

## BASE PROSPECTUS



### Samhällsbyggnadsbolaget i Norden AB (publ)

(incorporated with limited liability in Sweden)

€4,000,000,000

### Euro Medium Term Note Programme

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

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

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

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

This Base Prospectus has been approved by the Central Bank of Ireland, as competent authority under the Regulation (EU) 2017/1129 (the "**Prospectus Regulation**"). The Central Bank of Ireland only approves this Base Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation. Approval by the Central Bank of Ireland should not be considered as an endorsement of the Issuer or of the quality of the Notes. Investors should make their own assessment as to the suitability of investing in the Notes.

Such approval relates only to Notes that are to be admitted to trading on the regulated market (the "**Euronext Dublin Regulated Market**") of the Irish Stock Exchange plc trading as Euronext Dublin ("**Euronext Dublin**") or on another regulated market for the purposes of Directive 2014/65/EU (as amended or superseded, "**MiFID II**") and/or that are to be offered to the public in any member state of the European Economic Area (the "**EEA**") (which, for these purposes, includes the United Kingdom (the "**UK**")) in circumstances that require the publication of a prospectus.

Application has been made to Euronext Dublin for Notes issued under the Programme during the period of 12 months from the date of this Base Prospectus to be admitted to its official list (the "**Official List**") and trading on the Euronext Dublin Regulated Market of Euronext Dublin.

The Euronext Dublin Regulated Market is a regulated market for the purposes of MiFID II. References in this Base Prospectus to the Notes being "**listed**" (and all related references) shall mean that, unless otherwise specified in the applicable Final Terms, the Notes have been admitted to the Official List and to trading on the Euronext Dublin Regulated Market.

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

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

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

Copies of Final Terms in relation to Notes to be listed on Euronext Dublin will also be published on the website of the Central Bank of Ireland and the website of Euronext Dublin.

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

The Notes have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "**Securities Act**") or any U.S. State securities laws and may not be offered, distributed or sold in the United States or to, or for the account or the benefit of, U.S. persons as defined in Regulation S under the Securities Act unless an exemption from the registration requirements of the Securities Act is available and in accordance with all applicable securities laws of any state of the United States and any other jurisdiction.

#### **PRODUCT CLASSIFICATION PURSUANT TO SECTION 309B OF THE SECURITIES AND FUTURES ACT (CHAPTER 289 OF SINGAPORE)**

– The Final Terms in respect of any Notes may include a legend entitled "Singapore Securities and Futures Act Product Classification" which will state the product classification of the Notes pursuant to section 309B(1) of the Securities and Futures Act (Chapter 289 of Singapore) (the "**SFA**").

The Issuer will make a determination in relation to each issue about the classification of the Notes being offered for purposes of section 309B(1)(a). Any such legend included on the relevant Final Terms will constitute notice to "relevant persons" for purposes of section 309B(1)(c) of the SFA.

The Issuer has been rated BBB- by S&P Global Ratings Europe Limited ("**S&P**") and BBB- by Fitch Ratings Limited ("**Fitch**"). S&P is established in the European Union and Fitch is established in the UK and both are 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 (at <http://www.esma.europa.eu/page/List-registered-and-certified-CRAs>) in accordance with the CRA Regulation. Notes issued under the Programme may be rated or unrated. Where a Tranche of Notes is rated, such rating will be disclosed in the Final Terms and will not necessarily be the same as the rating assigned to the Issuer by the relevant rating agency. A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.

Amounts payable on Floating Rate Notes (as defined below) will be calculated by reference to one of CIBOR, EURIBOR, LIBOR, NIBOR and STIBOR as specified in the relevant Final Terms. As at the date of this Base Prospectus, ICE Benchmark Administration Limited, the administrator of LIBOR, the

European Money Markets Institute, the administrator of EURIBOR, and Danish Financial Benchmark Facility Aps, the administrator of CIBOR are included in ESMA's register of administrators under Article 36 of the Regulation (EU) No. 2016/1011 (the "**Benchmarks Regulation**"). As at the date of this Base Prospectus, the administrators of NIBOR and STIBOR are not included in ESMA's register of administrators under the Benchmarks Regulation. As at the date of this Base Prospectus, as far as the Issuer is aware, the transitional provisions in Article 51 of the Benchmarks Regulation apply, such that Norske Finansielle Referanser AS and the Swedish Financial Benchmark Facility are not currently required to obtain authorisation/registration (or, if located outside the European Union and UK, recognition, endorsement or equivalence).

**Arranger**

**NORDEA BANK ABP**

**Dealers**

**CITIGROUP**

**DANSKE BANK**

**DEUTSCHE BANK**

**DNB BANK**

**MORGAN STANLEY**

**NORDEA BANK ABP**

**SEB**

**SWEDBANK**

The date of this Base Prospectus is 22 April 2020.

## IMPORTANT INFORMATION

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

The Issuer accepts responsibility for the information contained in this Base Prospectus and the Final Terms for each Tranche of Notes issued under the Programme. To the best of the knowledge of the Issuer, the information contained in this Base Prospectus is in accordance with the facts and this Base Prospectus makes no omission likely to affect its import.

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

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

The Dealers and the Arranger have not independently verified the information contained herein. Accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by the Dealers or the Arranger as to the accuracy or completeness of the information contained or incorporated in this Base Prospectus or any other information provided by the Issuer in connection with the Programme. No Dealer or Arranger accepts any liability in relation to the information contained or incorporated by reference in this Base Prospectus or any other information provided by the Issuer in connection with the Programme.

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

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

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

**IMPORTANT – EEA AND UK RETAIL INVESTORS** – If the Final Terms or any drawdown prospectus in respect of any Notes includes a legend entitled "*Prohibition of Sales to EEA and UK 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 or in the UK. For these

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

**PRODUCT CLASSIFICATION PURSUANT TO SECTION 309B OF THE SECURITIES AND FUTURES ACT (CHAPTER 289 OF SINGAPORE)** – The Final Terms in respect of any Notes may include a legend entitled "Singapore Securities and Futures Act Product Classification" which will state the product classification of the Notes pursuant to section 309B(1) of the Securities and Futures Act (Chapter 289 of Singapore) (the **"SFA"**).

The Issuer will make a determination in relation to each issue about the classification of the Notes being offered for purposes of section 309B(1)(a). Any such legend included on the relevant Final Terms will constitute notice to "relevant persons" for purposes of section 309B(1)(c) of the SFA.

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

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

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

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

## PRESENTATION OF FINANCIAL AND OTHER INFORMATION

### Presentation of Financial Information

Unless otherwise indicated, the financial information in this Base Prospectus relating to the Issuer has been derived from the audited consolidated financial statements of the Issuer for the financial years ended 31 December 2018 and 31 December 2019 (together, the "**Financial Statements**").

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

Certain terms used in this Base Prospectus and financial measures presented in this Base Prospectus and in the documents incorporated by reference are not recognised financial measures under IFRS ("**Alternative Performance Measures**" or "**APMs**") and may therefore not be considered as an alternative to the financial measures defined in the accounting standards in accordance with generally accepted accounting principles. For definitions and further explanations of Alternative Performance Measures, see "*Alternative Performance Measures*".

### Certain Defined Terms and Conventions

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

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

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

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

References to the "**Issuer**" are to Samhällsbyggnadsbolaget i Norden AB (publ), Registered. No. 556981-7660. References to "**SBB**" or the "**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).

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

## SUITABILITY OF INVESTMENT

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

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

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

## STABILISATION

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

### **THIRD PARTY INFORMATION**

Any information sourced from third parties contained in this Base Prospectus has been accurately reproduced and, as far as the Issuer is aware and is able to ascertain from information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading.

### **FORWARD LOOKING STATEMENTS**

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

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

These and other factors are discussed in more detail under "Risk Factors" and "Description of the Issuer". Many of these factors are beyond the control of the Issuer. Should one or more of these risks or uncertainties materialise, or should underlying assumptions prove incorrect, actual results may vary materially from those described in this document as anticipated, believed, estimated or expected. Except to the extent required by laws and regulations, the Issuer does not intend, and does not assume any obligation, to update any forward looking statements set out in this Base Prospectus. Neither the Dealer nor the Arranger take any responsibility for any forward looking statements.

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## OVERVIEW OF THE PROGRAMME

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

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

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

<b>Issuer:</b>	Samhällsbyggnadsbolaget i Norden AB (publ)
<b>Issuer Legal Entity Identifier:</b>	549300HX9MRFY47AH564
<b>Risk Factors:</b>	There are certain factors that may affect the Issuer's ability to fulfil its obligations under Notes issued under the Programme. In addition, there are certain factors which are material for the purpose of assessing the market risks associated with Notes issued under the Programme and risks relating to the structure of a particular Series of Notes issued under the Programme. All of these are set out under " <i>Risk Factors</i> ".
<b>Description:</b>	Euro Medium Term Note Programme
<b>Arranger:</b>	Nordea Bank Abp
<b>Dealers:</b>	Citigroup Global Markets Europe AG Citigroup Global Markets Limited Danske Bank A/S Deutsche Bank Aktiengesellschaft DNB Bank ASA Morgan Stanley & Co. International plc Nordea Bank Abp Skandinaviska Enskilda Banken AB (publ) Swedbank AB (publ)  and any other Dealers appointed in accordance with the Programme Agreement.
<b>Certain Restrictions:</b>	Each issue of Notes denominated in a currency in respect of which particular laws, guidelines, regulations, restrictions or reporting requirements apply will only be issued in circumstances which comply with such laws, guidelines, regulations, restrictions or reporting requirements from time to time (see " <i>Subscription and Sale</i> ") including the following restrictions applicable at the date of this Base Prospectus:

### **Notes having a maturity of less than one year**

Notes having a maturity of less than one year will, if the proceeds of the issue are accepted in the UK, constitute deposits for the purposes of the prohibition on accepting deposits contained in section 19 of the Financial Services and Markets Act 2000 ("FSMA") unless they are issued to a limited class of professional investors and have a denomination of at least £100,000 or its equivalent, see "*Subscription and Sale*".

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

applicable Final Terms.

Interest on Floating Rate Notes in respect of each Interest Period, as agreed prior to issue by the Issuer and the relevant Dealer, will be payable on such Interest Payment Dates, and will be calculated on the basis of such Day Count Fraction, as may be agreed between the Issuer and the relevant Dealer.

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

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

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

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

**Zero Coupon Notes:**

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

**Redemption:**

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

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

**Denomination of Notes:**

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

**Taxation:**

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

<b>Negative Pledge:</b>	The terms of the Notes will contain a negative pledge provision as further described in Condition 4.1 ( <i>Negative Pledge</i> ).
<b>Financial Covenants:</b>	The terms of the Notes will contain certain financial covenants as further described in Condition 4.2 ( <i>Financial Covenants</i> ).
<b>Cross Default:</b>	The terms of the Notes will contain a cross default provision as further described in Condition 10 ( <i>Events of Default and Enforcement</i> ).
<b>Status of the Notes:</b>	The Notes will constitute direct, unconditional, unsubordinated and (subject to the provisions of Condition 4.1 ( <i>Negative Pledge</i> )) unsecured obligations of the Issuer and will rank <i>pari passu</i> among themselves and (save for certain obligations required to be preferred by law) equally with all other unsecured obligations (other than subordinated obligations, if any) of the Issuer, from time to time outstanding.
<b>Rating:</b>	The Programme has not been rated by any rating agency. Series of Notes issued under the Programme may be rated or unrated. Where a Series of Notes is rated, such rating will be disclosed in the applicable Final Terms. A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.
<b>Listing:</b>	Application has been made to Euronext Dublin for Notes issued under the Programme to be listed on the Euronext Dublin Regulated Market.  Notes may be listed or admitted to trading, as the case may be, on other or further stock exchanges or markets agreed between the Issuer and the relevant Dealer in relation to the relevant Series. Notes which are neither listed nor admitted to trading on any market may also be issued.
<b>Governing Law:</b>	The Notes and any non-contractual obligations arising out of or in connection with the Notes will be governed by, and shall be construed in accordance with, English law.
<b>Selling Restrictions:</b>	There are restrictions on the offer, sale and transfer of the Notes in the United States, the EEA (including the UK, Belgium and Sweden) and Japan and such other restrictions as may be required in connection with the offering and sale of a particular Tranche of Notes, see " <i>Subscription and Sale</i> ".
<b>United States Selling Restrictions:</b>	Regulation S, Category 2. TEFRA C /TEFRA D/TEFRA not applicable, as specified in the applicable Final Terms.

## **RISK FACTORS**

Before making an investment decision, prospective investors should carefully review the specific risk factors described below, together with other information contained in this Base 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 "*Information about the Issuer*", amongst other places.

Words and expressions defined in the section "*Terms and Conditions of the Notes*" below or elsewhere in this Base Prospectus have the same meanings in this section.

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

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

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

##### ***Risks relating to COVID-19***

The Group conducts its business within the real estate market and is consequently affected by general economic trends outside the Group's control. The occurrence of extraordinary events, such as the outbreak of disease epidemics, have an adverse impact on the global economy as a whole and may lead to

a global recession, or even depression. The outbreak of the coronavirus ("**COVID-19**"), which first emerged in China in December 2019, is considered a pandemic and has led to a major slowdown in the economic growth during the first quarter of 2020, partly due to the spread of the virus itself, but even more so due to the political decisions enacted across different nations in order to try to contain the virus, such as quarantines, shut downs and restrictions on mobility. Whilst the direct and indirect impact of the COVID-19 outbreak remains uncertain, a number of central banks and governments have announced financial stimulus packages in anticipation of a very significant negative impact on GDP during 2020. Concerns remain as to whether these policy tools will counter anticipated macro-economic risks. A prolongation of the outbreak could significantly adversely affect economic growth, and impact business operations across the economy generally and, by extension, real estate markets, both as a result of weakened economic activity and in terms of the health and wellbeing of employees being affected. Such weakening of the economy and or operations could have a material adverse impact on the financial performance or operations of, or the cost of funding for, the Issuer. In addition, there is currently no reliable way to predict, with certainty, the timing or value of transactions affected. Thus, the outbreak of COVID-19 may lead to investments being postponed or that planned acquisitions and/or divestments could not be carried out as planned, which could have a material adverse effect on the Group's business. The longer the COVID-19 crisis goes on it may become more difficult to raise capital, obtain loans or other financings or service existing debt.

Moreover, due to COVID-19, there is a risk that the Issuer's current or future tenants may choose not to enter into new leases or renew existing. There is also a risk that the global downturn could affect the liquidity position of the Issuer's existing tenants, which in turn may require such tenants to postpone rental payments or cause defaults under lease agreements. Accordingly, the COVID-19 crisis' impact on the Issuer's current and future tenants could lead to increased vacancies and a decrease in rental income for the Issuer, which would have a negative impact on the Issuer's operations, financial position and earnings.

#### ***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 potential illiquidity of its portfolio. The market for the types of properties the Group owns or may acquire in the future may be 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.

#### ***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, Norway and Denmark. 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.

#### ***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, Finland and Denmark. 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.

### ***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.

### ***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.

### ***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.

### ***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.

### ***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 Rental Value (as defined in the section "*Description of the Issuer and its operations - Description of Alternative Performance Measures*") 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.

### ***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. While these outsourcing relationships are closely monitored, there is a risk that the Group's external service providers may fail to perform their 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.

#### ***Historical earnings not indicating future performance***

The financial information provided for and discussed in the Base Prospectus and the financial statements of the Group included in the Base 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 Base 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.

***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, Finland and Denmark, 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, Finland and Denmark and the general development of Norwegian, Finnish and Danish 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.

The Swedish general interest deduction limitation rules entered into force on 1 January 2019. The rules introduced a general limitation of interest deductions in the corporate sector, broadly imposing restrictions on the ability to obtain a deduction for interest for net interest expense amounts that exceed a cap of 30 per cent. of tax EBITDA, subject to 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 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.

#### ***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 (as defined in the section "*Description of the Issuer and its subsidiaries – Description of Alternative performance Measures*") 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).

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

### **Risks related to the structure of a particular issue of Notes**

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

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

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

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

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

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

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

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

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

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

Interbank Offered Rate ("STIBOR")) (each a "**Benchmark**" and together, the "**Benchmarks**") have become the subject of regulatory scrutiny and recent national and international regulatory guidance and proposals for reform. Some of these reforms are already effective whilst others are still to be implemented. These reforms may cause such "benchmarks" to perform differently than in the past, to disappear entirely, or have other consequences which cannot be predicted. Any such consequence could have a material adverse effect on the value of and the amount payable under any Notes linked to or referencing such a "benchmark". International proposals for reform of Benchmarks include the European Council's Regulation (EU) 2016/1011 on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds (the "**Benchmark Regulation**") which was published in the official journal on 29 June 2016 and has applied from 1 January 2018.

Any changes to a Benchmark as a result of the Benchmark Regulation or other initiatives, could have a material adverse effect on the costs of refinancing a Benchmark or the costs and risks of administering or otherwise participating in the setting of a Benchmark and complying with any such regulations or requirements. Such factors may have the effect of discouraging market participants from continuing to administer or participate in certain Benchmarks, trigger changes in the rules or methodologies used in certain Benchmarks or lead to the disappearance of certain Benchmarks. Although it is uncertain whether or to what extent any of the abovementioned changes and/or any further changes in the administration or method of determining a Benchmark could have an effect on the value of any Notes linked to or referencing a Benchmark, investors should be aware that they face the risk that any changes to the relevant Benchmark may have a material adverse effect on the value of and the amount payable under any such Notes.

#### ***Discontinuation of the Original Reference Rate***

In respect of Floating Rate Notes which reference a Benchmark, the Conditions provide that, if a Benchmark Event (as defined in the Conditions) (which, amongst other events, includes the Original Reference Rate ceasing to exist, be administered or be published) occurs, the Issuer shall use its reasonable endeavours to appoint an Independent Adviser. The Issuer and the Independent Adviser shall endeavour to determine a Successor Rate or an Alternative Rate to be used in place of the Original Reference Rate. The use of any such Successor Rate or Alternative Rate to determine the Rate of Interest for an Interest Period may result in the relevant Notes performing differently (which may include payment of a lower Rate of Interest for such Interest Period) than they would do if the Original Reference Rate were to continue to apply.

If a Successor Rate or Alternative Rate is determined by the Issuer and the Independent Adviser, the terms and conditions of the Notes also provide that an Adjustment Spread may be determined by the Issuer and the Independent Adviser and applied to such Successor Rate or Alternative Rate. The aim of the Adjustment Spread is to reduce or eliminate, to the extent reasonably practicable, any economic prejudice or benefit (as the case may be) to Holders as a result of the replacement of the Original Reference Rate with the Successor Rate or the Alternative Rate. However, it may not be possible to determine or apply an Adjustment Spread and, even if an Adjustment Spread is applied, such Adjustment Spread may not be effective to reduce or eliminate economic prejudice to Holders. If no Adjustment Spread can be determined, a Successor Rate or Alternative Rate may nonetheless be used to determine the Rate of Interest for an Interest Period. The use of any Successor Rate or Alternative Rate (including with the application of an Adjustment Spread) may still result in the Notes performing differently (which may include payment of a lower Rate of Interest for such Interest Period) than they would if the Original Reference Rate were to continue to apply in its current form.

Furthermore, if a Successor Rate, Alternative Rate and/or Adjustment Spread, as applicable, is determined by the Issuer and the Independent Adviser, the terms and conditions of the Notes provide that the Issuer and the Independent Adviser may agree to vary the terms and conditions of the Notes, as necessary, to ensure the proper operation of such Successor Rate, Alternative Rate and/or Adjustment Spread, as applicable, without any requirement for consent or approval of the Holders.

Notwithstanding the occurrence of a Benchmark Event, the Issuer may be unable to appoint an Independent Adviser in accordance with the Conditions, or the Issuer and the Independent Adviser may not be able to determine, or may not agree on the selection of, a Successor Rate or Alternative Rate in accordance with the Conditions before the Interest Determination Date in respect of an Interest Period. In such circumstances, the Conditions provide that the ultimate fallback for the purposes of calculation of

the Rate of Interest for a particular Interest Period may result in the Rate of Interest for the last preceding Interest Period being used.

If the Issuer is unable to appoint an Independent Adviser or the Issuer and the Independent Adviser fail to determine, or do not agree on the selection of, a Successor Rate or Alternative Rate for the life of the Notes, this could result in the relevant Floating Rate Notes, in effect, becoming fixed rate securities. Any of the foregoing could have an adverse effect on the value or liquidity of, and return on the Notes.

## **RISK RELATING TO THE NOTES**

### **Risks related to Notes generally**

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

#### ***The claims of holders of the Notes are structurally subordinated to those of certain other creditors of the Issuer and to creditors of the Issuer's subsidiaries***

Generally, lenders and trade and other creditors of the Issuer's subsidiaries are entitled to payment of their claims from the assets of such subsidiaries before these assets would be available for distribution to the Issuer, as direct or indirect shareholder, which would then allow for the Issuer to make payments under the Notes. Any debt that the Issuer's subsidiaries may incur in the future will also rank structurally senior to Notes.

