of Brinova Fastigheter AB and RICS Sverige AB.

Shareholding in the company (incl. any shares held by related parties):

1,200 common shares and 500 preference shares.

CARL MÖRK, B. 1969

Board member since 2019.

Education:

Master of Engineering, Royal Institute of Technology, Stockholm and Masters of Science in Real Estate Finance, London School of Economics, London.

Other assignments:

Chairman of the board and active in Altira AB. Member of the board of Stendörren Fastigheter AB and Vrenen Fastigheter AB. Chairman of the board of Ankarhagen AB.

Shareholding in the company (incl. any shares held by related parties):

-

Management

CAROLINE AREHULT, B. 1973

CEO

Education:

Master of Science, Royal Institute of Technology, Stockholm and Hamburg.

Background:

19 years in various leading roles at Skanska, most recently as Managing Director of Skanska Fastigheter Stockholm.

Shareholding in the company (incl. any shares held by related parties):

20,000 common shares and 120,000 share warrants.

PETER ANDERSON, B. 1970

CFO

Education:

Graduate Business Administrator, Stockholm School of Economics.

Background:

Positions within the property and financial sectors, most recently as Finance Director at Kungsleden. Previously CFO of ICA Fastigheter and CFO at Steen & Ström Sweden and as an auditor at KPMG´s Real Estate Group.

Shareholding in the company (incl. any shares held by related parties):

90,000 share warrants.

ANNIKA EKSTRÖM, B. 1965

Head of Property Management

Education:

Master of Science, Royal Institute of Technology, Stockholm.

Background:

Several positions within Aberdeen Asset Management Sweden, most recently as business area manager, and member of the board of Fastighetsgrunden i Mölndal Förvaltning AB.

Shareholding in the company (incl. any shares held by related parties):

24,666 common shares and 100,000 share warrants.

LINDA ERIKSSON, B. 1975

Head of Finance

Education:

Master of Science, Royal Institute of Technology, Stockholm.

Other assignments:

Member of the board of Frälsningsarméns Förlagsaktiebolag.

Background:

Experience from the financial and property sectors in roles such as Head of Finance at Kungsleden, analyst at AGL and Förvaltaren, and project controller at KF fastigheter.

Shareholding in the company (incl. any shares held by related parties):

3,000 common shares and 75,000 share warrants.

ANNA ALSBORGER, B. 1977

Head of transactions

Education:

Master of Science, KTH Royal Institute of Technology in Stockholm.

Background:

Several positions within transaction and analysis, most recently as Head of transactions at Hemsö.

Shareholding in the company (incl. any shares held by related parties):

6,000 common shares and 60,000 share warrants.

Auditor

The registered firm of accountants KPMG AB was re-elected auditor at the annual general meeting held 7 May 2019. Peter Dahllöf is the auditor in charge up until the end of the next annual general meeting.

TERMS AND CONDITIONS OF THE NOTES AS COMPLETED BY THE ISSUE FINAL TERMS

The terms and conditions of the Notes will be as set out in the section entitled "*Terms and Conditions of the Notes*" on pages 36 to 71 (inclusive) of the Base Prospectus which is incorporated into and shall form part of this Drawdown Prospectus as completed by the issue final terms set out in Part A below.

NO PROSPECTUS IS REQUIRED IN ACCORDANCE WITH THE PROSPECTUS DIRECTIVE FOR THE ISSUE OF NOTES DESCRIBED BELOW

PROHIBITION OF SALES TO EEA RETAIL INVESTORS – The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area ("**EEA**"). For these purposes, a "**retail investor**" means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended or superseded, "**MiFID II**"); or (ii) a customer within the meaning of Directive 2002/92/EC (as amended or superseded, the Insurance Mediation Directive), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in Directive 2003/71/EC (as amended or superseded, the "**Prospectus Directive**"). Consequently no key information document required by Regulation (EU) No 1286/2014 (as amended or superseded, the "**PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

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

Issue final terms dated 26 November 2019

Samhällsbyggnadsbolaget i Norden AB (publ)

Legal Entity Identifier (LEI): 549300HX9MRFY47AH564

Issue of NOK 1,000,000,000 3.12 per cent. Fixed Rate Notes due 2024
under the €2,500,000,000
Euro Medium Term Note Programme

PART A – CONTRACTUAL TERMS

Terms used herein shall be deemed to be defined as such for the purposes of the terms and conditions of the Notes on pages 36 to 71 of the Base Prospectus (the "**Conditions**") which are incorporated by reference into this Drawdown Prospectus. References in the Conditions to the "Final Terms" shall be deemed to refer to the issue final terms set out below.