A significant part of the Group's assets and revenues are generated by the Issuer's subsidiaries. The subsidiaries are legally separated from the Issuer and the subsidiaries' ability to make payments to the Issuer is restricted by, among other things, the availability of funds, corporate restrictions and local law. Furthermore, in the event of insolvency, liquidation or a similar event relating to one of the subsidiaries, all creditors of such subsidiary would be entitled to payment in full out of the assets of such subsidiary before any entity within the Group, as a shareholder, would be entitled to any payments. Thus, the Notes are structurally subordinated to the liabilities of the subsidiaries of the Issuer.

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

The Final Terms relating to any specific Tranche of Notes may provide that it will be the Issuer's intention to apply the proceeds from an offer of those Notes specifically for projects and activities that promote climate-friendly and/or other environmental purposes (either in those words or otherwise) ("**Green Projects**"). Prospective investors should have regard to the information in the relevant Final Terms regarding such use of proceeds and must determine for themselves the relevance of such information for the purpose of any investment in such Notes together with any other investigation such investor deems necessary. In particular no assurance is given by the Issuer that the use of such proceeds for any Green Projects will satisfy, whether in whole or in part, any present or future investor expectations or requirements as regards any investment criteria or guidelines with which such investor or its investments are required to comply, whether by any present or future applicable law or regulations or by its own articles of association or other governing rules or investment mandates (in particular with regard to any direct or indirect environmental, sustainability or social impact of any projects or uses, the subject of or related to, the relevant Green Project). Furthermore, it should be noted that there is currently no clearly defined definition (legal, regulatory or otherwise) of, nor market consensus as to what constitutes, a "green" or "sustainable" or an equivalently-labelled project or as to what precise attributes are required for a particular project to be defined as "green" or "sustainable" or such other equivalent label nor can any assurance be given that such a clear definition or consensus will develop over time. Accordingly, no assurance is or can be given to investors that any projects or uses the subject of, or related to, any Green Projects will meet any or all investor expectations regarding such "green", "Green", "sustainable", or other equivalently-labelled performance objectives or that any adverse environmental, social and/or other impacts will not occur during the implementation of any projects or uses the subject of, or related to, any Green Projects.

No assurance or representation is given as to the suitability or reliability for any purpose whatsoever of any opinion or certification of any third party (whether or not solicited by the Issuer or any other member of the Group) which may be made available in connection with the issue of any Notes and in particular with any Green Projects to fulfil any environmental, sustainability, social and/or other criteria. For the

avoidance of doubt, any such opinion or certification is not, nor shall be deemed to be, incorporated in and/or form part of this Base Prospectus. Any such opinion or certification is not, nor should be deemed to be, a recommendation by the Issuer or any other person to buy, sell or hold any such Notes. Any such opinion or certification is only current as of the date that such opinion or certification was initially issued. Prospective investors must determine for themselves the relevance of any such opinion or certification and/or the information contained therein and/or the provider of such opinion or certification for the purpose of any investment in such Notes. Currently, the providers of such opinions and certifications are not subject to any specific regulatory or other regime or oversight.

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

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

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

***The market price of the Notes may be volatile***

The market price of the Notes could be subject to significant fluctuations in response to actual or anticipated variations in the Issuer's operating results and those of its competitors, adverse business developments, changes to the regulatory environment in which the Issuer operates, changes in financial estimates by securities analysts and the actual or expected sale of a large number of the Notes, as well as other factors. In addition, in recent years the global financial markets have experienced significant price and volume fluctuations, which, if repeated in the future, could adversely affect the market price of the Notes without regard to the Issuer's results of operations, prospects or financial condition. Factors including increased competition or the Issuer's operating results, the regulatory environment, general market conditions, natural disasters, terrorist attacks and war may have an adverse effect on the market price of the Notes.

***Laws and practices applicable to the Notes may change***

The Conditions are based on and governed by English law in force on the date of this Base Prospectus. Any new statutes, ordinances and regulations, amendments to the legislation or changes in application of the law (including any amendments to or changes in application of tax laws or regulations) after the date

of this Base Prospectus may affect the Notes and/or have a material adverse effect on the Issuer's business, financial condition, results of operations and future prospects, and, thereby, on the Issuer's ability to fulfil its obligations under the Notes as well as the market price and value of the Notes.

#### ***Modification, Waivers and Substitution***

The Conditions contain provisions for calling meetings of Holders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Holders including Holders who did not attend and vote at the relevant meeting and Holders who voted in a manner contrary to the majority. The Conditions also provide that the Issuer may, without the consent of Holders, amend the Notes, the Conditions or the Deed of Covenant, if the modification is of a formal, minor or technical nature or is to correct a manifest error. The Conditions provide that the Issuer may, without the consent of the Holders agree to the substitution of another company as the principal debtor in relation to the Notes, all in the circumstances described in the Conditions of the Notes.

#### ***Investors will have to rely on the procedures of Euroclear and Clearstream, Luxembourg***

The Notes will be represented by Global Notes except in certain limited circumstances described in the Global Notes. Each Global Note will be deposited with a common depository for Euroclear and Clearstream, Luxembourg. Except in certain limited circumstances described in the Global Notes, investors will not be entitled to receive Notes in definitive form. Euroclear and Clearstream, Luxembourg will maintain records of the beneficial interests in the Global Notes. While the Notes are represented by Global Notes, investors will be able to trade their beneficial interests only through Euroclear and Clearstream, Luxembourg. The Issuer will discharge its payment obligations under the Notes by making payments to the common depository for Euroclear and Clearstream, Luxembourg for distribution to their account holders. A holder of a beneficial interest in a Global Note must rely on the procedures of Euroclear and Clearstream, Luxembourg to receive payments under the Notes. The Issuer has no responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in the Global Notes.

Holders of beneficial interests in a Global Note will not have a direct right to vote in respect of the Notes. Instead, such holders will be permitted to act only to the extent that they are enabled by Euroclear and Clearstream, Luxembourg to appoint appropriate proxies.

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

In relation to any issue of Notes which have denominations consisting of a minimum Specified Denomination plus one or more higher integral multiples of another smaller amount, it is possible that such Notes may be traded in amounts in excess of the minimum Specified Denomination that are not integral multiples of such minimum Specified Denomination. In such a case a holder of the Notes (each a "**Holder**") who, as a result of trading such amounts, holds an amount which is less than the minimum Specified Denomination in their account with the relevant clearing system would not be able to sell the remainder of such holding without first purchasing a principal amount of Notes at or in excess of the minimum Specified Denomination such that its holding amounts to a Specified Denomination. Further, a Holder who, as a result of trading such amounts, holds an amount which is less than the minimum Specified Denomination in their account with the relevant clearing system at the relevant time may not receive a definitive Note in respect of such holding (should definitive Notes be printed) and would need to purchase a principal amount of Notes at or in excess of the minimum Specified Denomination such that its holding amounts to a Specified Denomination.

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

#### **Risks related to the market generally**

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

***An active trading market for the Notes may not develop***

The Notes may have no established trading market when issued, and the Issuer cannot assure investors that an active trading market for the Notes will develop or be maintained. If a market does develop, it may not be liquid. In addition, liquidity may be limited if the Issuer makes large allocations to a limited number of investors. Therefore, investors may not be able to sell their Notes at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. A lack of liquidity may have a material adverse effect on the market value of the Notes.

***Exchange rate risks and exchange controls exist to the extent payments in respect of the Notes are made in a currency other than the currency in which an investor's activities are denominated***

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

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

***Changes in market interest rates may adversely affect the value of Fixed Rate Notes***

Investment in Fixed Rate Notes involves the risk that subsequent changes in market interest rates may adversely affect the value of the Notes, since Fixed Rate Notes have a fixed rate of interest and prevailing interest rates in the future may be higher than that fixed rate of interest.

***Credit ratings may not reflect all risks***

The Issuer's credit ratings are an assessment by the relevant rating agencies of its ability to pay its debts when due. Consequently, real or anticipated changes in its credit ratings will generally affect the market value of the Notes. One or more independent credit rating agencies may assign credit ratings to the Notes. The ratings may not reflect the potential impact of all risks related to the structure and marketing of the Notes and additional factors discussed in this Base Prospectus or any other factors that may affect the value of the Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be revised, suspended or withdrawn by the rating agency at any time.

In general, European regulated investors are restricted under the CRA Regulation from using credit ratings for regulatory purposes, unless such ratings are issued by a credit rating agency established in the EU and registered under the CRA Regulation (and such registration has not been withdrawn or suspended), subject to transitional provisions that apply in certain circumstances whilst the registration application is pending. Such general restriction will also apply in the case of credit ratings issued by non-EU credit rating agencies, unless the relevant credit ratings are endorsed by an EU-registered credit rating agency or the relevant non-EU rating agency is certified in accordance with the CRA Regulation (and such endorsement action or certification, as the case may be, has not been withdrawn or suspended).

The list of registered and certified rating agencies published by the European Securities and Markets Authority ("**ESMA**") on its website in accordance with the CRA Regulation is not conclusive evidence of the status of the relevant rating agency included in such list, as there may be delays between certain supervisory measures being taken against a relevant rating agency and the publication of the updated ESMA list.

## DOCUMENTS INCORPORATED BY REFERENCE

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

- (a) the audited annual consolidated financial statements of the Issuer in respect of the year ended 31 December 2018 (the "**2018 Financial Statements**") and the audit report from Ernst & Young AB in respect of the 2018 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>

- (b) the audited annual consolidated financial statements of the Issuer in respect of the year ended 31 December 2019 (the "**2019 Financial Statements**") and the audit report from Ernst & Young AB in respect of the 2019 Financial Statements, as set out on pages 70 – 117 (inclusive) of the Issuer's annual report for 2019:

[https://sbbnorden.se/wp-content/uploads/2020/04/%C3%85rsredovisning-SBB-2019\\_ENG-FINAL.pdf](https://sbbnorden.se/wp-content/uploads/2020/04/%C3%85rsredovisning-SBB-2019_ENG-FINAL.pdf)

- (c) the terms and conditions of the Notes contained in the previous Base Prospectus dated 26 April 2019, pages 36 – 71 (inclusive), prepared by the Issuer in connection with the Programme:

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

save, that any statement contained in a document which is incorporated by reference herein shall be modified or superseded for the purpose of this Base 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 Base Prospectus.

Copies of the documents incorporated by reference in this Base Prospectus may be inspected, free of charge, during usual business hours at the specified offices of the Principal Paying Agent. Any documents themselves incorporated by reference in the documents incorporated by reference in this Prospectus shall not form part of this Base 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 Base Prospectus.

The 2018 Financial Statements and the 2019 Financial Statements are English translations of the Swedish financial statements prepared for and used in the Kingdom of Sweden.

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

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

## FORM OF THE NOTES

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

### **Bearer Notes**

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

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

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

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

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

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

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

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

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

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

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

### **Registered Notes**

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

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

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

Payments of principal, interest and any other amount in respect of the Registered Global Notes will, in the absence of provision to the contrary, be made to the person shown on the Register (as defined in Condition 6.4 (*Payments in respect of Registered Notes*)) as the registered holder of the Registered Global Notes. None of the Issuer, any Paying Agent or the Registrar will have any responsibility or liability for any aspect of the records relating to or payments or deliveries made on account of beneficial ownership

interests in the Registered Global Notes or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

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

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

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

## **General**

Pursuant to the Agency Agreement (as defined under "*Terms and Conditions of the Notes*"), the Principal Paying Agent shall arrange that, where a further Tranche of Notes is issued which is intended to form a single Series with an existing Tranche of Notes at a point after the Issue Date of the further Tranche, the Notes of such further Tranche shall be assigned a common code and ISIN which are different from the common code and ISIN assigned to Notes of any other Tranche of the same Series until such time as the Tranches are consolidated and form a single Series, which shall not be prior to the expiry of the distribution compliance period (as defined in Regulation S under the Securities Act) applicable to the Notes of such Tranche.

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

A Note may be accelerated by the holder thereof in certain circumstances described in Condition 10 (*Events of Default and Enforcement*). In such circumstances, where any Note is still represented by a Global Note and the Global Note (or any part thereof) has become due and repayable in accordance with the Terms and Conditions of such Notes and payment in full of the amount due has not been made in accordance with the provisions of the Global Note then from 8.00 p.m. (London time) on such day holders of interests in such Global Note credited to their accounts with Euroclear and/or Clearstream, Luxembourg as the case may be, will become entitled to proceed directly against the Issuer on the basis of statements of account provided by Euroclear and/or Clearstream, Luxembourg on and subject to the terms of a deed of covenant (the "**Deed of Covenant**") dated 26 April 2019 and executed by the Issuer.

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

## APPLICABLE FINAL TERMS

**[PROHIBITION OF SALES TO EEA AND UK 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") or in the United Kingdom (the "UK"). 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 (EU) 2016/97 (the Insurance Distribution Directive), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in Regulation (EU) 2017/1129 (the "Prospectus Regulation"). Consequently no key information document required by Regulation (EU) No 1286/2014 (as amended or superseded, the "PRIIPs Regulation") for offering or selling the Notes or otherwise making them available to retail investors in the EEA or in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA or in the UK may be unlawful under the PRIIPs Regulation.]

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

**[SINGAPORE SECURITIES AND FUTURES ACT PRODUCT CLASSIFICATION** – Solely for the purposes of its obligations pursuant to sections 309B(1)(a) and 309B(1)(c) of the Securities and Futures Act (Chapter 289 of Singapore) (the "SFA"), the Issuer has determined, and hereby notifies all relevant persons (as defined in Section 309A of the SFA) that the Notes are "prescribed capital markets products" (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018) and "Excluded Investment Products" (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).]

[Date]

**Samhällsbyggnadsbolaget i Norden AB (publ)**

**Legal Entity Identifier (LEI): 549300HX9MRFY47AH564**

**Issue of [Aggregate Nominal Amount of Tranche] [Title of Notes]  
under the €4,000,000,000  
Euro Medium Term Note Programme**

### **PART A – CONTRACTUAL TERMS**

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the "Conditions") set forth in the Base Prospectus dated 22 April 2020 [and the supplement[s] to it dated [date] [and [date]]] which [together] constitute[s] a base prospectus for the purposes of the Prospectus Regulation (the "Base Prospectus"). [This document constitutes the Final Terms of the Notes described herein for the purposes of the Prospectus Regulation and must be read in conjunction with the Base Prospectus in order to obtain all the relevant information.]<sup>1</sup> [The Base Prospectus has been published on website of the Irish Stock Exchange plc trading as Euronext Dublin ("Euronext Dublin") at [www.ise.ie](http://www.ise.ie).]<sup>1</sup>

<sup>1</sup> Delete where the Notes are neither admitted to trading on a regulated market in the EEA nor offered in the European Economic Area in circumstances where a prospectus is required to be published under the Prospectus Regulation. For these purposes, references to the EEA include the UK.

[Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the "**Conditions**") set forth in the base prospectus dated [*original date*] [and the supplement to it dated [*date*] [and [*date*]] which are incorporated by reference in the base prospectus dated 22 April 2020. [This document constitutes the Final Terms of the Notes described herein for the purposes of the Prospectus Regulation (the "**Base Prospectus**"), including the Conditions incorporated by reference in the Base Prospectus, in order to obtain all the relevant information.]<sup>1</sup> [The Base Prospectus has been published on website of the Irish Stock Exchange plc trading as Euronext Dublin ("**Euronext Dublin**") at www.ise.ie.]<sup>1</sup>

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

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

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

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

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

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

 (b) Calculation Amount (in relation to calculation of interest in global form see Condition 5 (*Interest*)): [ ]

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

7. (a) Issue Date: [ ]
- (b) Interest Commencement Date: [specify/Issue Date/Not Applicable]
- (N.B. An Interest Commencement Date will not be relevant for certain Notes, for example Zero Coupon Notes.)*
8. Maturity Date: *Specify date or for Floating Rate Notes – Interest Payment Date falling in or nearest to [specify month and year]]*
9. Interest Basis: [[ ] per cent. Fixed Rate]
- [[[ ] month [LIBOR/EURIBOR/CIBOR/STIBOR/NIBOR]] +/- [ ] per cent. Floating Rate]
- [Zero coupon]
- (see paragraph [14]/[15]/[16]below)*
10. Redemption Basis: Subject to any purchase and cancellation or early redemption, the Notes will be redeemed on the Maturity Date at 100 per cent. of their nominal amount
11. Change of Interest Basis: *[Specify the date when any fixed to floating rate change occurs or cross refer to paragraphs 14 and 15 below and identify there][Not Applicable]*
12. Put/Call Options: [Issuer Call]
- [Issuer Par Call]
- [Investor Put]
- [Change of Control Put]
- [Clean-up Call]
- [(see paragraph [18]/[19]/[20]/[21]/[22] below)]*
13. (a) Status of the Notes: Senior
- (b) Date [Board] approval for issuance of Notes obtained: [ ] and [ ], respectively
- (N.B. Only relevant where Board (or similar) authorisation is required for the particular tranche of Notes)*

**PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE**

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

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

- Interest Determination Date(s): [ ]  
  
*(Second London business day prior to the start of each Interest Period if LIBOR (other than Sterling or euro LIBOR), first day of each Interest Period if Sterling LIBOR, the second day on which the TARGET2 System is open prior to the start of each Interest Period if EURIBOR or euro LIBOR, second Copenhagen business day prior to the start of each Interest Period if CIBOR, second Stockholm business day prior to the start of each Interest Period if STIBOR and second Oslo business day prior to the start of each Interest Period if NIBOR)*
  
- Relevant Screen Page: [ ]  
  
*(In the case of EURIBOR, if not Reuters EURIBOR01 ensure it is a page which shows a composite rate or amend the fallback provisions appropriately)*
  
- (g) ISDA Determination:
  - Floating Option: Rate [ ]
  - Designated Maturity: [ ]
  - Reset Date: [ ]
  
- (h) Linear Interpolation: [Not Applicable/Applicable - the Rate of interest for the [long/short] [first/last] Interest Period shall be calculated using Linear Interpolation (*specify for each short or long interest period*)]
  
- (i) Margin(s): [+/-][ ] per cent. per annum
  
- (j) Minimum Rate of Interest: [ ] per cent. per annum
  
- (k) Maximum Rate of Interest: [ ] per cent. per annum
  
- (l) Day Count Fraction: [Actual/Actual (ISDA)][Actual/Actual Actual/365 (Fixed) Actual/365 (Sterling) Actual/360 [30/360][360/360][Bond Basis] [30E/360][Eurobond Basis] 30E/360 (ISDA)]
  
- (m) Step Up Rating Change and/or Step Down Rating Change: [Applicable/Not Applicable]  
  
*(If not applicable, delete the remaining subparagraphs of this paragraph)*
  
- (n) Step Up Margin: [[ ] per cent. per annum]

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

**PROVISIONS RELATING TO REDEMPTION**

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

of this paragraph)

(a) Par Call Period: From (and including [ ] (the "**Par Call Commencement Date**") to (but excluding) the Maturity Date

(b) Notice Periods: Minimum period: [ ] days

Maximum period: [ ] days

*(N.B. When setting notice periods, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems (which require a minimum of 5 clearing system business days' notice for a call) and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Principal Paying Agent.)*

20. Investor Put: [Applicable/Not Applicable]  
*(If not applicable, delete the remaining subparagraphs of this paragraph)*

(a) Optional Redemption [ ]  
Date(s):

(b) Optional Redemption [ ] per Calculation Amount  
Amount:

(c) Notice Periods: Minimum period: [ ] days

Maximum period: [ ] days

*(N.B. When setting notice periods, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems (which require a minimum of 15 clearing system business days' notice for a put) and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Principal Paying Agent.)*

21. Change of Control Put [Applicable/Not Applicable]  
*(If not applicable, delete the remaining subparagraphs of this paragraph)*

Change of Control Redemption [ ] per Calculation Amount  
Amount:

22. Clean-up Call: [Applicable/Not Applicable]  
*(If not applicable, delete the remaining subparagraphs of this paragraph)*
- (a) Notice Period: [ ]
- (b) Optional Redemption Amount: [ ] per Calculation Amount
23. Final Redemption Amount: [ ] per Calculation Amount
24. Early Redemption Amount payable on redemption for taxation reasons or on event of default: [ ] per Calculation Amount

#### GENERAL PROVISIONS APPLICABLE TO THE NOTES

25. Form of Notes:
- (a) Form: [Bearer Notes: [Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for Definitive Notes upon an Exchange Event]
- [Temporary Global Note exchangeable for Definitive Notes on and after the Exchange Date]
- [Permanent Global Note exchangeable for Definitive Notes upon an Exchange Event]
- [Notes shall not be physically delivered in Belgium, except to a clearing system, a depository or other institution for the purpose of their immobilisation in accordance with article 4 of the Belgian Law of 14 December 2005]
- (N.B. The option for an issue of Notes to be represented on issue by a Temporary Global Note exchangeable for Definitive Notes should not be expressed to be applicable if the Specified Denomination of the Notes in paragraph 6 includes language substantially to the following effect: "[€100,000] and integral multiples of [€1,000] in excess thereof up to and including [€199,000]." .)*
- [Registered Notes:
- [Global Note registered in the name of a nominee for [a common depository for Euroclear and Clearstream, Luxembourg][a common safekeeper for Euroclear and Clearstream, Luxembourg]
- (b) New Global Note: [Yes][No]
- (c) New Safekeeping Structure: [Yes][No]
26. Additional Financial Centre(s): [Not Applicable/give details]
- (Note that this paragraph relates to the date of payment and not the end dates of Interest Periods for the purposes of calculating the amount of interest, to which sub-paragraphs 15(c) relates)*

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

**[THIRD PARTY INFORMATION]**

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

**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 has been made by the Issuer (or on its behalf) for the Notes to be admitted to trading on the regulated market (the "**Euronext Dublin Regulated Market**") of the Irish Stock Exchange plc trading as Euronext Dublin ("**Euronext Dublin**") and listing on the official list of Euronext Dublin with effect from [ ].]

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

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

[Not Applicable]

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

### 2. RATINGS

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

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

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

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

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

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

[Save for the fees [of *[insert relevant fee disclosure]* payable to the [Managers/Dealers], so far as the Issuer is aware, no person involved in the issue of the Notes has an interest material to the offer. The [Managers/Dealers] (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 - *Amend as appropriate if there are other interests*]

[(When adding any other description, consideration should be given as to whether such matters

described constitute "significant new factors" and consequently trigger the need for a supplement to the Base Prospectus under Article 23 of the Prospectus Regulation.))

4. **REASONS FOR THE OFFER AND ESTIMATED NET AMOUNT OF PROCEEDS**

Reasons for the offer:

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

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

Estimated net proceeds:

*[ ]*

5. **YIELD (FIXED RATE NOTES ONLY)**

Indication of yield:

*[ ]*

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

6. **OPERATIONAL INFORMATION**

(i) ISIN:

*[ ]*

(ii) Common Code:

*[ ]*

(iii) CFI:

*[[See/[[include code]<sup>2</sup>, as updated, as set out on] the website of the Association of National Numbering Agencies (ANNA) or alternatively sourced from the responsible National Numbering Agency that assigned the ISIN/Not Applicable/Not Available]*

(iv) FISN:

*[[See/[[include code]<sup>2</sup>, as updated, as set out on] the website of the Association of National Numbering Agencies (ANNA) or alternatively sourced from the responsible National Numbering Agency that assigned the ISIN/Not Applicable/Not Available]*

(v) Any clearing system(s) other than Euroclear and Clearstream, Luxembourg and the relevant identification number(s):

*[Not Applicable/give name(s) and number(s)]*

(vi) Delivery:

*Delivery [against/free of] payment*

(vii) Names and addresses of additional Paying Agent(s) (if any):

*[ ]*

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<sup>2</sup> The actual code should only be included where the issuer is comfortable that it is correct.

- (viii) Names and addresses of the Registrar and Transfer Agent (if any): [ ]
- (ix) Intended to be held in a manner which would allow Eurosystem eligibility: [Yes. Note that the designation "yes" simply means that the Notes are intended upon issue to be deposited with one of the ICSDs as common safekeeper[, and registered in the name of a nominee of one of the ICSDs acting as common safekeeper] [include this text for Registered Notes which are to be held under the NSS] and does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.]/
- [No. Whilst the designation is specified as "no" at the date of these Final Terms, should the Eurosystem eligibility criteria be amended 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[, and registered in the name of a nominee of one of the ICSDs acting as common safekeeper][include this text for Registered Notes]. Note that this does not necessarily mean that the Notes will then be recognised as eligible collateral for Eurosystem monetary policy and intra day credit operations by the Eurosystem at any time during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.]

## 7. DISTRIBUTION

- (i) Method of distribution: [Syndicated/Non-syndicated]
- (ii) If syndicated, names of Managers: [Not Applicable/give names]
- (iii) Date of Subscription Agreement: [ ]
- (iv) Stabilisation Manager(s) (if any): [Not Applicable/give name]
- (v) If non-syndicated, name of relevant Dealer: [Not Applicable/give name]
- (vi) U.S. Selling Restrictions: Reg. S Compliance Category 2; [TEFRA D/TEFRA C/TEFRA not applicable]
- (vii) Prohibition of Sales to EEA and UK Retail Investors: [Applicable/Not Applicable]
- (If the Notes clearly do not constitute "packaged" products, "Not Applicable" should be specified. If the Notes may constitute "packaged" products and no key information document will be prepared,, "Applicable" should be specified.)*

## TERMS AND CONDITIONS OF THE NOTES

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

This Note is one of a Series (as defined below) of Notes issued by Samhällsbyggnadsbolaget i Norden AB (publ) (the "**Issuer**") pursuant to the Agency Agreement (as defined below).

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

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

The Notes and the Coupons (as defined below) have the benefit of an Amended and Restated Agency Agreement (such Amended and Restated Agency Agreement as amended and/or supplemented and/or restated from time to time, the "**Agency Agreement**") dated 22 April 2020 and made between the Issuer, Deutsche Bank AG, London Branch as issuing and principal paying agent and agent bank (the "**Principal Paying Agent**", which expression shall include any successor principal paying agent) and the other paying agents named therein (together with the Principal Paying Agent, the "**Paying Agents**", which expression shall include any additional or successor paying agents), any entity that is appointed by the Issuer as registrar pursuant to the Agency Agreement as registrar (the "**Registrar**", which expression shall include any successor registrar) and any entity that is appointed by the Issuer as transfer agent pursuant to the Agency Agreement as a transfer agent (together with the Registrar, the "**Transfer Agents**", which expression shall include any additional or successor transfer agents). The Principal Paying Agent, the Registrar, the Paying Agents and the Transfer Agents are together referred to as the "**Agents**".

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

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

Any reference to "**Noteholders**" shall mean (in the case of Bearer Notes) the holders of the Notes and (in the case of Registered Notes) the persons in whose name the Notes are registered and shall, in relation to any Notes represented by a Global Note, be construed as provided below. Any reference herein to "**Couponholders**" shall mean the holders of the Coupons and shall, unless the context otherwise requires, include the holders of the Talons.

As used herein, "**Tranche**" means Notes which are identical in all respects (including as to listing and admission to trading) and "**Series**" means a Tranche of Notes together with any further Tranche or Tranches of Notes which (a) are expressed to be consolidated and form a single series and (b) have the

same terms and conditions or terms and conditions which are the same in all respects save for the amount and date of the first payment of interest thereon and the date from which interest starts to accrue.

The Noteholders and the Couponholders are entitled to the benefit of the Deed of Covenant (such Deed of Covenant as modified and/or supplemented and/or restated from time to time, the "**Deed of Covenant**") dated 26 April 2019 and made by the Issuer. The original of the Deed of Covenant is held by the common depositary for Euroclear (as defined below) and Clearstream, Luxembourg (as defined below).

Copies of the Agency Agreement and the Deed of Covenant are available for inspection during normal business hours at the specified office of each of the Paying Agents. If the Notes are to be admitted to trading on the regulated market of Euronext Dublin the applicable Final Terms will be published on the website of the Central Bank of Ireland. The Noteholders and the Couponholders are deemed to have notice of, and are entitled to the benefit of, all the provisions of the Agency Agreement, the Deed of Covenant and the applicable Final Terms which are applicable to them. The statements in the Conditions include summaries of, and are subject to, the detailed provisions of the Agency Agreement.

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

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

#### 1. **FORM, DENOMINATION AND TITLE**

The Notes are in bearer form or in registered form as specified in the applicable Final Terms and, in the case of definitive Notes, serially numbered, in the currency (the "**Specified Currency**") and the denominations (the "**Specified Denomination(s)**") specified in the applicable Final Terms. Notes of one Specified Denomination may not be exchanged for Notes of another Specified Denomination. Bearer Notes may not be exchanged for Registered Notes and *vice versa*.

This Note may be a Fixed Rate Note, a Floating Rate Note or a Zero Coupon Note, or a combination of any of the foregoing, depending upon the Interest Basis shown in the applicable Final Terms.

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

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

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

Agent as the holder of such nominal amount of such Notes in accordance with and subject to the terms of the relevant Global Note and the expressions "Noteholder" and "holder of Notes" and related expressions shall be construed accordingly.

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

## **2. TRANSFERS OF REGISTERED NOTES**

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

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

### **2.2 Transfers of Registered Notes in definitive form**

Subject as provided in Condition 2.3 (*Registration of transfer upon partial redemption*) below, upon the terms and subject to the conditions set forth in Agency Agreement, a Registered Note in definitive form may be transferred in whole or in part (in the authorised denominations set out in the applicable Final Terms). In order to effect any such transfer (a) the holder or holders must (i) surrender the Registered Note for registration of the transfer of the Registered Note (or the relevant part of the Registered Note) at the specified office of any Transfer Agent, with the form of transfer thereon duly executed by the holder or holders thereof or his or their attorney or attorneys duly authorised in writing and (ii) complete and deposit such other certifications as may be required by the relevant Transfer Agent and (b) the relevant Transfer Agent must, after due and careful enquiry, be satisfied with the documents of title and the identity of the person making the request. Any such transfer will be subject to such reasonable regulations as the Issuer and the Registrar may from time to time prescribe (the initial such regulations being set out in Schedule 7 to the Agency Agreement). Subject as provided above, the relevant Transfer Agent will, within three business days (being for this purpose a day on which banks are open for business in the city where the specified office of the relevant Transfer Agent is located) of the request (or such longer period as may be required to comply with any applicable fiscal or other laws or regulations), authenticate and deliver, or procure the authentication and delivery of, at its specified office to the transferee or (at the risk of the transferee) send by uninsured mail, to such address as the transferee may request, a new Registered Note in definitive form of a like aggregate nominal amount to the Registered Note (or the relevant part of the Registered Note) transferred. In the case of the transfer of part only of a Registered Note in definitive form, a new Registered Note in definitive form in respect of the balance of the Registered Note not transferred will be so authenticated and delivered or (at the risk of the transferor) sent to the transferor.

### **2.3 Registration of transfer upon partial redemption**

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

### **2.4 Costs of registration**

Noteholders will not be required to bear the costs and expenses of effecting any registration of transfer as provided above, except for any costs or expenses of delivery other than by regular

uninsured mail and except that the Issuer may require the payment of a sum sufficient to cover any stamp duty, tax or other governmental charge that may be imposed in relation to the registration.

### 3. STATUS OF THE NOTES

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

### 4. COVENANTS

#### 4.1 Negative Pledge

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

- (i) all amounts payable by it under the Notes and the Coupons are secured by the Security Interest equally and rateably with the Relevant Indebtedness; or
- (ii) such other Security Interest or other arrangement (whether or not it includes the giving of a Security Interest) is provided as is approved by an Extraordinary Resolution (as defined in the Agency Agreement) of the Noteholders.

#### 4.2 Financial Covenants

- (a) **Limitations on the Incurrence of Financial Indebtedness:** So long as any Note remains outstanding the Issuer will not, and will not permit any Subsidiary to, incur directly or indirectly any Financial Indebtedness or any guarantee and/or indemnity in respect of any Financial Indebtedness (excluding for the purposes of this Condition 4.2(a) any Permitted Refinancing Indebtedness) if, on the date of such incurrence and after giving pro forma effect thereto (including pro forma application of the proceeds), the Consolidated Solvency Ratio would exceed 65 per cent;
- (b) **Maintenance of Consolidated Coverage Ratio:** So long as any Note remains outstanding the Issuer undertakes that on each Testing Date the Consolidated Coverage Ratio is not less than 1.5:1; and
- (c) **Limitations on the Incurrence of Secured Indebtedness:** So long as any Note remains outstanding the Issuer will not, and will not permit any Subsidiary to incur directly or indirectly, any Secured Indebtedness (excluding for the purposes of this Condition 4.2(b) any Permitted Refinancing Indebtedness relating to the same previously secured assets) if, on the date of such incurrence and after giving pro forma effect thereto (including pro forma application of the proceeds) the total value of Secured Indebtedness of the Group (on a consolidated basis) would exceed 45 per cent. of Consolidated Total Assets.

#### 4.3 Interpretation

For the purposes of these Conditions:

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

Net Interest Charges, for the period of the most recent four consecutive financial quarters ending on such Testing Date;

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

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

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

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

- (i) all indebtedness of such Person for borrowed money in whatever form;
- (ii) any amounts raised by such Person evidenced by bonds, debentures, notes, loan stock or other similar instruments;
- (iii) any amounts raised by acceptance under any acceptance credit facility or dematerialised equivalent;
- (iv) receivables sold or discounted (other than any receivables to the extent they are sold on a non-recourse basis);
- (v) the amount of any liability in respect of leases or hire purchase contracts (excluding the amount of any liability in respect of leasehold properties) which would, in accordance with applicable law and generally accepted accounting principles applicable to the Group, be treated as finance or capital leases;
- (vi) the amount of any liability in respect of any purchase price of property, assets or services the payment of which is deferred for a period in excess of 90 days.

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

**"Group"** means the Issuer and its consolidated Subsidiaries;

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

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

- (a) the aggregate principal amount (or accretable value) of such Permitted Refinancing Indebtedness does not exceed the principal amount (or accreted value, if applicable) of the Financial Indebtedness renewed, refunded, refinanced, replaced, exchanged or discharged (plus all accrued interest on the Financial Indebtedness and the amount of all fees and expenses, including premiums, incurred in connection therewith);

- (b) such Permitted Refinancing Indebtedness has a final maturity date, or may only be redeemed or repaid at the option of the Issuer, either (i) no earlier than the final maturity date of the Financial Indebtedness being renewed, refunded, refinanced, replaced, exchanged or discharged or (ii) after the final maturity date of the Notes;
- (c) if the Financial Indebtedness being renewed, refunded, refinanced, replaced, exchanged or discharged is expressly, contractually subordinated in right of payment to the Notes, such Permitted Refinancing Indebtedness is subordinated in right of payment to the Notes; and
- (d) if the Issuer was the obligor on the Financial Indebtedness being renewed, refunded, refinanced, replaced, exchanged or discharged, such Financial Indebtedness is incurred by the Issuer;

**"Permitted Security Interest"** means a Security Interest in respect of the instruments with the following ISINs: NO963342624 and NO0010777683 (the **"Secured Subsidiary Notes"**), **provided that** (i) the principal amount of the Secured Subsidiary Notes outstanding as at 22 April 2020 is not increased; and (ii) the Secured Subsidiary Notes are not secured by any additional property or assets on or after 22 April 2020;

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

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

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

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

- (i) which is a subsidiary (*Sw. dotterföretag*) to the first Person, directly or indirectly, as defined in the Swedish Companies Act (*Sw. aktiebolagslagen 2005:551*); or
- (ii) whose financial statements are, in accordance with applicable law and generally accepted accounting principles, consolidated with those of the first person, and includes any Person that is a Subsidiary of a Subsidiary; and

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

## 5. INTEREST

### 5.1 Interest on Fixed Rate Notes

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

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

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

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

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

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

In these Conditions:

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

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

"**Determination Period**" means each period from (and including) a Determination Date to (but excluding) the next Determination Date (including, where either the Interest Commencement Date or the final Interest Payment Date is not a Determination Date, the period commencing on

the first Determination Date prior to, and ending on the first Determination Date falling after, such date); and

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

## 5.2 Interest on Floating Rate Notes

### (a) **Interest Payment Dates**

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

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

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

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

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

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

- (a) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in London and each Additional

Business Centre (other than TARGET2 System) specified in the applicable Final Terms;

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

(b) ***Rate of Interest***

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

(i) ***ISDA Determination for Floating Rate Notes***

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

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

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

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

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

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

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

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

If the Relevant Screen Page is not available or if, in the case of Condition 5.2(b)(ii)(A) above, no offered quotation appears or, in the case of Condition 5.2(b)(ii)(B), fewer than three offered quotations appear, in each case as at the time specified in the preceding paragraph (the "**Specified Time**"), the Issuer shall request each of the Reference Banks to provide the Issuer with its offered quotation (expressed as a percentage rate per annum) for the Reference Rate at approximately the Specified Time on the Interest Determination Date in question. If two or more of the Reference Banks provide the Issuer with offered quotations, the Rate of Interest for the Interest Period shall be the arithmetic mean (rounded if necessary to the fifth decimal place with 0.000005 being rounded upwards) of the offered quotations plus or minus (as appropriate) the Margin (if any), all as determined by the Principal Paying Agent.

If on any Interest Determination Date one only or none of the Reference Banks provides the Issuer with an offered quotation as provided in the preceding paragraph, the Rate of Interest for the relevant Interest Period shall be the rate per annum which the Principal Paying Agent determines as being the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) of the rates, as communicated to (and at the request of) the Issuer by the Reference Banks or any two or more of them, at which such banks were offered, at approximately the Specified Time on the relevant Interest Determination Date, deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate by leading banks in the London inter-bank market (if the Reference Rate is LIBOR) or the Euro-zone inter-bank market (if the Reference Rate is EURIBOR) plus or minus (as appropriate) the Margin (if any) or, if fewer than two of the Reference Banks provide the Issuer with offered rates, the offered rate for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, or the arithmetic mean (rounded as provided above) of the offered rates for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, at which, at approximately the Specified Time on the relevant Interest Determination Date, any one or more banks (which bank or banks is or are in the opinion of the Issuer suitable for the purpose) informs the Issuer it is quoting to leading banks in the London inter-bank market (if the Reference Rate is LIBOR) or the Euro-zone inter-bank market (if the Reference Rate is EURIBOR) plus or minus (as appropriate) the Margin (if any), provided that, if the Rate of Interest cannot be determined in accordance with the foregoing provisions of this paragraph, the Rate of Interest shall be determined as at the last preceding Interest Determination Date (though substituting, where a different Margin is to be applied to the relevant Interest Period from that which applied to the last preceding Interest Period, the Margin relating to the relevant Interest Period in place of the Margin relating to that last preceding Interest Period).

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

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

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

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

The Principal Paying Agent will at or as soon as practicable after each time at which the Rate of Interest is to be determined, determine the Rate of Interest for the relevant Interest Period.

The Principal Paying Agent will calculate the amount of interest (the "**Interest Amount**") payable on the Floating Rate Notes for the relevant Interest Period by applying the Rate of Interest to:

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

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

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

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

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

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

where:

"**Y<sub>1</sub>**" is the year, expressed as a number, in which the first day of the Interest Period falls;

"**Y<sub>2</sub>**" is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"**M<sub>1</sub>**" is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

"**M<sub>2</sub>**" is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"**D<sub>1</sub>**" is the first calendar day, expressed as a number, of the Interest Period, unless such number is 31, in which case D<sub>1</sub> will be 30; and

"**D<sub>2</sub>**" is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless such number would be 31 and D<sub>1</sub> is greater than 29, in which case D<sub>2</sub> will be 30;

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

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

where:

"**Y<sub>1</sub>**" is the year, expressed as a number, in which the first day of the Interest Period falls;

"**Y<sub>2</sub>**" is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"**M<sub>1</sub>**" is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

"**M<sub>2</sub>**" is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"**D<sub>1</sub>**" is the first calendar day, expressed as a number, of the Interest Period, unless such number would be 31, in which case D<sub>1</sub> will be 30; and

"**D<sub>2</sub>**" is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless such number would be 31, in which case D<sub>2</sub> will be 30;

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

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

where:

"Y<sub>1</sub>" is the year, expressed as a number, in which the first day of the Interest Period falls;

"Y<sub>2</sub>" is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"M<sub>1</sub>" is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

"M<sub>2</sub>" is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"D<sub>1</sub>" is the first calendar day, expressed as a number, of the Interest Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case D<sub>1</sub> will be 30; and

"D<sub>2</sub>" is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless (i) that day is the last day of February but not the Maturity Date or (ii) such number would be 31, in which case D<sub>2</sub> will be 30.

(e) ***Linear Interpolation***

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

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

(f) **Benchmark Discontinuation**

Notwithstanding the provisions above in this Condition 5.2, if the Issuer, in consultation with the party responsible for determining the Rate of Interest (being the Principal Paying Agent, the Calculation Agent or such other party specified in the applicable Final Terms, as applicable), determines that a Benchmark Event occurs in relation to an Original Reference Rate at any time when the Conditions provide for any Rate of Interest (or any component part thereof) to be determined by reference to such Original Reference Rate, then the following provisions shall apply.

(i) **Independent Adviser**

The Issuer shall use reasonable endeavours to appoint an Independent Adviser, as soon as reasonably practicable, to determine (acting in good faith and in a commercially reasonable manner) a Successor Rate, failing which an Alternative Rate and, in either case, an Adjustment Spread (if any) and any Benchmark Amendments (each as defined and as further described below) no later than 5 Business Days prior to the Interest Determination Date relating to

the next succeeding Interest Period (the "**IA Determination Cut-off Date**") for purposes of determining the Rate of Interest applicable to the Notes for such next succeeding Interest Period and for all future Interest Periods (subject to the subsequent operation of this Condition 5.2(f) during any other future Interest Period(s)).