1.	Issuer:		Samhällsbyggnadsbolaget i Norden AB (publ)
2.	(a)	Series Number:	13
	(b)	Tranche Number:	1
	(c)	Date on which the Notes will be consolidated and form a single Series:	Not Applicable

3.	Specified Currency or Currencies:		Norwegian krone ("**NOK**")
4.	Aggregate Nominal Amount:		
	(a)	Series:	NOK 1,000,000,000
	(b)	Tranche:	NOK 1,000,000,000
5.	Issue Price:		100 per cent. of the Aggregate Nominal Amount
6.	(a)	Specified Denominations:	NOK 2,000,000
	(b)	Calculation Amount (in relation to calculation of interest in global form see Condition 5 (*Interest*)):	NOK 2,000,000
7.	(a)	Issue Date:	28 November 2019
	(b)	Interest Commencement Date:	Issue Date
8.	Maturity Date:		28 November 2024
9.	Interest Basis:		3.12 per cent. Fixed Rate (see paragraph 14 below)
10.	Redemption Basis:		Subject to any purchase and cancellation or early redemption, the Notes will be redeemed on the Maturity Date at 100 per cent. of their nominal amount
11.	Change of Interest Basis:		Not Applicable
12.	Put/Call Options:		Change of Control Put (see paragraph 21 below)
13.	(a)	Status of the Notes:	Senior
	(b)	Date Board approval for issuance of Notes obtained:	Not Applicable

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

14.	Fixed Rate Note Provisions		Applicable
	(a)	Rate(s) of Interest:	3.12 per cent. per annum payable in arrear on each Interest Payment Date
	(b)	Interest Payment Date(s):	28 November in each year up to and including the Maturity Date
	(c)	Fixed Coupon Amount(s) for Notes in definitive form (and in relation to Notes in global form see Conditions):	NOK 62,400 per Calculation Amount
	(d)	Broken Amount(s) for Notes in definitive form (and in relation to Notes in	Not Applicable

		global form see Conditions):	
	(e)	Day Count Fraction:	30/360
	(f)	Determination Date(s):	Not Applicable
	(g)	Step Up Rating Change and/or Step Down Rating Change:	Applicable
	(h)	Step Up Margin:	1.25 per cent. per annum
15.	Floating Rate Note Provisions		Not Applicable
16.	Zero Coupon Note Provisions		Not Applicable

PROVISIONS RELATING TO REDEMPTION

17.	Notice periods for Condition 7.2:	Minimum period: 30 days Maximum period: 60 days
18.	Issuer Call:	Not Applicable
19.	Issuer Par Call:	Not Applicable
20.	Investor Put:	Not Applicable
21.	Change of Control Put	Applicable
	Change of Control Redemption Amount:	NOK 2,020,000 per Calculation Amount
22.	Final Redemption Amount:	NOK 2,000,000 per Calculation Amount
23.	Early Redemption Amount payable on redemption for taxation reasons or on event of default:	NOK 2,000,000 per Calculation Amount

GENERAL PROVISIONS APPLICABLE TO THE NOTES

24.	Form of Notes:		
	(a)	Form:	Bearer Notes: Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for Definitive Notes upon an Exchange Event
	(b)	New Global Note:	No
	(c)	New Safekeeping Structure:	No
25.	Additional Financial Centre(s):		Not Applicable
26.	Talons for future Coupons to be attached to Definitive Notes:		No

SIGNED on behalf of **Samhällsbyggnadsbolaget i Norden AB (publ)**:

By: ....
Duly authorised

PART B – OTHER INFORMATION

1.	**LISTING AND ADMISSION TO TRADING**		
	(i)	Listing and Admission to trading	Application is expected to be made by the Issuer (or on its behalf) for the Notes to be admitted to trading on the Global Exchange Market of Euronext Dublin and listing on the official list of Euronext Dublin with effect from on or about the Issue Date.
	(ii)	Estimate of total expenses related to admission to trading:	EUR 4,540
2.	**RATINGS**		
	Ratings:		The Notes to be issued are expected to be rated: S&P: BBB- Fitch: BBB- Each of S&P and Fitch is established in the European Union and is registered under Regulation (EC) No. 1060/2009 (as amended or superseded) (the "**CRA Regulation**")

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

Save for the fees payable to the Manager, so far as the Issuer is aware, no person involved in the issue of the Notes has an interest material to the offer. The Manager (including for the avoidance of doubt their branches) and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform other services for, the Issuer and its affiliates in the ordinary course of business.