(ii) Successor Rate or Alternative Rate

If the Independent Adviser (acting in good faith and in a commercially reasonable manner) determines that:

(A) there is a Successor Rate, then such Successor Rate shall (subject to adjustment as provided in Condition 5.2(f)(iii)) subsequently be used in place of the Original Reference Rate to determine the Rate of Interest (or the relevant component part thereof) for all future payments of interest on the Notes (subject to the subsequent further operation of this Condition 5.2(f)); or

(B) there is no Successor Rate but that there is an Alternative Rate, then such Alternative Rate shall (subject to adjustment as provided in Condition 5.2(f)(iii)) subsequently be used in place of the Original Reference Rate to determine the Rate of Interest (or the relevant component part thereof) for all future payments of interest on the Notes (subject to the subsequent further operation of this Condition 5.2(f)).

(iii) Adjustment Spread

If the Independent Adviser acting in good faith determines (i) that an Adjustment Spread is required to be applied to the Successor Rate or the Alternative Rate (as the case may be) and (ii) the quantum of, or a formula or methodology for determining, such Adjustment Spread, then such Adjustment Spread shall be applied to the Successor Rate or the Alternative Rate (as the case may be) for each subsequent determination of a Rate of Interest (or a relevant component part thereof) by reference to such Successor Rate or Alternative Rate (as applicable), subject to the subsequent further operation and adjustment as provided in this Condition 5.2(f).

(iv) Benchmark Amendments

If any Successor Rate, Alternative Rate or Adjustment Spread is determined in accordance with this Condition 5.2(f) and the Independent Adviser acting in good faith determines (i) that amendments to these Conditions (including, without limitation, amendments to the definitions of Day Count Fraction, Business Day or Relevant Screen Page) are necessary to ensure the proper operation of such Successor Rate, Alternative Rate and/or Adjustment Spread (such amendments, the "**Benchmark Amendments**") and (ii) the terms of the Benchmark Amendments (which shall not impose more onerous obligations on the party responsible for determining the Rate of Interest or expose it to any additional duties or liabilities without such party's consent), then the Issuer shall, subject to giving notice thereof in accordance with Condition 5.2(f)(iv), without any requirement for the consent or approval of Noteholders or Couponholders, vary these Conditions to give effect to such Benchmark Amendments with effect from the date specified in such notice.

At the request of the Issuer, the Principal Paying Agent, the Paying Agents and the Calculation Agent shall (at the Issuer's expense and direction), without any requirement for the consent or approval of the Noteholders or Couponholders, be obliged to concur with the Issuer in effecting any Benchmark Amendments required to the Agency Agreement and these Conditions.

In connection with any such variation in accordance with this Condition 5.2(f)(iv), the Issuer shall comply with the rules of any stock exchange or other relevant authority on or by which the Notes are for the time being listed or admitted to trading.

- (v) Notices, etc.

The Issuer shall promptly notify the party responsible for determining the Rate of Interest (being the Principal Paying Agent, the Calculation Agent or such other party specified in the applicable Final Terms, as applicable), the Principal Paying Agent, the Paying Agents and, in accordance with Condition 14 (*Notices*), the Noteholders of any Successor Rate, Alternative Rate, Adjustment Spread and the specific terms of any Benchmark Amendments determined under Condition 5.2(f)(iv). Such notice shall be irrevocable and shall specify the effective date of the Benchmark Amendments, if any.

- (vi) Survival of Original Reference Rate

Without prejudice to the obligations of the Issuer under this Condition 5.2(f), the Original Reference Rate and the fallback provisions provided for in Condition 5.2(b)(ii) will continue to apply unless and until the party responsible for determining the Rate of Interest (being the Principal Paying Agent, the Calculation Agent or such other party specified in the applicable Final Terms, as applicable) has been notified of the Successor Rate or the Alternative Rate (as the case may be), any Adjustment Spread (if applicable) and Benchmark Amendments (if applicable), in accordance with Condition 5.2(f)(v).

- (vii) Fallbacks

If, following the occurrence of a Benchmark Event and in relation to the determination of the Rate of Interest on the immediately following Interest Determination Date, the Issuer is unable to appoint an Independent Adviser or no Successor Rate or Alternative Rate (as applicable) is determined pursuant to this provision and notified to the party responsible for determining the Rate of Interest prior to the IA Determination Cut-off Date, the original benchmark or screen rate (as applicable) will continue to apply for the purposes of determining such Rate of Interest on such Interest Determination Date, with the effect that the fallback provisions provided elsewhere in these Conditions will continue to apply to such determination;

Notwithstanding any other provision of this Condition 5.2(f), if in the Principal Paying Agent's opinion there is any uncertainty between two or more alternative courses of action in making any determination or calculation under this Condition 5.2(f), the Principal Paying Agent shall promptly notify the Issuer and/or the Independent Advisor thereof and the Issuer shall direct the Principal Paying Agent in writing as to which alternative course of action to adopt. If the Principal Paying Agent is not promptly provided with such direction, or is otherwise unable to make such calculation or determination for any reason, it shall notify the Issuer and/or the Independent Advisor (as the case may be) thereof and the Principal Paying Agent shall be under no obligation to make such calculation or determination and shall not incur any liability for not doing so.

For the purposes of this Condition 5.2(f):

**"Adjustment Spread"** means either a spread (which may be positive or negative), or the formula or methodology for calculating a spread, in either case, which the Independent Adviser acting in good faith determines is required to be applied to the Successor Rate or the Alternative Rate (as the case may be) to reduce or eliminate, to the fullest extent reasonably practicable in the circumstances, any economic prejudice or benefit (as the case may be) to Noteholders and Couponholders as a result of the replacement of the

Original Reference Rate with the Successor Rate or the Alternative Rate (as the case may be) and is the spread, formula or methodology which:

- (a) in the case of a Successor Rate, is formally recommended, or formally provided as an option for parties to adopt, in relation to the replacement of the Original Reference Rate with the Successor Rate by any Relevant Nominating Body; or
- (b) (if no such recommendation or option has been made (or made available), or in the case of an Alternative Rate) the Independent Adviser acting in good faith determines is recognised or acknowledged as being in customary usage in international debt capital markets transactions which reference the Original Reference Rate, where such rate has been replaced by the Successor Rate or the Alternative Rate (as the case may be); or
- (c) (if no such customary market usage is recognised or acknowledged) the Independent Adviser acting in good faith determines to be appropriate;

**"Alternative Rate"** means an alternative to the Reference Rate which the Independent Adviser acting in good faith determines in accordance with Condition 5.2(f)(ii) has replaced the Original Reference Rate in customary market usage in the international debt capital markets for the purposes of determining rates of interest (or the relevant component part thereof) for the same interest period and in the same Specified Currency as the Notes or, if the Independent Adviser determines there is no such rate, such other rate as the Independent Adviser acting in good faith determines is most comparable to the relevant Reference Rate;

**"Benchmark Amendments"** has the meaning given to it in Condition 5.2(f)(iv);

**"Benchmark Event"** means:

- (a) the Original Reference Rate ceasing to be published for a period of at least 5 Business Days or ceasing to exist; or
- (b) the later of (i) the making of a public statement by the administrator of the Original Reference Rate that it will, on or before a specified date, cease publishing the Original Reference Rate permanently or indefinitely (in circumstances where no successor administrator has been appointed that will continue publication of the Original Reference Rate) and (ii) the date falling six months prior to the date specified in (b)(i) above; or
- (c) the making of a public statement by the supervisor of the administrator of the Original Reference Rate that the Original Reference Rate has been permanently or indefinitely discontinued; or
- (d) the later of (i) the making of a public statement by the supervisor of the administrator of the Original Reference Rate that the Original Reference Rate will, on or before a specified date, be permanently or indefinitely discontinued and (ii) the date falling six months prior to the date specified in (d)(i) above;
- (e) the later of (i) the making of a public statement by the supervisor of the administrator of the Original Reference Rate that means the Original Reference Rate will be prohibited from being used or that its use will be subject to restrictions or adverse consequences, in each case on or before a specified date and (ii) the date falling six months prior to the specified date referred to in (e)(i) above; or
- (f) it has or will prior to the next Interest Determination Date become unlawful for any Paying Agent, the Principal Paying Agent, the Calculation Agent, the Issuer or other party to calculate any payments due to be made to any Noteholder or Couponholder using the Original Reference Rate (including, without limitation, under the Benchmarks Regulation (EU) 2016/1011, if applicable);

**"Independent Adviser"** means an independent financial institution of international repute or other independent financial adviser experienced in the international capital markets, in each case appointed by the Issuer at its own expense. For the avoidance of doubt, an Independent Adviser appointed pursuant to this Condition 5.2(f) shall act in good faith as an expert and (in the absence of bad faith or fraud) shall have no liability whatsoever to the Issuer, the Paying Agents, the Noteholders or the Couponholders for any determination made by it pursuant to this Condition 5.2(f);

**"Original Reference Rate"** means the originally-specified Reference Rate used to determine the Rate of Interest (or any component part thereof) on the Notes;

**"Relevant Nominating Body"** means, in respect of a Reference Rate:

- (a) the central bank, reserve bank, monetary authority or any similar institution for the currency to which the Reference Rate relates, or any central bank or other supervisory authority which is responsible for supervising the administrator of the Reference Rate; or
- (b) any working group or committee sponsored by, chaired or co-chaired by or constituted at the request of (a) the central bank, reserve bank, monetary authority or any similar institution for the currency to which the Reference Rate relates, (b) any central bank or other supervisory authority which is responsible for supervising the administrator of the Reference Rate, (c) a group of the aforementioned central banks or other supervisory authorities or (d) the Financial Stability Board or any part thereof; and

**"Successor Rate"** means a successor to or replacement of the Original Reference Rate which is formally recommended, or formally provided as an option for parties to adopt, by any Relevant Nominating Body.

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

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

(h) ***Certificates to be final***

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

### 5.3 **Accrual of interest**

Each Note (or in the case of the redemption of part only of a Note, that part only of such Note) will cease to bear interest (if any) from the date for its redemption unless payment of principal is improperly withheld or refused. In such event, interest will continue to accrue until whichever is the earlier of:

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

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

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

- (a) The Rate of Interest payable on the Notes will be subject to adjustment from time to time in the event of a Step Up Rating Change and/or a Step Down Rating Change, as the case may be.
- (b) Subject to Condition 5.4(d) and 5.4(h) below, from and including the first Interest Payment Date falling on or after the date of a Step Up Rating Change, the Rate of Interest (in the case of Fixed Rate Notes) or the Margin (in the case of Floating Rate Notes) payable on the Notes shall be increased by the Step Up Margin.
- (c) Subject to Condition 5.4(d) and 5.4(h) below, in the event of a Step Down Rating Change following a Step Up Rating Change, with effect from and including the first Interest Payment Date falling on or after the date of such Step Down Rating Change, the Rate of Interest (in the case of Fixed Rate Notes) or the Margin (in the case of Floating Rate Notes) payable on the Notes shall be decreased by the Step Up Margin back to the initial Rate of Interest (in the case of Fixed Rate Notes) or the initial Margin (in the case of Floating Rate Notes).
- (d) If a Step Up Rating Change and, subsequently, a Step Down Rating Change occur during the same Fixed Interest Period (in the case of Fixed Rate Notes) or the same Interest Period (in the case of Floating Rate Notes), the Rate of Interest (in the case of Fixed Rate Notes) or the Margin (in the case of Floating Rate Notes) on the Notes shall be neither increased nor decreased as a result of either such event.
- (e) The Issuer shall use all reasonable efforts to maintain credit ratings for its senior unsecured long-term debt from S&P and Fitch. If, notwithstanding such reasonable efforts, S&P or Fitch fails or ceases to assign a credit rating to the Issuer's senior unsecured long-term debt, the Issuer shall use all reasonable efforts to obtain a credit rating of its senior unsecured long-term debt from a Substitute Rating Agency, and references herein to such Rating Agency or the credit ratings thereof, shall be to such Substitute Rating Agency or, as the case may be, the equivalent credit ratings thereof as specified in or determined in accordance with the remainder of this Condition 5.4.
- (f) The Issuer will cause the occurrence of a Step Up Rating Change or a Step Down Rating Change giving rise to an adjustment to the Rate of Interest (in the case of Fixed Rate Notes) or the Margin (in the case of Floating Rate Notes) payable on the Notes pursuant to this Condition 5.4 to be notified to the Principal Paying Agent and (in accordance with Condition 14 (*Notices*)) the Noteholders as soon as reasonably practicable after the occurrence of such Step Up Rating Change or Step Down Rating Change, but in no event later than the fifth London Business Day thereafter.

- (g) If the rating designations employed by any Rating Agency are changed from those which are described in this Condition 5.4 or if a rating is procured from a Substitute Rating Agency other than Moody's, the Issuer shall determine the rating designations of such Rating Agency or Substitute Rating Agency (as the case may be) as are most equivalent to the prior rating designations of the existing Rating Agency (or Rating Agencies, as the case may be).
- (h) Notwithstanding any other provision contained herein, there shall be no limit on the number of times that the Rate of Interest may be adjusted pursuant hereto during the term of the Notes **provided that** at no time during the term of the Notes will the Rate of Interest be (i) less than the initial Rate of Interest or (ii) more than the initial Rate of Interest plus the Step Up Margin specified hereon.

Where:

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

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

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

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

## 5.5 Calculation Agent

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

## 6. PAYMENTS

### 6.1 Method of payment

Subject as provided below:

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

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

### 6.2 Presentation of definitive Bearer Notes and Coupons

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

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

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

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

If the due date for redemption of any definitive Bearer Note is not an Interest Payment Date, interest (if any) accrued in respect of such Note from (and including) the preceding Interest Payment Date or, as the case may be, the Interest Commencement Date shall be payable only against surrender of the relevant definitive Bearer Note.

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

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

### 6.4 **Payments in respect of Registered Notes**

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

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

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

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

### 6.5 **General provisions applicable to payments**

The holder of a Global Note shall be the only person entitled to receive payments in respect of Notes represented by such Global Note and the Issuer will be discharged by payment to, or to the order of, the holder of such Global Note in respect of each amount so paid. Each of the persons shown in the records of Euroclear or Clearstream, Luxembourg as the beneficial holder of a

particular nominal amount of Notes represented by such Global Note must look solely to Euroclear or Clearstream, Luxembourg, as the case may be, for his share of each payment so made by the Issuer to, or to the order of, the holder of such Global Note.

Notwithstanding the foregoing provisions of this Condition 6.5, if any amount of principal and/or interest in respect of Bearer Notes is payable in U.S. dollars, such U.S. dollar payments of principal and/or interest in respect of such Notes will be made at the specified office of a Paying Agent in the United States if:

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

#### 6.6 **Payment Day**

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

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

#### 6.7 **Interpretation of principal and interest**

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

- (a) any additional amounts which may be payable with respect to principal under Condition 8 (*Taxation*);
- (b) the Final Redemption Amount of the Notes;
- (c) the Early Redemption Amount of the Notes;

- (d) the Optional Redemption Amount(s) (if any) of the Notes;
- (e) the Change of Control Redemption Amount (if any) of the Notes; and
- (f) any premium and any other amounts (other than interest) which may be payable by the Issuer under or in respect of the Notes.

Any reference in the Conditions to interest in respect of the Notes shall be deemed to include, as applicable, any additional amounts which may be payable with respect to interest under Condition 8 (*Taxation*).

## 7. REDEMPTION AND PURCHASE

### 7.1 Redemption at maturity

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

### 7.2 Redemption for tax reasons

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

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

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

Prior to the publication of any notice of redemption pursuant to this Condition 7.2, the Issuer shall deliver to the Principal Paying Agent, to make available at their specified office to the Noteholders (i) a certificate signed by two Authorised Signatories of the Issuer stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred and (ii) an opinion of independent legal advisers of recognised standing to the effect that the Issuer has or will become obliged to pay such additional amounts as a result of such change or amendment.

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

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

If Issuer Call is specified as being applicable in the applicable Final Terms, the Issuer may, having given not less than the minimum period nor more than the maximum period of notice each as specified in applicable Final Terms to the Noteholders in accordance with Condition 14 (*Notices*) (which notice shall be irrevocable (other than in the circumstances set out in the next sentence) and shall specify the date fixed for redemption), redeem all or some only of the Notes then outstanding on any Optional Redemption Date and at the Optional Redemption Amount(s)

each as specified in the applicable Final Terms together, if appropriate, with interest accrued to (but excluding) the relevant Optional Redemption Date. Where the Optional Redemption Amount is Spens Amount or Make-whole Amount, any such notice of redemption may, at the Issuer's discretion, be subject to one or more conditions precedent, in which case such notice shall state that, in the Issuer's discretion, the Optional Redemption Date may be delayed until such time as any or all such conditions shall be satisfied (or waived by the Issuer in its sole discretion), or such redemption may not occur and such notice may be rescinded in the event that any or all such conditions shall not have been satisfied (or waived by the Issuer in its sole discretion) by the Optional Redemption Date, or by the Optional Redemption Date so delayed. Any such redemption must be of a nominal amount not less than the Minimum Redemption Amount and not more than the Maximum Redemption Amount, in each case as may be specified in the applicable Final Terms.

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

- (a) if Spens Amount is specified as being applicable in the applicable Final Terms, the higher of (i) 100 per cent. of the nominal amount outstanding of the Notes to be redeemed and (ii) the nominal amount outstanding of the Notes to be redeemed multiplied by the price, as reported to the Issuer by the Determination Agent, at which the gross redemption yield to maturity or, if a Par Call Period is specified in the applicable Final Terms, the yield to the Par Call Period Commencement Date, on such Notes on the Reference Date is equal to the Gross Redemption Yield (determined by reference to the middle market price) at the Quotation Time on the Reference Date of the Reference Bond, plus the Redemption Margin; or
- (b) if Make-whole Amount is specified as applicable in the applicable Final Terms, the higher of (i) 100 per cent. of the nominal amount outstanding of the Notes to be redeemed and (ii) the sum of the present values of the nominal amount outstanding of the Notes to be redeemed and the Remaining Term Interest on such Notes (exclusive of interest accrued to the date of redemption) and such present values shall be calculated by discounting such amounts to the date of redemption on an annual basis (based on the Day Count Fraction specified in the applicable Final Terms) at the Reference Bond Rate, plus the Redemption Margin, all as determined by the Determination Agent.

In this Condition 7.3:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

If Investor Put is specified as being applicable in the applicable Final Terms, upon the holder of any Note giving to the Issuer in accordance with Condition 14 (*Notices*) not less than the minimum period nor more than the maximum period of notice specified in the applicable Final

Terms, the Issuer will, upon the expiry of such notice, redeem such Note on the Optional Redemption Date and at the Optional Redemption Amount together, if appropriate, with interest accrued to (but excluding) the Optional Redemption Date.

To exercise the right to require redemption of this Note the holder of this Note must, if this Note is in definitive form and held outside Euroclear and Clearstream, Luxembourg, deliver, at the specified office of any Paying Agent (in the case of Bearer Notes) or the Registrar (in the case of Registered Notes) at any time during normal business hours of such Paying Agent or, as the case may be, the Registrar falling within the notice period, a duly completed and signed notice of exercise in the form (for the time being current) obtainable from any specified office of any Paying Agent or, as the case may be, the Registrar (a "**Put Notice**") and in which the holder must specify a bank account to which payment is to be made under this Condition 7.5 and, in the case of Registered Notes, the nominal amount thereof to be redeemed and, if less than the full nominal amount of the Registered Notes so surrendered is to be redeemed, an address to which a new Registered Note in respect of the balance of such Registered Notes is to be sent subject to and in accordance with the provisions of Condition 2.2 (*Transfers of Registered Notes in definitive form*). If this Note is in definitive bearer form, the Put Notice must be accompanied by this Note or evidence satisfactory to the Paying Agent concerned that this Note will, following delivery of the Put Notice, be held to its order or under its control.

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

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

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

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

Promptly upon the Issuer becoming aware that a Change of Control Put Event has occurred and, in any event, within 5 days of the Issuer becoming aware that such Change of Control Put Event has occurred, the Issuer shall, give notice (a "**Change of Control Put Event Notice**") to the Noteholders in accordance with Condition 14 (*Notices*) specifying the nature of the Change of Control Put Event and the procedure for exercising the Change of Control Put Option.

To exercise the Change of Control Put Option, the holder of this Note must, if this Note is in definitive form and held outside Euroclear and Clearstream, Luxembourg, deliver, at the specified office of any Paying Agent (in the case of Bearer Notes) or the Registrar (in the case of Registered Notes) at any time during normal business hours of such Paying Agent or, as the case may be, the Registrar, on any Payment Day (as defined in Condition 6.6 (*Payment Day*)) at the place of such specified office falling within the Change of Control Put Period (as defined below), a duly signed and completed notice of exercise in the form (for the time being current obtainable

from any specified office of any Paying Agent or, as the case may be, the Registrar (a "**Change of Control Put Exercise Notice**") and in which the holder must specify a bank account (or, if payment is to be made by cheque, an address) to which payment is to be made under this Condition 7.6 and, in the case of Registered Notes, the nominal amount thereof to be redeemed and, if less than the full nominal amount of the Registered Notes so surrendered is to be redeemed, an address to which a new Registered Note in respect of the balance of such Registered Notes is to be sent subject to and in accordance with the provisions of Condition 2.2 (*Transfers of Registered Notes in definitive form*). If this Note is in definitive bearer form, the Change of Control Put Exercise Notice must be accompanied by this Note or evidence satisfactory to the Paying Agent concerned that this Note will, following the delivery of the Change of Control Put Exercise Notice, be held to its order or under its control.

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

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

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

In these Conditions:

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

- (a) any Person or any Persons acting together, acquire: (A) the beneficial ownership (directly or indirectly) of more than 50 per cent. of the total voting rights represented by shares of the Issuer; or (B) the power to appoint or remove the majority of the members of the board of directors of the Issuer (each such event being, a "**Change of Control**"); and
- (b) on the date (the "**Relevant Announcement Date**") that is the earlier of (1) the date of the earliest Potential Change of Control Announcement (as defined below) (if any) and (2) the date of the first public announcement of the relevant Change of Control, the Notes carry:
  - (i) an investment grade credit rating (*Baa3/BBB-/BBB-, or equivalent, or better*) (an "**Investment Grade Rating**") from any Rating Agency (provided by such Rating Agency at the invitation or with the consent of the Issuer) and, within the Change of Control Period, any such Rating Agency downgrades its rating of the Notes to a non-investment grade credit rating (*Bal/BB+/BB+ or equivalent, or worse*) or withdraws its rating of the Notes and such rating is not within the Change of Control Period (in the case of a downgrade) upgraded or (in the case of a withdrawal) reinstated to an Investment Grade Rating by such Rating Agency; or

- (ii) a non-investment grade credit rating (*Ba1/BB+/BB+ or equivalent or worse*) from any Rating Agency (provided by such Rating Agency at the invitation or with the consent of the Issuer) and such rating from any Rating Agency is within the Change of Control Period downgraded by one or more notches (*for illustration, Ba1/BB+/BB+ to Ba2/BB/BB being one notch*) or withdrawn and is not within the Change of Control Period subsequently (in the case of a downgrade) upgraded or (in the case of a withdrawal) reinstated to its earlier credit rating or better by such Rating Agency; or
- (iii) no credit rating from any Rating Agency and a Negative Rating Event also occurs within the Change of Control Period,

and

- (c) in making the relevant decision(s) referred to above, the relevant Rating Agency announces publicly or confirms in writing to the Issuer that such downgrading and/or withdrawal resulted, directly or indirectly, from the Change of Control or the Potential Change of Control Announcement (whether or not the Change of Control shall have occurred at the time such rating is downgraded and/or withdrawn). Upon receipt by the Issuer of any such written confirmation, the Issuer shall forthwith give notice of such written confirmation to the Noteholders in accordance with Condition 14 (*Notices*)

If the rating designations employed by S&P, Fitch or Moody's are changed from those which are described in paragraph (b) of the definition of "Change of Control Put Event" above, or if a rating is procured from a Substitute Rating Agency, the Issuer shall determine the rating designations of S&P, Fitch or Moody's or such Substitute Rating Agency (as appropriate) as are most equivalent to the prior rating designations of S&P, Fitch or Moody's and this Condition 7.6 shall be construed accordingly.

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

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

**"Fitch"** means Fitch Ratings Ltd;

**"Moody's"** means Moody's Investors Services Ltd;

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

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

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

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

#### 7.7 **Early Redemption Amounts**

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

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

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

where:

"**RP**" means the Reference Price;

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

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

#### 7.8 **Clean-up call**

If the Clean-up Call is specified in the applicable Final Terms as being applicable, in the event that Notes representing an aggregate amount equal to or exceeding 80 per cent. of the principal amount of the Notes have been purchased and cancelled or redeemed by the Issuer (other than as a result of the exercise by the Issuer of its redemption right under Condition 7.3 (*Redemption at the Option of the Issuer (Issuer Call)*)) the Issuer may, on giving not less than 30 nor more than 60 days' irrevocable notice to the Noteholders (or such other notice period as may be specified in the applicable Final Terms), redeem on the date specified in such notice all, but not some only, of the remaining Notes in that Series at the Optional Redemption Amount specified in the applicable Final Terms together (if appropriate) with interest accrued but unpaid to (but excluding) the date fixed for redemption.

#### 7.9 **Purchases**

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

7.10 **Cancellation**

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

7.11 **Late payment on Zero Coupon Notes**

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

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

8. **TAXATION**

All payments of principal and interest in respect of the Notes and Coupons by or on behalf of the Issuer will be made without withholding or deduction for or on account of any present or future taxes or duties of whatever nature imposed or levied by or on behalf of any Tax Jurisdiction unless such withholding or deduction is required by law. In such event, the Issuer will pay such additional amounts as shall be necessary in order that the net amounts received by the holders of the Notes or Coupons after such withholding or deduction shall equal the respective amounts of principal and interest which would otherwise have been receivable in respect of the Notes or Coupons, as the case may be, in the absence of such withholding or deduction; except that no such additional amounts shall be payable with respect to any Note or Coupon:

- (a) presented for payment in Sweden; or
- (b) the holder of which is liable for such taxes or duties in respect of such Note or Coupon by reason of his having some connection with Sweden other than the mere holding of such Note or Coupon; or
- (c) presented for payment more than 30 days after the Relevant Date (as defined below) except to the extent that the holder thereof would have been entitled to an additional amount on presenting the same for payment on such thirtieth day assuming that day to have been a Payment Day (as defined in Condition 6.6 (*Payment Day*)).

8.2 As used in these Conditions:

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

it means the date on which, the full amount of such moneys having been so received, notice to that effect is duly given to the Noteholders in accordance with Condition 14 (*Notices*).

## 9. PRESCRIPTION

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

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

## 10. EVENTS OF DEFAULT AND ENFORCEMENT

### 10.1 Events of Default

If any one or more of the following events (each an "**Event of Default**") occurs and is continuing:

- (a) if default is made in the payment in the Specified Currency of any principal or interest due in respect of the Notes or any of them and the default continues for a period of seven days in the case of principal and 14 days in the case of interest; or
- (b) if the Issuer fails to maintain the Consolidated Coverage Ratio in accordance with Condition 4.2(b) (*Financial Covenants – Maintenance of Consolidated Coverage Ratio*) and such breach continues for 90 days; or
- (c) if the Issuer fails to perform or observe any of its other obligations under these Conditions and (except in any case where the failure is incapable of remedy when no such continuation or notice as is hereinafter mentioned will be required) the failure continues unremedied for the period of 30 days next following the service by a Noteholder on the Issuer of written notice requiring the same to be remedied; or
- (d) if (i) any Financial Indebtedness of the Issuer or any of its Subsidiaries becomes due and repayable prior to its stated maturity by reason of an event of default (however described); (ii) the Issuer or any of its Subsidiaries fails to make any payment in respect of any Financial Indebtedness on the due date for payment (as extended by any originally applicable grace period); (iii) any security given by the Issuer or any of its Subsidiaries for any Financial Indebtedness becomes enforceable and steps are taken to enforce the same; or (iv) default is made by the Issuer or any of its Subsidiaries in making any payment due under any guarantee and/or indemnity given by it in relation to any Financial Indebtedness of any other person; **provided that** no event described in this subparagraph 10.1(d) shall constitute an Event of Default unless the relevant amount of Financial Indebtedness or other relative liability due and unpaid, either alone or when aggregated (without duplication) with other amounts of Financial Indebtedness and/or other liabilities due and unpaid relative to all (if any) other events specified in (i) to (iv) above, amounts to at least 1 per cent. of the Consolidated Total Assets; or
- (e) if any order is made by any competent court or resolution passed for the winding up or dissolution of the Issuer or any of its Material Subsidiaries, save for the purposes of reorganisation, amalgamation, adjustment or restructuring of the Group whilst solvent or on terms previously approved by an Extraordinary Resolution; or
- (f) if the Issuer or any of its Material Subsidiaries ceases or threatens to cease to carry on the whole or a substantial part of its business, save for the purposes of any reorganisation, amalgamation, adjustment or restructuring of the Group whilst solvent or on terms previously approved by an Extraordinary Resolution, or the Issuer or any of its Material

Subsidiaries becomes insolvent or is unable to, or admits inability to, pay, its debts (or any class of its debts) as they fall due, or is deemed unable to pay its debts pursuant to or for the purposes of any applicable law, or is adjudicated or found bankrupt or insolvent; or

- (g) if (i) proceedings are initiated against the Issuer or any of its Material Subsidiaries under any applicable liquidation, insolvency, composition, reorganisation or other similar laws, or an application is made (or documents filed with a court) for the appointment of an administrative or other receiver, manager, administrator or other similar official, or an administrative or other receiver, manager, administrator or other similar official is appointed, in relation to the Issuer or any of its Material Subsidiaries or, as the case may be, in relation to the whole or any part of the undertaking or assets of any of them, or an encumbrancer takes possession of the whole or any part of the undertaking or assets of any of them, or a distress, execution, attachment, sequestration or other process is levied, enforced upon, sued out or put in force against the whole or any part of the undertaking or assets of any of them and (ii) in any case (other than the appointment of an administrator) is not discharged within 60 days; or
- (h) if the Issuer or any of its Material Subsidiaries (or their respective directors or shareholders) initiates or consents to judicial proceedings relating to itself under any applicable liquidation, insolvency, composition, reorganisation or other similar laws (including the obtaining of a moratorium) or makes a conveyance or assignment for the benefit of, or enters into any composition or other arrangement with, its creditors generally (or any class of its creditors) or any meeting is convened to consider a proposal for an arrangement or composition with its creditors generally (or any class of its creditors),

then any holder of a Note may, by written notice to the Issuer at the specified office of the Principal Paying Agent, effective upon the date of receipt thereof by the Principal Paying Agent, declare any Note held by it to be forthwith due and payable whereupon the same shall become forthwith due and payable at its Early Redemption Amount, together with accrued interest (if any) to the date of repayment, without presentment, demand, protest or other notice of any kind.

## 10.2 Definitions

For the purposes of the Conditions:

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

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

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

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

all as more particularly defined in the Agency Agreement.

A report by two Authorised Signatories (as defined in the Agency Agreement) that in their opinion a Subsidiary of the Issuer is or is not or was or was not at any particular time or throughout any specified period a Material Subsidiary of the Issuer, shall, in the absence of manifest error, be conclusive and binding on all parties.

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

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

#### 12. **AGENTS**

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

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

- (a) there will at all times be a Principal Paying Agent;
- (b) so long as any Registered Notes are outstanding, there will be a Registrar and a Transfer Agent;
- (c) so long as the Notes are listed on any stock exchange or admitted to listing by any other relevant authority, there will at all times be a Paying Agent (in the case of Bearer Notes)

and a Transfer Agent (in the case of Registered Notes) with a specified office in such place as may be required by the rules and regulations of the relevant stock exchange or other relevant authority; and

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

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

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

### 13. EXCHANGE OF TALONS

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

### 14. NOTICES

All notices regarding the Bearer Notes will be deemed to be validly given if published in a leading English language daily newspaper of general circulation in London. It is expected that any such publication in a newspaper will be made in the *Financial Times* in London. The Issuer shall also ensure that notices are duly published in a manner which complies with the rules of any stock exchange or other relevant authority on which the Bearer Notes are for the time being listed or by which they have been admitted to trading including publication on the website of the relevant stock exchange or relevant authority if required by those rules. Any such notice will be deemed to have been given on the date of the first publication or, where required to be published in more than one newspaper, on the date of the first publication in all required newspapers.

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

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

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

## 15. MEETINGS OF NOTEHOLDERS AND MODIFICATION

### 15.1 Meetings of Noteholders

The Agency Agreement contains provisions for convening meetings of the Noteholders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of the Notes, the Coupons or any of the provisions of the Agency Agreement. Such a meeting may be convened by the Issuer and shall be convened by the Issuer if required in writing by Noteholders holding not less than five per cent. in nominal amount of the Notes for the time being remaining outstanding. The quorum at any such meeting for passing an Extraordinary Resolution is one or more persons holding or representing not less than 50 per cent. in nominal amount of the Notes for the time being outstanding, or at any adjourned meeting one or more persons being or representing Noteholders whatever the nominal amount of the Notes so held or represented, except that at any meeting the business of which includes the modification of certain provisions of the Notes or the Coupons (including modifying the date of maturity of the Notes or any date for payment of interest thereon, reducing or cancelling the amount of principal or the rate of interest payable in respect of the Notes or altering the currency of payment of the Notes or the Coupons or amending the Deed of Covenant in certain respects), the quorum shall be one or more persons holding or representing not less than two-thirds in nominal amount of the Notes for the time being outstanding, or at any adjourned such meeting one or more persons holding or representing not less than one-third in nominal amount of the Notes for the time being outstanding. The Agency Agreement provides that (i) a resolution passed at a meeting duly convened and held in accordance with the Agency Agreement by a majority consisting of not less than three-fourths of the votes cast on such resolution, (ii) a resolution in writing signed by or on behalf of the holders of not less than three-fourths in nominal amount of the Notes for the time being outstanding or (iii) consent given by way of electronic consents through the relevant clearing system(s) (in a form satisfactory to the Principal Paying Agent) by or on behalf of the holders of not less than three-fourths in nominal amount of the Notes for the time being outstanding, shall, in each case, be effective as an Extraordinary Resolution of the Noteholders. An Extraordinary Resolution passed by the Noteholders will be binding on all Noteholders, whether or not they are present at any meeting and whether or not they voted on the resolution, and on all Couponholders.

### 15.2 Modification

The Principal Paying Agent and the Issuer may agree, without the consent of the Noteholders or Couponholders, to:

- (a) any modification (except such modifications in respect of which an increased quorum is required as mentioned above) of the Notes, the Coupons, the Deed of Covenant or the Agency Agreement which is not prejudicial to the interests of the Noteholders; or
- (b) any modification as a result of the operation of Condition 5.2(f) (*Benchmark Discontinuation*); or
- (c) any modification of the Notes, the Coupons, the Deed of Covenant or the Agency Agreement which is of a formal, minor or technical nature or is made to correct a manifest error or to comply with mandatory provisions of the law.

Any such modification shall be binding on the Noteholders and the Couponholders and any such modification shall be notified to the Noteholders in accordance with Condition 14 (*Notices*) as soon as practicable thereafter.

16. **FURTHER ISSUES**

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

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

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

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

18.1 **Governing law**

The Agency Agreement, the Deed of Covenant, the Notes and the Coupons and any non-contractual obligations arising out of or in connection with the Agency Agreement, the Deed of Covenant, the Notes and the Coupons are governed by, and construed in accordance with, English law

18.2 **Submission to jurisdiction**

- (a) Subject to Condition 18.2(c) below, the English courts have exclusive jurisdiction to settle any dispute arising out of or in connection with the Notes and/or the Coupons, including any dispute as to their existence, validity, interpretation, performance, breach or termination or the consequences of their nullity and any dispute relating to any non-contractual obligations arising out of or in connection with the Notes and/or the Coupons (a "**Dispute**") and accordingly each of the Issuer and any Noteholders or Couponholders in relation to any Dispute submits to the exclusive jurisdiction of the English courts.
- (b) For the purposes of this Condition 18.2, the Issuer waives any objection to the English courts on the grounds that they are an inconvenient or inappropriate forum to settle any Dispute.
- (c) To the extent allowed by law, the Noteholders and the Couponholders may, in respect of any Dispute or Disputes, take (i) proceedings in any other court with jurisdiction; and (ii) concurrent proceedings in any number of jurisdictions.

18.3 **Appointment of Process Agent**

The Issuer irrevocably appoints Law Debenture Corporate Services Limited at Fifth Floor, 100 Wood Street, London EC2V 7EX as its agent for service of process in any proceedings before the English courts in relation to any Dispute and agrees that, in the event of Law Debenture Corporate Services Limited being unable or unwilling for any reason so to act, it will immediately appoint another person as its agent for service of process in England in respect of any Dispute. The Issuer agrees that failure by a process agent to notify it of any process will not invalidate service. Nothing herein shall affect the right to serve process in any other manner permitted by law.

18.4 **Other documents**

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

## USE OF PROCEEDS

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

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

## DESCRIPTION OF THE ISSUER AND ITS OPERATIONS

### Issuer description

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's operations are regulated by Swedish law, including but not limited to, the Swedish Companies Act (Sw. *aktiebolagslagen (2005:551)*) and the Swedish Annual Accounts Act (Sw. *årsredovisningslagen (1995:1554)*).

The object of the Group's business is to own and manage real property and/or shares, directly or indirectly, and conduct any other activities compatible therewith.

At the extraordinary general meeting of the Issuer held on 16 January 2017, the shareholders of the Issuer, then known as Effnetplattformen AB (publ) resolved to acquire all of the shares in SBB i Norden, Kuststaden Holding AB, a Swedish private limited company with registered number 556875-2173, and Sörmlandsporten AB, a Swedish private limited company with registered number 556716-3034. The acquisitions were financed with an issue of shares together with a cash component. The acquisition of these entities was accounted as a reversed take-over.

Following the reverse take-over, the Issuer 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 does not conduct any business operations. The original business of Effnetplattformen AB (publ), together with its subsidiaries, was sold by the Issuer in the middle of January 2017. In connection with this sale, the Issuer changed its name from Effnetplattformen AB (publ) to Samhällsbyggnadsbolaget i Norden AB (publ).

Following the reverse take-over, the Issuer became a pure real estate company and was approved for listing on Nasdaq First North in its current form on 31 March 2017.

### Business overview

#### *General*

The Group owns and manages properties and aims to be one of the leading Nordic real estate groups with focus on social infrastructure properties, residential properties and the development of residential and social infrastructure properties. As at 31 December 2019, the Group's property portfolio consisted of 1,394 properties (as compared to 570 as at 31 December 2018). See the section "*Property Portfolio*" below for more information.

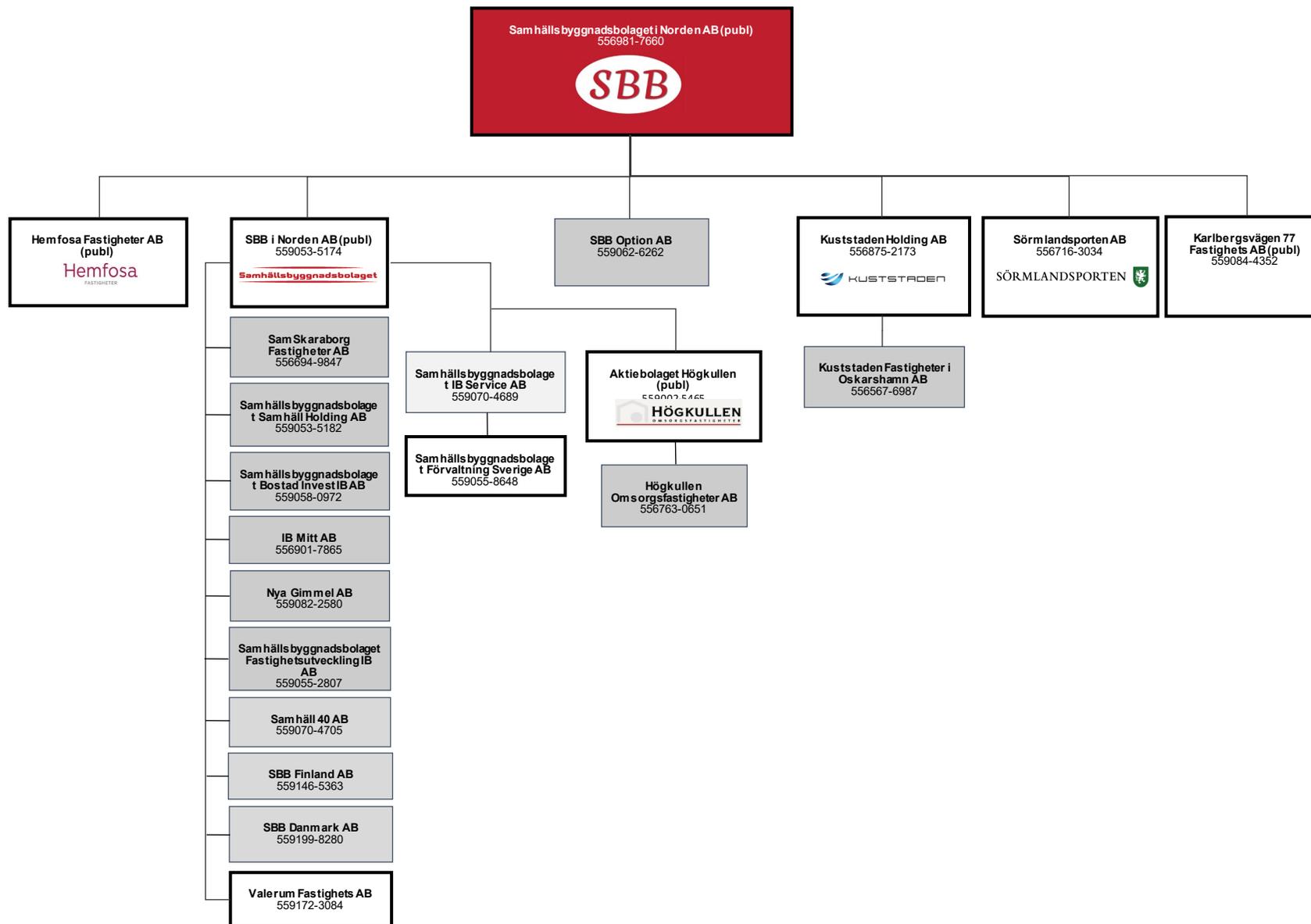
The Group owns, manages and develops residential properties in Swedish growth municipalities. The properties are generally located close to the city centre and with access to good transportation links, whether it is apartments in Kallhäll centre in Järfälla Municipality, or the city centres of for example, Oskarshamn, Nyköping and/or Nykvarn in the Stockholm region. The Group owns residential properties in approximately 30 Swedish cities, from Malmö in the south to Sundsvall in the north. However, most of the residential properties are located in the Stockholm region, Sundsvall, Oskarshamn, Karlstad, Borlänge and Motala. Social infrastructure properties are properties from which certain public social infrastructure (in sectors such as schools, health and personal care) operates. Most of the Rental Income stemming from this sector derives from public sector tenants or from tenants who run publicly funded activities on behalf of government, county councils or municipalities. The social infrastructure properties include properties used by tenants who are directly or indirectly tax funded. Tenants are engaged in activities such as education, elderly care, care of people with special needs and other care activities, municipal and state administration. Examples of tenants include municipality of Värmdö för Fågelvik preschool, municipality of Borlänge, the Norwegian Ministry of Justice and Emergency Affairs, several accommodations for elderly people and properties that accommodate people with special needs (group housing). The Group's aim is to offer

modern social infrastructure properties in close cooperation with the main providers of care services - often municipalities and county councils, but also private care companies.