4.	**USE OF PROCEEDS**		The net proceeds of the issue of the Notes will be used by the Issuer for general corporate purposes.
5.	**YIELD**		
	Indication of yield:		3.12 per cent. per annum The yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield.
6.	**OPERATIONAL INFORMATION**		
	(i)	ISIN:	XS2085870728
	(ii)	Common Code:	208587072
	(iii)	CFI:	See the website of the Association of National Numbering Agencies ("**ANNA**") or alternatively source from the responsible National Numbering Agency that assigned the ISIN
	(iv)	FISN:	See the website of the ANNA or alternatively source from the responsible National Numbering Agency that assigned the ISIN

(v)	Any clearing system(s) other than Euroclear and Clearstream, Luxembourg and the relevant identification number(s):	Not Applicable
(vi)	Delivery:	Delivery against payment
(vii)	Names and addresses of additional Paying Agent(s) (if any):	Not Applicable
(viii)	Names and addresses of the Registrar and Transfer Agent (if any):	Not Applicable
(ix)	Intended to be held in a manner which would allow Eurosystem eligibility:	No. Whilst the designation is specified as "no" at the date of these Final Terms, should the Eurosystem eligibility criteria be amended or superseded in the future such that the Notes are capable of meeting them the Notes may then be deposited with one of the ICSDs as common safekeeper. Note that this does not necessarily mean that the Notes will then be recognised as eligible collateral for Eurosystem monetary policy and intra day credit operations by the Eurosystem at any time during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.

7. **DISTRIBUTION**

(i)	Method of distribution:	Non-syndicated
(ii)	If syndicated, names of Managers:	Not Applicable
(iii)	Date of Subscription Agreement:	26 November 2019
(iv)	Stabilisation Manager(s) (if any):	Not Applicable
(v)	If non-syndicated, name of relevant Dealer:	DNB Bank ASA, Sweden Branch
(vi)	U.S. Selling Restrictions:	Reg. S Compliance Category 2; TEFRA D
(vii)	Prohibition of Sales to EEA Retail Investors:	Applicable

GENERAL INFORMATION

Authorisation

The issue of the Notes was authorised by a resolution of the Board of the Issuer dated 24 April 2019.

Listing

Application has been made to Euronext Dublin for the Notes to be admitted to the Official List and to trading on the GEM; however, no assurance can be given that such application will be accepted. It is expected that admission of the Notes to the official list and to trading on the GEM will be granted on 28 November 2019, subject only to the issue of the Notes.

The total expenses related to the admission to trading of the Notes are expected to be approximately EUR 4,540.

Listing Agent

Arthur Cox Listing Services Limited is acting solely in its capacity as listing agent for the Issuer in connection with the Notes and is not itself seeking admission of the Notes to the Official List or to trading on the GEM.

Clearing Systems

The Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg (which are the entities in charge of keeping the records). The ISIN for this issue is XS2085870728 and the Common Code is 208587072. The address of Euroclear is Euroclear Bank SA/NV, 1 Boulevard du Roi Albert II, B-1210 Brussels and the address of Clearstream, Luxembourg is Clearstream Banking S.A., 42 Avenue JF Kennedy, L-1855 Luxembourg.

No significant change

There has been no significant change in the financial or trading position of the Issuer or the Group since 30 September 2019 and there has been no material adverse change in the prospects of the Issuer or the Group since 31 December 2018.

Litigation

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

Auditors

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

U.S. tax

The Notes (other than the Temporary Global Note) and Coupons will contain the following legend: Any United States person who holds this obligation will be subject to limitations under the United States income tax laws, including the limitations provided in Sections 165(j) and 1287(a) of the Internal Revenue Code.

Documents Available

For as long as the Notes are listed on the Official List and admitted to trading on the GEM, copies of the following documents will be available for inspection in electronic form from the registered office of the Issuer and from the specified office of the Principal Paying Agent for the time being in London:

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

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

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

(d) the Agency Agreement.

Websites

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

Manager transacting with the Issuer

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

Yield

On the basis of the issue price of the Notes of 100 per cent. of their principal amount, the yield on the Notes for the period until the Maturity Date is 3.12 per cent. on an annual basis.

The yield is calculated on the Issue Date on the basis of the issue price of the Notes. It is not an indication of future yield.

Interests of natural and legal persons involved in the issue of the Notes

Save for the commissions described under the section headed "*Subscription and Sale*" in the Base Prospectus which is incorporated by reference into this Drawdown Prospectus, so far as the Issuer is aware, no person involved in the issue of the Notes has an interest material to the offer.

THE ISSUER

Samhällsbyggnadsbolaget i Norden AB (publ)
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SE-114 51 Stockholm
Kingdom of Sweden

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London EC2N 2DB
United Kingdom

MANAGER

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111 56 Stockholm

LISTING AGENT

Arthur Cox Listing Services Limited
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Dublin 2, Ireland

LEGAL ADVISERS

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10 Upper Bank Street
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United Kingdom

To the Issuer as to Swedish law

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