### ***Organisation 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 31 December 2019, the Group comprised 618 entities (including the parent company) incorporated in Sweden, Norway, Finland and Denmark.

The following chart illustrates the key companies within the Group as of 31 December 2019.



## Shareholders

The Issuer has issued shares of class A, shares of class B, shares of class D and preference shares. The Issuer's shares of class B, class D and preference shares are listed on Nasdaq First North. The table below lists the major shareholders in the Issuer as of 31 December 2019:

Shareholders	Class A shares	Class B shares	Class D shares	Preference shares	Share of Capital (%)	Votes (%)
Ilija Batljan (privately / companies) .....	109,053,868	10,192,373			13.0	39.2
Dragfast & Marjan Dragicevic .....	27,164,652	77,285,000			11.4	12.4
AB Arvid Svensson .....	26,000,000	39,513,367			7.2	10.7
Sven-Olof Johansson (companies).....	22,315,456	29,481,315			5.6	9.0
Erik Paulsson (companies) .....	13,919,159	16,799,507			4.9	5.6
Michael Cocozza .....		44,237,537			4.8	1.6
Lennart Schuss (privately / companies) .....	2,634,957	17,036,419			2.1	1.6
Swedish Foundation for Strategic Research..		42,651,810			4.7	1.5
Oscar Lekander .....	3,174,785	1,931,348	275,500		0.6	1.2
Krister Karlsson .....	3,174,785	53,172			0.4	1.1
Joakim Bill .....	1,904,871				0.4	0.7
Postens pensionsstiftelse .....		19,004,310			2.1	0.7
Highhill Intressenter AB .....		18,701,897			2.0	0.7
Gösta Welandson (companies).....		18,181,819			2.1	0.7
Avanza Pension .....		9,257,438	4,393,899	1,613	1.5	0.5
Other .....	634,958	285,369,108	71,828,831	29,100	34.1	12.8
<b>Total</b>	<b>209,977,491</b>	<b>629,696,420</b>	<b>76,498,230</b>	<b>30,713</b>	<b>100.0</b>	<b>100</b>

## Strategy

### Business Strategy

The Group's business strategy is:

- to be a natural and reliable partner to the public sector in the Nordic countries by owning, managing and developing social infrastructure properties with a long-term perspective;
- to own, manage and develop residential properties throughout Sweden; and
- to work actively with the aim of creating residential building rights by being a community service builder and long-term partner to municipalities, countries and state authorities.

### Management Strategy

The Issuer's management focuses on active work with value-creating development and continuous maintenance of its existing portfolio. The Issuer aims to maintain a high Surplus Ratio and performs management operations with a focus on Net Operating Income which it seeks to achieve through energy-saving investments. The Issuer develops the Group's existing portfolio and renovates the current residential properties to modern standards. The majority of the Group's property management, including the local financial and technical management of the properties, is performed in-house following the acquisition of the Issuer's property management provider, Hestia Sambyggt AB in 2018.

### Investment Strategy

With respect to the Group's activities in the development of building rights for residential and social infrastructure properties, the Issuer seeks to identify properties with a direct Yield of approximately 5 to 7 per cent., where it sees an opportunity for the development of building rights for mainly residential and social infrastructure properties in the short to medium term. Prior to acquisition of a property, the Issuer determines, after discussions with the local municipality, what is required in order to have a new zoning plan approved. Immediately after taking possession, work is commenced to pursue a zoning plan to create building rights. The Issuer then seeks to make early sales of these building rights prior to the final approval of the zoning plan with the intention of creating momentum for the zoning plan process in order to give municipalities confidence to ensure that when the zoning plan is approved, construction will start

immediately. The Issuer aims to minimise production risks by divesting its building rights before the start of production, either to an external partner or to a joint venture where the Issuer's counterpart is an experienced project developer that takes responsibility for the production and construction risks.

#### ***Dividend Strategy and Limitation in Relation to Certain Bonds Issued***

The Group has a long-term target to pay a dividend amounting to 40 per cent. of distributable earnings (including Class D share dividends and preference share dividends). The Issuer has issued a bond of up to SEK 1,000,000,000, with an interest rate of STIBOR 3m plus 3.90 per cent. (ISIN SE0010414581, 20180129 / 20210129) and a bond of up to SEK 1,000,000,000, with an interest rate of STIBOR 3m plus 3.65 per cent. (ISIN SE0010985713 20180316 / 20210517), each of which includes a provision in its terms and conditions limiting the amount of any dividend to 50 per cent. of the previous year's net profit and provided that the Group's Equity Ratio exceeds 30 per cent.

For the year ending 31 December 2019, the Board of Directors of the Issuer (the "**Board**") proposed an initial dividend of SEK 0.60 per ordinary A and B share, a dividend of SEK 2 per D share and a dividend of SEK 35 per preference share to be paid quarterly.

#### ***Funding Strategy***

The finance department seeks to support the Group's core business by minimising the short-term and long-term cost of capital. Its task is to manage existing debt, raise new loans for investments and acquisitions, streamline cash management and limit financial risks. The work is governed by the Issuer's finance policy, which is determined and reviewed by the Board once a year. The finance policy governs reporting, follow-up and control. All financial matters of strategic importance are dealt with by the Board. The Group is financed by equity and liabilities in the form of bank loans and bonds.

As at 31 December 2019, the Group's interest-bearing liabilities amounted to SEK 56,091 million, of which SEK 25,985 million related to liabilities to credit institutions, SEK 25,162 million to senior and subordinated bonds, and SEK 4,944 million to commercial paper as compared with SEK 14,675 million (interest-bearing liabilities), SEK 5,910 million (credit institutions), SEK 6,925 million (senior and subordinated bonds) and SEK 1,840 million (commercial paper) as at 31 December 2018. As at 31 December 2019, the Group's Equity Ratio was 30 per cent. as compared with 41 per cent. as at 31 December 2018 and the Group's Adjusted Equity Ratio was 33 per cent. as compared with 44 per cent. as at 31 December 2018. As at 31 December 2019, 26 per cent. of the Group's debt was secured and 74 per cent. was unsecured as compared to 38 per cent. and 62 per cent., respectively, as at 31 December 2018.

As at 31 December 2019, the Group's Average Interest Rate on its debt was 1.76 per cent. The average capital tied up period on its debt was 3.4 years and the overall average interest-rate period on its debt was 2.8 years.

#### **Capital Structure**

The table below shows the capital structure of the Group as at 31 December 2019 and 31 December 2018.

	<b>31 December</b>	
	<b>2019</b>	<b>2018</b>
<b>Capital Structure</b>	<i>(SEK million)</i>	
Equity .....	30,896	11,197
Liabilities to credit institutions .....	25,985	5,910
Bonds and commercial paper .....	30,106	8,765
Deferred tax .....	6,237	1,047
Other .....	10,979	722
	<b>31 December</b>	
	<b>2019</b>	<b>2018</b>
<b>Loan to Value Ratios</b>		
Loan to Value Ratio, total debt, per cent.....	41	53

As of 31 December 2019, a majority of its debt portfolio (excluding commercial paper) had maturities longer than five years. Excluding commercial paper, 24 per cent. of the Group's debt had maturities longer than five years. Including commercial paper, 22 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 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

### **Equity**

As at 31 December 2019, the Group's equity amounted to SEK 30,896 million as compared to SEK 11,197 million at 31 December 2018 with the Group's Equity Ratio being 30 per cent. as compared to 41 per cent. at 31 December 2018 and the Group's Adjusted Equity Ratio being 33 per cent. as compared to 44 per cent. at 31 December 2018. The Issuer is targeting an Equity Ratio of over 35 per cent and an LTV ratio of below 50 per cent.

### **Bank Debt and Liabilities to Credit Institutions**

The Group's secured liabilities to credit institutions were reported at SEK 25,985 million at 31 December 2019 as compared with SEK 5,910 million at 31 December 2018. The Group's secured liabilities (including liabilities to credit institutions and secured bonds) amounted to SEK 27,319 million as at 31 December 2019 as compared to SEK 10,462 million as at 31 December 2018. As at 31 December 2019, the Group's loan portfolio was spread across 13 credit institutions, of which Danske Bank, Handelsbanken, SBAB, Swedbank, DNB, and several saving banks are the largest lenders.

As at 31 December 2019, of the Group's total loans, 21 per cent. carried variable interest rates and 79 per cent. were fixed rate loans.

Property mortgages amounting to SEK 101,914 million provide security for a part of the interest-bearing liabilities.

### **Bonds and Commercial Paper**

As at 31 December 2019, the Group had outstanding bonds in the amount of SEK 25,162 million compared with SEK 6,925 million at 31 December 2018. Of the total outstanding bond volume at 31 December 2019, SEK 23,828 million were unsecured bonds.

As at 31 December 2019, the Group's proportion of capital markets financing amounted to 54 per cent. of the total interest-bearing liabilities. The Group has also issued capital securities of SEK 1,500 million and EUR 300 million, They are subordinated to the Issuer's outstanding senior unsecured securities and are considered as 50 per cent. equity from a rating perspective (Fitch and Standard & Poor's).

The following tables show the Group's listed bonds as of 31 December 2019, including information about whether the bonds are secured, classified as green bonds or issued under the Programme.

<b>Issuer</b>	<b>Maturity</b>	<b>SEK million</b>	<b>Repurchased by the Issuer / Hemfosa (SEK million)</b>	<b>Interest</b>	<b>Maturity date</b>	<b>ISIN code</b>	<b>Green/secured</b>
SBB	2017-2020	1500	1434	Stibor 3M + 6.00%	2020-04-06	SE0009805468	
SBB	2018-2022	1000	904	Stibor 3M + 3.60%	2022-10-03	SE0011725514	
SBB	2018-2021	474	466	Stibor 3M + 3.65%	2021-05-12	SE0010985713	
SBB	2018-2021	750	710	Stibor 3M + 3.90%	2021-01-29	SE0010414581	
SBB	2019-2024	500		Stibor 3M + 3.30%	2024-02-14	SE0012256741	Green
SBB	2019-2024	200		Stibor 3M + 3.25%	2024-02-19	SE0012313245	
SBB	2019-2025	600		Stibor 3M + 1.90%	2025-01-14	XS1997252975	
SBB	2019-2023	200		Stibor 3M + 1.40%	2023-05-22	XS2000538699	
SBB	2016-2021	683		Stibor 3M + 1.85%	2021-12-23	NO963342624	Secured
SBB	2019-2022	500		Stibor 3M + 1.20%	2022-07-22	XS2021634675	Green
SBB	2019-2021	1960		Stibor 3M + 0.93%	2021-07-05	XS2022418243	
SBB	2019-2023	500		Stibor 3M + 1.150%	2023-09-06	XS2050862262	Green
SBB	2019-2022	600		Stibor 3M + 0.95%	2022-10-03	XS2059787049	

SBB	2019-2023	1000		Stibor 3M + 1.01%	2023-02-01	XS2066041661	
SBB	2019-2022	300		0.85%	2022-03-11	XS2078676322	
SBB	2019-2021	500		Stibor 3M + 0.7%	2021-11-08	XS2078691123	
SBB	2019-2023	600		1.07%	2023-05-11	XS2078737306	
SBB	2019-2021	800		Stibor 3M + 0.66%	2021-11-08	XS2078371486	
SBB	2019-2020	400		0.80%	2020-04-14	XS2093118953	
SBB	2019-2024	1000		1.66%	2024-11-28	XS2085870728	
SBB	2019-HYB	1500		Stibor 3M +3.5%	Hybrid	SE0013359148	
Hemfosa	2017-2020	1000		Stibor 3M + 2.75%	2020-09-01	SE0009664337	
Hemfosa	2019-2022	1300		Stibor 3M + 2.40%	2022-05-16	SE0012596203	Green
Hemfosa	2019-2022	800		Stibor 3M + 2.10%	2022-10-03	SE0013109444	Green

Issuer	Maturity	EUR million	Repurchased by the Issuer / (EUR million)	Interest	Maturity date	ISIN code	Green/secured
SBB	2019-HYB	300		4.63%	Hybrid	XS1974894138	
SBB	2019-2025	550	3	1.75%	2025-01-14	XS1993969515	
SBB	2019-2026	500		1.13%	2026-09-04	XS2049823680	

Issuer	Maturity	NOK million	Repurchased by the Issuer / (NOK million)	Interest	Maturity date	ISIN code	Green/secured
SBB	2016-2023	620		3.00%	2023-11-01	NO0010777683	Secured

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 31 December 2019, the Group had SEK 4,944 million of outstanding commercial paper, comprising SEK 2,885 million outstanding under the SEK CP Program and the EUR 197.3 million (SEK 2,059 million) outstanding under the EUR CP Program.

### ***Covenants and Risk***

The Issuer's financial risk exposure and positions can be valued by the use of, among other measures, the Equity Ratio and a gearing ratio. Credit agreements with banks and credit institutions often include covenants measuring the Group's Equity Ratio, interest coverage and leverage.

Pursuant to the current published financial policy of the Group, the Board has stipulated that: (i) the Group's Equity Ratio target is to maintain a ratio of at least 45 per cent. (as compared with the covenant level of 25 per cent. which is often included in the Issuer's bank financing), (ii) the Group's interest coverage ratio target is to maintain a ratio of at least 3.0 (as compared with the covenant level of 1.5 to 1.7 which is often included in the Issuer's bank financing) and (iii) the Group's Loan to Value Ratio target is to maintain a Loan to Value Ratio of less than 50 per cent.

### ***Off-balance sheet arrangements***

As of 31 December 2019, the Group did not have any off-balance sheet arrangements.

### **Description of Alternative Performance Measures**

This section provides further information relating to Alternative Performance Measures for the purposes of the guidelines (the "**Guidelines**") published by the European Securities and Markets Authority ("**ESMA**"). Certain of the financial measures included in this Base Prospectus can be characterised as APMs and set out below is a summary of the APM used, the definition, bases of calculation and reconciliation of such APMs and the rationale for their inclusion.

The Issuer believes that the presentation of these APMs is helpful to investors because these and other similar measures are used by certain investors as supplemental measures of performance and liquidity. However, these measures are not measures of financial performance under IFRS and should not be considered in isolation or as a substitute for operating profit, cash flow from operating activities or other financial measures of the Group's results of operations or liquidity computed in accordance with IFRS. Other companies, including those in the Group's industry, may calculate these measures differently from

the Group. As all companies do not calculate such measures in the same manner, the presentation of these measures pertaining to the Group may not be comparable to other similarly titled measures of other companies.

<b>Adjusted Equity Ratio (per cent.)</b>	means reported equity including shareholder loans and convertibles, with reversal of reported deferred tax liability as a percentage of total assets.
<b>Average Interest Rate (per cent.)</b>	means the weighted average contracted interest rate on interest-bearing liabilities at the end of the period, excluding unutilised credit facilities.
<b>EBITDA</b>	means earnings before tax, depreciation, interest rate costs and amortisation.
<b>Economic Letting Ratio (per cent.)</b>	means Passing Rent as a percentage of contracted Passing Rent plus estimated Passing Rent for vacant contracts.
<b>Equity Ratio (per cent.)</b>	means reported equity as a percentage of total assets.
<b>ICR</b>	means EBITDA divided by interest rate costs.
<b>Loan to Value Ratio (per cent.)</b>	means net interest-bearing liabilities as a percentage of total assets at the end of the period.
<b>Net Operating Income (SEK)</b>	means Rental Income minus property costs.
<b>Passing NOI (SEK)</b>	means Passing Rent less budgeted annual operating costs, budgeted annual maintenance costs, annualised management administration costs and budgeted property tax expense.
<b>Passing Rent (SEK)</b>	means 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.
<b>Rental Income (SEK)</b>	means debited rent for the period with deductions for rental losses and rental discounts.
<b>Rental Value (SEK)</b>	means contracted Rental Income plus estimated Rental Income for vacant contracts.
<b>Secured Loan to Value Ratio (per cent.)</b>	means secured interest-bearing liabilities as a percentage of total assets at the end of the period
<b>Surplus Ratio (per cent.)</b>	means Net Operating Income as a percentage of Rental Income for the period.
<b>Yield (per cent.)</b>	means Passing NOI as a percentage of the gross asset value of properties adjusted to exclude the value of building rights.

The table below shows the method of calculation for Adjusted Equity Ratio (per cent.) for the years ended 31 December 2019 and 31 December 2018.

	<b>31 December</b>	
	<b>2019</b>	<b>2018</b>
<b>Adjusted Equity Ratio</b>	<i>(SEK million)</i>	
Equity .....	30,896	11,197
Deferred tax excluding deferred tax related to goodwill .....	3,869	1,047

<b>Sum</b> .....	<b>34,765</b>	<b>12,244</b>
<b>Total assets</b> .....	<b>104,203</b>	<b>27,641</b>
<b>Adjusted Equity Ratio</b> .....	<b>33%</b>	<b>44%</b>

The table below shows the method of calculation for Economic Letting Ratio for the years ended 31 December 2019 and 31 December 2018.

	<b>31 December</b>	
	<b>2019</b>	<b>2018</b>
<b>Economic Letting Ratio</b>	<i>(SEK million)</i>	
Rental income in current earnings capacity.....	5,217	1,585
Rental value in current earnings capacity .....	5,502	1,648
<b>Economic Letting Ratio</b> .....	<b>94.8%</b>	<b>96.2%</b>

The table below shows the method of calculation for Equity Ratio for the years ended 31 December 2019 and 31 December 2018.

	<b>31 December</b>	
	<b>2019</b>	<b>2018</b>
<b>Equity Ratio</b>	<i>(SEK million)</i>	
Equity .....	30,896	11,197
Total assets .....	104,203	27,641
<b>Equity Ratio</b> .....	<b>30%</b>	<b>41%</b>

The table below shows the method of calculation for ICR for the years ended 31 December 2019 and 31 December 2018.

	<b>31 December</b>	
	<b>2019</b>	<b>2018</b>
<b>ICR</b>	<i>(SEK million)</i>	
Profit from property management (rolling 12 months) .....	645	321
Interest expenses and similar items (rolling 12 months) .....	482	538
Expenses for redeemed loans in advance (rolling 12 months).....	197	127
Translation gains/losses (rolling 12 months).....	(91)	-
Land lease expenses (rolling 12 months) .....	7	-
<b>Sum</b> .....	<b>1,240</b>	<b>986</b>
Interest expenses and similar items (rolling 12 months) .....	482	538
<b>ICR</b> .....	<b>2.6x</b>	<b>1.8x</b>

The table below shows the method of calculation for Loan to Value Ratio for the years ended 31 December 2019 and 31 December 2018.

	<b>31 December</b>	
	<b>2019</b>	<b>2018</b>
<b>Loan to Value Ratio</b>	<i>(SEK million)</i>	
Liabilities to credit institutions .....	25,985	5,910
Bond loans .....	25,162	6,925
Commercial papers .....	4,944	1,840
Cash and cash equivalents .....	(12,858)	(157)
<b>Net debt</b> .....	<b>43,233</b>	<b>14,518</b>
Total assets .....	104,203	27,641
<b>Loan to Value Ratio</b> .....	<b>41%</b>	<b>53%</b>

The table below shows the method of calculation for Secured Loan to Value Ratio (per cent.) for the years ended 31 December 2019 and 31 December 2018.

	31 December	
	2019	2018
<b>Secured Loan to Value Ratio</b>	<i>(SEK million)</i>	
Liabilities to credit institutions.....	25,985	5,910
Secured bond loans.....	1,334	4,552
<b>Total secured loans .....</b>	<b>27,319</b>	<b>10,462</b>
<b>Total assets.....</b>	<b>104,203</b>	<b>27,641</b>
<b>Secured Loan to Value Ratio .....</b>	<b>26%</b>	<b>38%</b>

The table below shows the method of calculation for Surplus Ratio for the years ended 31 December 2019 and 31 December 2018.

	31 December	
	2019	2018
<b>Surplus Ratio</b>	<i>(SEK million)</i>	
Net Operating Income .....	1,265	1,071
Rental Income.....	1,996	1,680
<b>Surplus Ratio.....</b>	<b>63%</b>	<b>64%</b>

The table below shows the method of calculation for Yield for the years ended 31 December 2019 and 31 December 2018.

	31 December	
	2019	2018
<b>Yield</b>	<i>(SEK million)</i>	
Net operating income according to earnings capacity .....	3,713	1,112
Investment properties.....	79,542	25,243
Building rights .....	(2,893)	(1,331)
<b>Property value excluding building rights .....</b>	<b>76,649</b>	<b>23,912</b>
<b>Yield.....</b>	<b>4.8%</b>	<b>4.7%</b>

## Property Portfolio

As at 31 December 2019, the properties had a total gross asset value of SEK 79.5 billion (as compared to SEK 25.2 billion as at 31 December 2018). The total lettable area of the Group's properties was approximately 4,233,000 square metres as at 31 December 2019 (as compared to approximately 1,330,000 square metres as at 31 December 2018), the Economic Letting Ratio was 94.8 per cent. as at 31 December 2019 (as compared to 96.2 per cent. as at 31 December 2018) and the Rental Value was SEK 1,996 million (SEK 1,680 million as at 31 December 2018). At the same time, the average Yield for the Issuer's real estate portfolio was 4.8 per cent (as compared to 4.7 per cent. as at 31 December 2018).

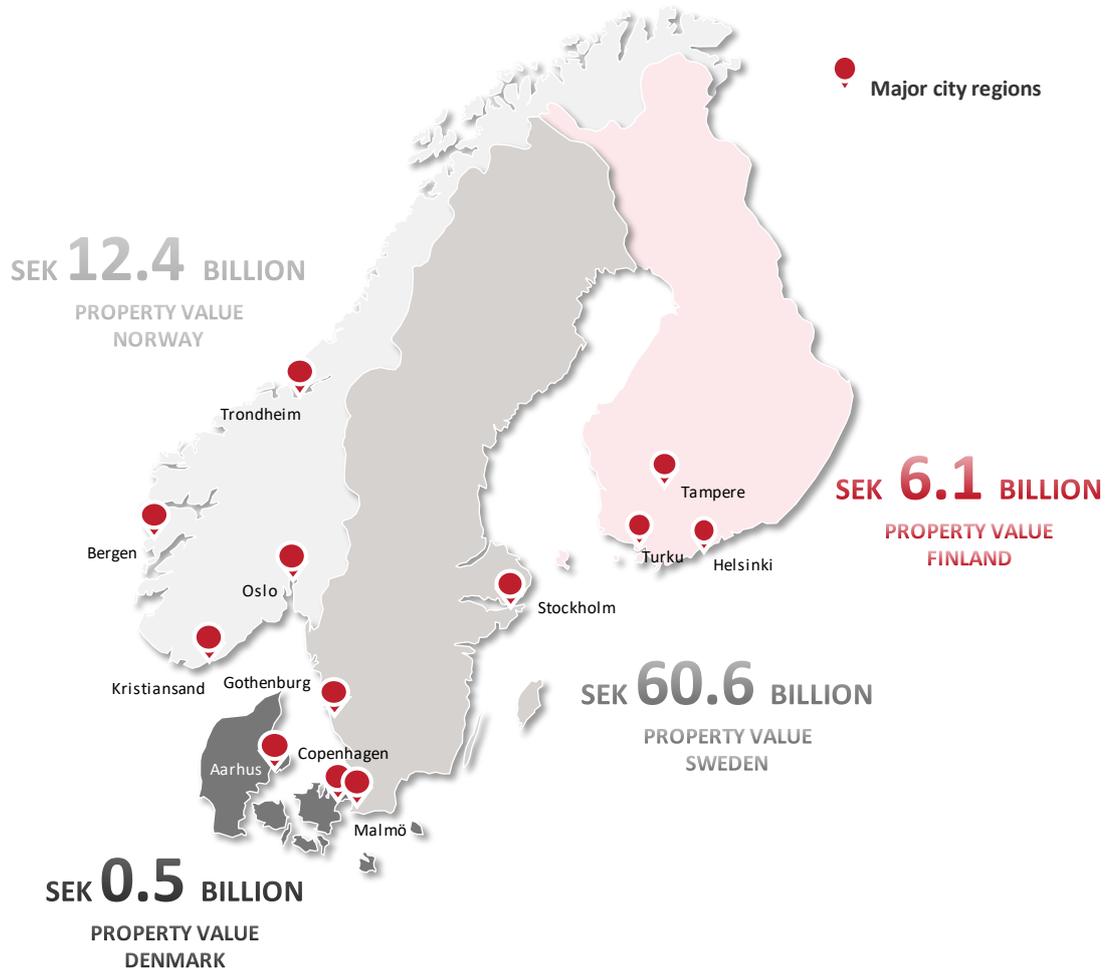
## Rental Income

For the year ended 31 December 2019, the Group generated Rental Income of SEK 1,996 million (as compared to SEK 1,680 million as at 31 December 2018) and a Net Operating Income of SEK 1,265 million (as compared to SEK 1,071 million as at 31 December 2018). The table below shows the breakdown of rental income at contract level:

Classification	Rental income at contract level (SEK million)	Total (%)
Residential .....	774	15
Group Housing.....	315	6
Government .....	2,462	47
Indirect Government .....	1,060	20
Other .....	607	12
<b>Total.....</b>	<b>5,217</b>	<b>100</b>

**Property value by Geography**

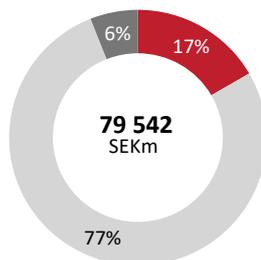
The chart below shows the distribution of property value by geography. 65 per cent. of the property portfolio is located in metropolitan regions.



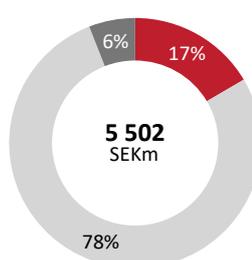
**Operating Segments**

The Group has divided its operations into three segments: "Residential", "Community Service" and "Other" properties.

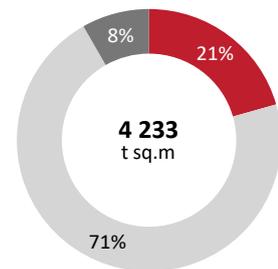
PROPERTY VALUE PER SEGMENT



RENTAL VALUE PER SEGMENT



AREA PER SEGMENT



### Community Services Properties

The Group's community services properties include properties that are used by tenants that are tax financed by the Nordic welfare states. The tenants conduct operations in education, elderly care, support for the disabled and other activities for healthcare and municipal and national administration. For example, the Group owns several municipal buildings, ministry buildings, a large number of elderly housing units, preschools and schools. The Issuer's portfolio of 990 community services properties was valued at SEK 61.5 billion, or 77.4 per cent. of the gross asset value of the Group's overall property portfolio, as of 31 December 2019. As of 31 December 2019, the Economic Letting Ratio was 95.9 per cent. For the year ended 31 December 2019, the Group generated SEK 1,168 million of Rental Income and SEK 870 million of Net Operating Income in its community services properties segment.

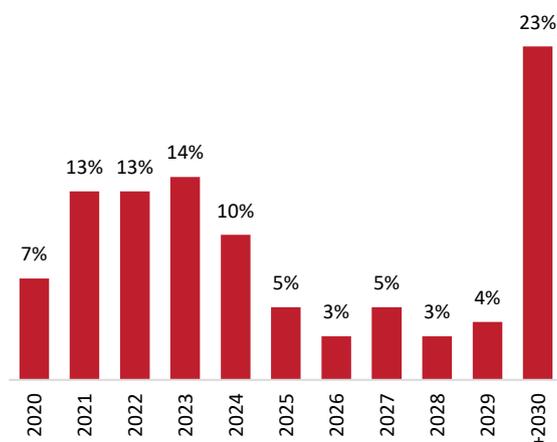
#### ○ Largest tenants for community service properties

As shown in the table below, as of 31 December 2019, the Group's top 10 community services properties tenants by Passing Rent accounted for 41.6 per cent. of the Group's Passing Rent in this segment.

Tenant	Passing Rent (%)
Swedish State.....	20.2
Norwegian state .....	6.0
Municipality of Härnösand .....	3.2
Norwegian National Association for Hearth and Lung Diseases.....	2.7
Academediä .....	2.1
Västra Götaland County Council .....	1.6
Municipality of Boden .....	1.5
Municipality of Haninge.....	1.5
Attendo .....	1.4
Internationella Engelska Skolan .....	1.3
<b>Total.....</b>	<b>41.6</b>

#### ○ Average Lease Term for community services properties

The lease agreements for community services properties are characterised by long maturities and low relocations. As set out in the graph below, as at 31 December 2019, the Issuer's weighted average unexpired lease term was 7 years. This was unchanged as compared to 31 December 2018.



○ Skellefteå Perseus 6

The Issuer has begun a collaboration with the municipality of Skellefteå around the municipality's new cultural center, which is planned to be completed in 2021, and which will be one of the world's tallest wooden buildings. Skellefteå's cultural center is located in Sweden and will contain the Västerbotten Theater, Museum Anna Nordlander, Skellefteå Art Hall and the City Library. The municipality has full responsibility for designing the building, for any extra costs and for the property management. A lease was signed with a term of 50 years, with annual rent increases linked to the consumer price index, to protect the Group against inflation, between the Issuer and the municipality in October 2018.

#### *Residential properties*

The Group's 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 350 rent-regulated residential properties was valued at SEK 13.2 billion, or 16.6 per cent. of the gross asset value of the Group's overall property portfolio, as of 31 December 2019. As of 31 December 2019, the Economic Letting Ratio was 93.7 per cent and most vacancies were attributable to ongoing renovations, in accordance with the Group's renovation strategy. For the year ended 31 December 2019, the Group generated SEK 707 million of Rental Income and SEK 335 million of Net Operating Income in its rent-regulated residential properties segment.

The table below presents the Group's Rental Income, property costs, net operating income and changes in property value for the rent-controlled residential properties segment for full-year 2019 and 2018, respectively, as well as the market value of the portfolio of residential properties at the end of the respective period.

Classification	2019	2018
	<i>(SEK millions)</i>	
Rental Income .....	707	565
Property costs .....	(372)	(294)
Net operating income .....	335	271
Changes in the value of properties .....	1,188	834
Market value of properties .....	13,230	6,720

#### *Other*

The remaining SEK 4.8 billion, or 6.0 per cent., of the gross asset value of the Group's property portfolio as of 31 December 2019 was made up of 54 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 31 December 2019, the Economic Letting Ratio was 83.4 per cent. For the year ended 31 December 2019, the Group generated SEK 121 million of Rental Income and SEK 60 million of Net Operating Income in its income segment.

#### **Property Acquisitions**

The increase in the value of the properties was due to acquisitions of SEK 57,608 million (SEK 3,597 million as at 31 December 2018), sales of SEK 6,917 million (SEK 3,359 million as at 31 December 2018), investments of SEK 650 million (SEK 311 million as at 31 December 2018) and unrealised changes in value amounting to SEK 2,704 million (SEK 1,517 million as at 31 December 2018). The acquisitions concerned 86 per cent. of community service properties, 9 per cent. of residential and 5 per cent. of other properties.

The acquisition of Hemfosa Fastigheter AB (publ) ("**Hemfosa**") provided the Group with a property portfolio of community service properties for public offices, schools, care and adapted housing and the judiciary. As of 31 December 2019, the portfolio consisted of 418 properties with an area of 2,246 square meters.

In 2019, SBB completed its first acquisitions in Denmark. The properties are community service properties amounting to SEK 0.5 billion as of 31 December 2019. The Group also made acquisitions of other community service properties in Finland, among other things, a portfolio of 48 properties amounting to SEK 1.5 billion was acquired. The properties are used for elderly homes as well as preschool and care activities. In addition, there were acquisitions of a portfolio of 37 community service properties in Finland, Sweden and Norway and three portfolios in the group housing for people with disabilities ("**LSS**") segment. In Norway, additional acquisitions of LSS properties were made and in May 2019, the sale of DNB Bank's head office to DNB Liv was completed at an agreed net real estate value of SEK 4,897m. Other acquisitions in the community service property segment include acquisitions of 24 properties in Linköping, in which elderly housing, care and education activities are conducted, seven elderly housing in Boden with the municipality as tenant and 14 community properties located in Stockholm and Västra Götaland. An agreement was signed for the acquisition of 407 apartments from the Municipality of Kävlinge and 23 school properties from SISAB (owned by the City of Stockholm).

The residential portfolio was expanded during the year through a number of acquisitions, including: a portfolio of 1,363 apartments spread over 50 properties in Södertälje, Enköping, Sigtuna, Tierp, Tranås, Vaggeryd, Söderhamn and Nässjö with a value of SEK 1.3bn. In addition, two properties were acquired in Höganäs for a total of 122 apartments from Höganäshem and at the end of December 2019, the Group acquired 1,560 apartments, most of them in Växjö and Ronneby, from Amasten. In addition to these acquisitions, a number of smaller acquisitions were made in for instance Avesta, Borås, Stockholm, Gothenburg and Staffanstorp.

#### ***Valuation model***

The Issuer reports investment properties at fair value. Every quarter, all properties are valued. According to the valuation policy, external valuers evaluate the entire portfolio every six months and the remaining quarters are valued internally. The value of the property portfolio at 31 December 2019 and 2018, were based on external valuations made by Newsec, Savills and Colliers. The valuations are based on an analysis of future cash flows for each property, taking into account current lease terms, market conditions, rental levels, operating, maintenance and administration costs as well as investment needs. The rate of return applied for the valuations range from 2.30 per cent. to 15.0 per cent. with an average value of 5.39 per cent. as of 31 December 2019. The value of the portfolio as at 31 December 2019 includes approximately SEK 2,839 million for building rights, which were valued using the local rate method, which means that the valuation is based on comparisons of prices for similar building rights. Fair value has thus been assessed in accordance with IFRS 13 level 3.

#### **Property development**

The Issuer works actively with property development, which entails development of building rights and participation in property development projects in joint ventures with a limited implementation risk for the Issuer. The Issuer's strategy is that approximately 10 per cent. of the property portfolio's value is to be comprised of the "Other" property segment, which means cash flow properties with identified property development potential for social infrastructure or non-strategic properties acquired in larger portfolios intended to be divested soon. Property development should generate earnings of SEK 250-400 million per year on average over a business cycle. The acquisitions in property development are most often made off market after the Issuer has held a dialogue with the respective municipality to ensure that the property with the local area is prioritised for upcoming urban development.

As at 31 December 2019, the Issuer had development projects in various zoning plan phases regarding a total of around 1,800,000 square metres. The Issuer divides the development process into four phases: Project concepts (phase 1), Pending planning decision (phase 2), Formal planning process (phase 3) and Zoning plan granted (phase 4).

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

Planning phase	Ground floor area ("GFA") building rights	Book value	Book value per m <sup>2</sup>
	(m <sup>2</sup> )	(SEK millions)	(SEK)
Phase 1 – Projects concepts .....	603,052	772	1,279
Phase 2 – Pending planning decision .....	70,000	119	1,705
Phase 3 - Formal planning process.....	690,029	884	1,280
Phase 4 – Zoning plan granted.....	392,462	1,118	2,849
<b>Total.....</b>	<b>1,755,543</b>	<b>2,893</b>	<b>1,648</b>

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 31 December 2019 and (ii) that had not been sold as of that date.

Sales Status	GFA building rights	Value	Value per m <sup>2</sup>
	(m <sup>2</sup> )	(SEK millions)	(SEK)
Sold, but not closed building rights.....	444,350	1,546	3,479
Unsold building rights.....	1,311,193	4,411	3,364
<b>Total.....</b>	<b>1,755,543</b>	<b>5,957</b>	<b>3,393</b>

### Joint Ventures

To contribute to urban development and to secure production resources, the Issuer has entered into separate joint ventures with buyers of the building rights for the development of the building rights and in some cases joint ventures to jointly develop building rights. The Issuer assesses the profit potential in these cooperative arrangements at around SEK 1.4 billion less the Issuer's own investment in the building rights. This profit potential is in addition to described surplus values with regard to building right development. In the joint ventures, the Issuer takes limited implementation risk in that the other joint venture party takes responsibility for project planning, sales, production and project management. The profit potential of around SEK 1.4 billion relates to one development cycle and has not been taken into account in any part of the account closing.

### Investments / Renovations

Investments and renovations are an important part of the Issuer's value-creating management. With an assessed target of 600 renovated apartments per year and an assessed renovation cost of around SEK 5,000/square metre, around SEK 300 million of further value is created every year based on operating net improvements due to already negotiated renovation rents. In addition to this, value is generated through renovations of and investments in community service properties and the earnings effect is estimated at SEK 400 million annually in total.

In 2019, the Issuer renovated 562 apartments and at year-end, 194 apartments had terminated leases to be able to be renovated in the first quarter of 2020. During the year, the renovation team was expanded, meaning that the Issuer now has the staffing to meet a higher renovation rate in a growing portfolio. Two energy projects in Tidaholm and Skara and one energy project in Motala were commissioned at the end of the year. The results in these properties show that energy consumption decreased according to the estimates made before project start, meaning a reduction of purchased energy by 30 per cent. in the properties Stensiken 1 in Tidaholm and Yggdrasil 1 & 2 in Skara and a reduction of purchased energy by around 50 per cent. in the property Tellus 1 in Motala.

In addition to renovations in apartments, renovations of and investments in community service properties are under way, including the construction of a new building for the social services in central Västerås, the construction of a school and elderly home for the Municipality of Haninge and the conversion and extension of the municipal building in Nykvarn. The Issuer currently has multiple group housing units for the support of the disabled under construction.

### ***Income from real estate transactions***

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

	Year ended 31 December	
	2019	2018
<b>Gross asset value of properties at beginning of period</b> .....	<b>25,243</b>	<b>23,001</b>
Acquisitions.....	57,608	3,597
Investments.....	650	311
Disposals.....	(6,917)	(3,359)
Translation difference.....	254	176
Unrealised changes in value.....	2,704	1,517
<b>Gross asset value of properties at end of period</b> .....	<b>79,542</b>	<b>25,243</b>

### **Acquisition and transfer agreements**

In acquisition agreements, the seller regularly provides certain fixed-term guarantees regarding the property sold and the acquired company. In cases where a company within the Group sells properties and companies, warranty claims may be brought by the buyer regarding any damage that has arisen. Historically, no material warranty claims have been brought against the Group and no claims under any guarantees are currently outstanding. See "*Risk Factors—Risks relating to acquisitions and company integration*". Registered ownership (Sw. *lagfart*) has been received for all properties acquired by the Group.

In January 2020, declarations of intent regarding the sale of properties for a total value of around SEK 11 billion have been made, of which approximately SEK 8 billion out of the SEK 11 billion was intended to be sold to Nyfosa AB ("**Nyfosa**"). On 31 March 2020, the Issuer announced that Nyfosa had decided to postpone the transaction for the time being due to changes in market conditions. As of the date of the announcement, approximately SEK 1.5 billion in sales have been made in 2020.

### **Commercial leases**

As of 31 December 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.

Except for the agreements mentioned above the Issuer is not a party to any material agreements outside of the ordinary course of business which could result in an entity within the Group having a right or an obligation that could materially affect the Issuer's ability to meet its obligations under the Notes.

### **Recent Developments**

On 30 January 2020, the Group successfully issued subordinated fixed to reset rate undated capital securities totalling EUR 500,000,000. The proceeds from these issuances for general corporate purposes (including redemption of existing secured indebtedness, investments, acquisitions and development projects).

## OWNERSHIP STRUCTURE OF THE ISSUER

### *The Board, Management and Auditors*

The Board consists of seven (7) members. The registered office of each member of the Board and management is at the Issuer's address Strandvägen 1, SE-114 51 Stockholm, telephone +46 70 674 44 42. Several members of the Board own, either directly or indirectly, shares in the Issuer. Ilija Batljan is, directly and indirectly, the largest shareholder in the Issuer, which could entail a potential conflict of interest. The Issuer manages potential conflicts of interests by adhering to corporate governance rules as described in the Swedish Corporate Governance Code, which amongst other things includes a requirement to have a formal and openly stated process for deciding on remuneration of members of the Board and the executive management. In addition, the Issuer follows internal governance procedures in order to avoid conflicts of interest as far possible. There are no other conflicts of interest or potential conflicts of interest between the private interests of members of the Board or the management and the Issuer's interests.

### *Board of Directors*

#### Lennart Schuss

Chairman of the Board (since 2017)

*Experience:* Founding partner of Catella Corporate Finance Sweden

*Other significant assignments:* Previously Chairman of Gimmel Fastigheter AB and member of the Genesta advisory board

*Education:* Master of Business Administration (MBA) degree from the Stockholm School of Economics (SSE)

#### Ilija Batljan

Member of the Board, CEO (since 2017)

*Experience:* CEO and Founder of Samhällsbyggnadsbolaget i Norden AB, Deputy CEO and Head of Business Development at Rikshem AB 2011-2016

*Other significant assignments:* Chairman of Cryptzone Group AB

*Education:* Ph.D. in Social Work (demographics, health care and long-term care for the elderly), Stockholm University. BA Economics, Stockholm University

#### Sven-Olof Johansson

Member of the Board (since 2017)

*Experience:* CEO and founder of FastPartner AB (publ)

*Other significant assignments:* Chairman of Compactor Fastigheter AB, board member of NCC AB (publ), Autoropa Aktiefbolag and STC Interfinans AB

*Education:* Pol.mag. from Stockholm University and Stockholm School of Economics (SSE)

#### Hans Runesten

Member of the Board (since 2014)

*Experience:* Previously CEO of Effnetplattformen AB (publ) and Member of the Board of Stendörren Fastigheter AB (publ)

*Other significant assignments:* Chairman of Effnetplattformen AB (publ)

*Education:* BSc Economics and Business from Stockholm University

### Fredrik Svensson

Member of the Board (since 2018)

*Experience:* Chairman of the Board at Arvid Svensson Invest AB and CEO at Aktiebolaget Arvid Svensson

Other significant assignments: Member of the Board of Balder AB

*Education:* Degree of Master of Science in Business and Economics, Linköping University.

### Eva Swartz Grimaldi

Member of the Board (since 2017)

*Experience:* Chairman of Norstedts Förlagsgrupp AB, Doberman AB, Apotea AB, Eva Swartz Grimaldi Consulting AB and Doberman Group AB. Board member of Richard Swartz AB

*Education:* Fil. kand. in Language - Spanish, French and Italian - and in Humanities

### Anne-Grete Strøm-Erichsen

Member of the Board (since 2017)

*Experience:* Partner in Rud Pedersen Public Affairs Norge AS and Chairman of Dips AS

*Other significant assignments:* Norwegian Minister of Defense 2005-2009, 2012-2013, Norwegian Minister of Health 2009-2012

*Education:* South Dakota School of Mines & Technology 1980-1981, further education in Statistics. Bachelor in Engineering from Bergen Technical School (University of Bergen) 1974

The CEO is appointed by the Board and is responsible for the ongoing management of the Issuer and the Group's operations in accordance with the Board's instructions and regulations. The division of responsibilities between the CEO and the Board is stated in the Board's rules of procedure and the Board prepared CEO's instructions. The CEO acts as the chairman of the management team and makes decisions in consultation with the executive management team. This consists of eight people, in addition to Ilija Batljan (CEO): Krister Karlsson (Deputy CEO, Property Development Manager), Lars Thageson (Deputy CEO and COO), Eva-Lotta Stridh (CFO), Rosel Ragnarsson (Head of Finance), Oscar Lekander (Business Development Manager), Adrian Westman (Head of Investor Relations) Fredrik Holm (Property Manager, Residentials) and Annika Ekström (Property Manager – Community Service).

### **Management**

*Ilija Batljan* – CEO (since 2016)

*Lars Thageson* – Deputy CEO and COO (since 2018)

*Krister Karlsson* – Deputy CEO and Real Development Manager (since 2016)

*Eva-Lotta Stridh* – CFO (since 2016)

*Rosel Ragnarsson* – Head of Finance (since 2017)

*Oscar Lekander* – Head of Business Development (since 2016)

*Adrian Westman* – Head of Investor Relations (since 2018)

*Fredrik Holm* – Property Manager, Residentials (since 2019)

*Annika Ekström* – Property Manager, Community Service (since 2020)

### ***Auditors***

The auditors are responsible for the audit of the Issuer's financial accounts and accounting, as well as the Board and executive management's conduct and management. At the annual general meeting of the Issuer held on 27 April 2018 (the "AGM"), the registered accounting firm Ernst & Young AB was elected auditor for the period until the Annual General Meeting in 2019. The Authorised Public Accountant, Ingemar Rindstig, has been appointed as the Chief Auditor. The Chief Auditor's task is to review the Issuer's and the Group's annual accounts and bookkeeping, as well as the Board and CEO's management of the Issuer and the Group.

The Chief Auditor shall report to the Audit Committee on significant errors in the field of accounting and in the event of suspicions of irregularities. The Chief Auditor must report to the Board at least one to two times a year, with their observations following the audit of the Issuer and its assessment of the Issuer's internal control.

The Chief Auditor also participates at the AGM and describes the audit work and the observations made. In addition to the audit assignment, Ernst & Young has been hired for additional services in 2017, mainly tax and accounting issues, but also share issuances.

### ***Board Committees***

The Board currently has three committees: an Audit Committee, a Remuneration Committee and a Sustainability Committee. The members of each committee are appointed for one year at the statutory Board meeting. The work and the committee's decision-making rights are governed by the annual committee instructions.

#### ***Audit Committee***

The Audit Committee is responsible for monitoring the Issuer's financial reporting and the effectiveness of the Issuer's internal control and risk management. The Audit Committee is also informed of the annual report and consolidated accounts. The Audit Committee reviews and monitors the Chief Auditor's independence and integrity, and in particular follows up if the Chief Auditor provides the Issuer with any other services. The Audit Committee also supports proposals for the AGM's decision on auditor's election.

According to the Code, the Audit Committee shall consist of at least three members, of which the majority shall be independent in relation to the Issuer and Group management and at least one independent in relation to the Issuer's majority shareholders. The Audit Committee currently consists of the entire Board and Audit Committee meetings remain an integral part of the Board's work.

#### ***Remuneration Committee***

The Remuneration Committee prepares questions regarding remuneration principles of the CEO and other senior executives, and in accordance with remuneration principles, it prepares an individual remuneration proposal for the CEO for decision by the Board.

These principles include: *inter alia*, the ratio between fixed and possible variable remuneration, the relationship between performance and remuneration, the main conditions for any bonus and incentive programmes, the main conditions for non-monetary benefits, retirement, termination and severance pay. The CEO also applies to the Board to determine remuneration and other terms of employment. However, decisions on share-related incentive programmes for Group management are addressed at the AGM. The Remuneration Committee further assists the Board in monitoring the Issuer's compliance with the law, stock exchange rules and the code of provisions regarding disclosure of any information that has been given to the CEO and other senior executives. The Remuneration Committee also has to follow and evaluate any ongoing and completed programmes for variable remuneration and the application of guidelines for the CEO and other senior executives, the latter of which is decided at the AGM, in addition to applicable remuneration structures and levels. The Remuneration Committee consists of Board members Eva Swartz Grimaldi (Chairman) and Lennart Schuss, who are considered independent in relation to the Issuer and Group management.

#### ***Sustainability Committee***

The Sustainability Committee is responsible for monitoring the Issuer's sustainability efforts, including Vision 2030. The Sustainability Committee consists of Board members Sven-Olof Johansson (Chairman), Eva Swartz Grimaldi and Anne-Grete Strom-Erichsen.

### Internal Control of Reporting and Risk Management

The Issuer's internal control of financial reporting is designed to manage risks and ensure high reliability in the processes of preparing financial statements and to ensure compliance with applicable accounting requirements and other requirements for the Issuer as a listed company. The Board is responsible for the internal control of the Issuer regarding financial reporting. The Issuer follows the Committee of Sponsoring Organizations of the Treadway Commissions (COSO) framework to evaluate an enterprise's internal control over the financial reporting, Internal Control - Integrated Framework, which consists of the following five components: control environment, risk assessment, control activities, information and communication as well as follow-up.

### Holdings

Insofar as it is known to the Issuer, the following persons, have direct or indirect holdings amounting to five per cent. or more of the shares or voting rights in respect of the Issuer as at 31 December 2019.

Further, insofar as it is known to the Issuer, the following Board members and members of executive management, have direct or indirect holdings (including holdings by any related parties) of the shares or voting rights in respect of the Issuer as at 31 December 2019.

Shareholder	Shares				per cent.	
	A	B	D	Preference	of capital	of votes
<b>Shareholders with holdings that exceed 5 per cent. of the shares or the votes</b>						
Ilija Batljan (directly and indirectly through companies)	109,053,868	10,192,373	–	–	13	39.2
Marjan Dragicevic (directly and indirectly through companies)	27,164,652	77,285,000	–	–	11.4	12.4
AB Arvid Svensson	26,000,000	39,513,367	–	–	7.2	10.7
Sven-Olof Johansson (indirectly through companies)	22,315,456	29,481,315	–	–	5.6	9
Erik Paulsson (indirectly through companies)	13,919,159	16,799,507	–	–	4.9	5.6
<b>Board members and members of executive management holdings (including holdings by any related parties)</b>						
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	17,036,419	–	–	2.2	1.6
Erik Paulsson (companies)	13,919,159	16,799,507	–	–	4.9	5.6
Michael Cocozza	–	44,237,537	–	–	4.8	1.6
Swedish Foundation for Strategic Research	–	42,651,810	–	–	4.7	1.5
Krister Karlsson	3,174,785	53,172	–	–	0.4	1.1
Joakim Bill	1,904,871	–	–	–	0.4	0.7
Postens pensionsstiftelse	–	19,004,310	–	–	2.1	0.7
Oscar Lekander	3,174,785	1,931,348	275,500	–	0.6	1.2
Highhill Intressenter AB	–	18,701,897	–	–	2	0.7
Gosta Welandson with Companies	–	18,181,819	–	–	2.1	0.7
Avanza Pension	–	9,257,438	4,393,899	1613	1.5	0.5
Other shareholders	634,958	285,369,108	71,828,831	29,100	34.1	12.8

### Control Environment

The distribution and delegation of responsibility for internal control functions have been documented and communicated to the Board and the Issuer under the following documents:

- The Board of Directors Rules of Procedure
- Instructions to the CEO
- Delegation Scheme
- Attestation Rules

- Other internal control documents (for example, the Financial Policy and Business Policies)

All internal control documents are regularly updated following changes, for example, in legislation, accounting standards or listing requirements, and when otherwise needed.

### ***Risk Assessment***

In accordance with the rules of procedure, the Board and the Audit Committee review the Issuer's internal controls once a year. Risks are identified and measures are taken to reduce these risks. The Chief Auditor is invited to detail its report on internal control at a Board meeting and to the Audit Committee. The significant risks the Issuer has previously identified are errors in accounting and valuation of the properties, credit risks, refinancing risks, interest rate risks, taxes and VAT, as well as the risk of fraud, loss or misappropriation of assets.

### ***Control Activities***

The Issuer has a risk management policy in place. The Issuer's financial system is structured so that the entering into agreements and the payment of invoices must follow the decision-making, corporate and attestation rights specified in the internal control documents. This control structure seeks to counteract and prevent the risks identified by the Issuer. In addition to these control structures, a number of control activities are undertaken to further detect and correct errors and discrepancies. Such control activities consist of follow-up at various levels of the organisation, such as: reconciliation of the Board resolutions, review and comparison of profit and loss accounts, account reconciliation and approval and accounting of business transactions within the finance department.

### **Employees**

The Group had 240 full-time employees as of 31 December 2019 as well as 12 part-time employees. Approximately 70 per cent. of the Group's employees are focused on property management and 30 per cent. are focused on property development or other Group functions (such as finance and business development).

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

	As of 31 December	
	2019	2018
Sweden.....	222	99
Norway .....	24	4
Finland.....	6	1
<b>Total</b> .....	<b>252</b>	<b>104</b>

### **Sustainability Strategy and Targets 2030**

Sustainability is part of the Issuer's business model. The Issuer has set up a sustainability vision for 2020-2030 and a sustainability policy for the concrete implementation of the targets and the vision. Concrete goals within the different focus areas have been formulated in line with the global sustainable development goals adopted at the United Nations ("UN") summit in September 2015 and the 2030 Agenda for Sustainable Development. The Issuer's sustainability vision, targets and policy are adopted by the Board of Directors and continuously followed up by the CEO together with the Head of Sustainability.

The Issuer's targets are:

- Governing the Issuer's operations in line with the UN global sustainable development goals
- 100 per cent. climate neutral by 2030
- Minimizing the risks to the Group's assets by continuously reviewing the climate risks in the property portfolio

- Regularly improving, following up and reporting the Issuer's sustainability work
- The Group's Code of Conduct, which is based on the UN Global Compact, must be followed and understood by all employees and cooperative partner.

### **Green Bond Framework**

On 25 June 2018, the Issuer set up a Green Bond Framework in order to be able to issue green bonds in the future. The Green Bond Framework is in line with the Green Bond Principles, which have been developed by the International Capital Markets Association. The Issuer commissioned and received an independent valuation by the Centre for International Climate Research, Oslo ("**Cicero**") of the Green Bond Framework and associated steering documents and routines for assessing the environmental impact of the projects. Following their assessment of project type, steering document goals and reporting standards, the Issuer's Green Bond Framework received a 'Medium Green' assessment by Cicero.

## TAXATION

### **Certain Swedish tax considerations**

The following is a general description of certain Swedish tax consequences relating to the acquisition, ownership and disposal of Notes. The summary is based on Swedish tax legislation currently in effect and is only intended to provide general information. Consequently, the summary is not exhaustive and does not address all potential aspects of Swedish taxation that may be relevant for a prospective purchaser of Notes and the summary is neither intended nor should be construed as legal or tax advice. The summary does for example not cover (i) Notes held as current assets in a business operation, (ii) Notes held via a capital insurance policy (*Sw. kapitalförsäkring*), (iii) Notes held on an investment savings account (*Sw. investeringssparkonto*), or (iv) taxation of foreign exchange gains and losses in connection with an investment in the Notes. Special tax rules apply to certain categories of taxpayers, such as investment companies and insurance companies. These rules are not described in this summary.

Also, the summary does not cover the rules on reporting obligations for, among others, payers of interest. Since the tax treatment of each Holder depends on the Holder's particular circumstances, each prospective purchaser of Notes should consult a tax adviser regarding the specific tax consequences that may arise in the individual case, including the applicability and effect of foreign tax rules and tax treaties.

### ***Resident Holders of Notes***

As used herein, a resident Holder means a Holder of Notes who is (a) an individual who is a resident in Sweden for tax purposes, or (b) an entity organised under the laws of Sweden or which is otherwise resident in Sweden for tax purposes.

Generally, for Swedish companies and individuals (and estates of deceased individuals) that are resident Holders of Notes, all income on Notes (for example income that is considered as interest for Swedish tax purposes and capital gains on Notes) will be taxable. For companies the tax rate is currently 21.4 per cent and for individuals the tax rate is 30 per cent. Capital losses on listed Notes are fully deductible, for individuals however, only against taxable income in the capital income category. Should a net loss arise in this income category, a reduction is granted of the tax on income from employment and business operations as well as property tax. This tax reduction is 30 percent of the net loss that does not exceed SEK 100 000 and 21 percent of any remaining net loss. A net loss cannot be carried forward to future tax years.

Swedish preliminary tax shall be withheld at a rate of 30 per cent in relation to payments of amounts on the Notes that are considered as interest for Swedish tax purposes to resident Holders that are individuals (or estates of deceased individuals). Otherwise, no Swedish preliminary tax should be withheld in relation to payments on the Notes.

### ***Non-resident Holders of Notes***

As used herein, a non-resident Holder means a Holder of Notes who is (a) an individual who is not resident in Sweden for tax purposes, or (b) an entity not organised under the laws of Sweden and which is not otherwise resident in Sweden for tax purposes.

Payments of principal, premium or interest in respect of the Notes to a non-resident Holder of Notes should not be subject to Swedish income tax provided that such Holder does not have a Permanent establishment in Sweden to which the Notes are effectively connected. Also, no Swedish withholding tax should be levied on payments of principal, premium or interest in respect of the Notes to a non-resident Holder of Notes.

The Holders may, however, be subject to tax in the country where they are resident for tax purposes.

### **FATCA Disclosure**

#### **Foreign Account Tax Compliance Act**

Pursuant to certain provisions of the U.S. Internal Revenue Code of 1986, commonly known as FATCA, a "**foreign financial institution**" (as defined by FATCA) may be required to withhold on certain

payments it makes ("**foreign passthru payments**") to persons that fail to meet certain certification, reporting or related requirements. The Issuer may be a foreign financial institution for these purposes. A number of jurisdictions (including Sweden) have entered into, or have agreed in substance to, intergovernmental agreements with the United States to implement FATCA ("**IGAs**"), which modify the way in which FATCA applies in their jurisdictions. Under the provisions of IGAs as currently in effect, a foreign financial institution in an IGA jurisdiction would generally not be required to withhold under FATCA or an IGA from payments that it makes. Certain aspects of the application of the FATCA provisions and IGAs to instruments such as Notes, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as Notes, are uncertain and may be subject to change. Even if withholding would be required pursuant to FATCA or an IGA with respect to foreign passthru payments on instruments such as Notes, such withholding would not apply prior to the date that is two years after the date on which final regulations defining foreign passthru payments are published in the U.S. Federal Register and Notes characterised as debt (or which are not otherwise characterised as equity and have a fixed term) for U.S. federal tax purposes that are issued on or prior to the date that is six months after the date on which final regulations defining foreign passthru payments are filed with the U.S. Federal Register generally would be grandfathered for purposes of FATCA withholding unless materially modified after such date (including by reason of a substitution of the Issuer). However, if additional Notes (as described under Condition 16 (*Further Issues*)) that are not distinguishable from previously issued Notes are issued after the expiration of the grandfathering period and are subject to withholding under FATCA, then withholding agents may treat all Notes, including the Notes offered prior to the expiration of the grandfathering period, as subject to withholding under FATCA. Holders should consult their own tax advisers regarding how these rules may apply to their investment in the Notes.

#### **The proposed Financial Transactions Tax ("FTT")**

On 14 February 2013, the European Commission published a proposal (the "**Commission's Proposal**") for a Directive for a common FTT in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the "**participating Member States**"). However, Estonia has since stated that it will not participate.

The Commission's Proposal has very broad scope and could, if introduced, apply to certain dealings in Notes (including secondary market transactions) in certain circumstances. Primary market transactions referred to in Article 5(c) of Regulation (EC) No 1287/2006 are expected to be exempt.

Under the Commission's Proposal the FTT could apply in certain circumstances to persons both within and outside of the participating Member States. Generally, it would apply to certain dealings in Notes where at least one party is a financial institution, and at least one party is established in a participating Member State. A financial institution may be, or be deemed to be "established" in a participating Member State in a broad range of circumstances, including (a) by transacting with a person established in a participating Member State or (b) where the financial instrument which is subject to the dealings is issued in a participating Member State.

However, the FTT proposal remains subject to negotiation between participating Member States. It may therefore be altered prior to any implementation, the timing of which remains unclear. Additional EU Member States may decide to participate.

Prospective holders of the Notes are advised to seek their own professional advice in relation to the FTT.

## SUBSCRIPTION AND SALE

The Dealers have, in an Amended and Restated Programme Agreement (such Amended and Restated Programme Agreement as modified and/or supplemented and/or restated from time to time, the "**Programme Agreement**") dated 22 April 2020, agreed with the Issuer a basis upon which they or any of them may from time to time agree to purchase Notes. Any such agreement will extend to those matters stated under "*Form of the Notes*" and "*Terms and Conditions of the Notes*". In the Programme Agreement, the Issuer has agreed to reimburse the Dealers for certain of their expenses in connection with the establishment and any future update of the Programme and the issue of Notes under the Programme and to indemnify the Dealers against certain liabilities incurred by them in connection therewith.

## SELLING RESTRICTIONS

### United States

The Notes have not been and will not be registered under the Securities Act or the securities laws of any state or other jurisdiction of the United States and may not be offered or sold within the United States to, or for the account or benefit of, U.S. persons except in certain transactions exempt from or not subject to, the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

The Notes in bearer form are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. Treasury regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986 and Treasury regulations promulgated thereunder. The applicable Final Terms will identify whether TEFRA C rules or TEFRA D rules apply or whether TEFRA is not applicable.

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it will not offer, sell or deliver Notes (a) as part of their distribution at any time or (b) otherwise until 40 days after the completion of the distribution of all Notes of the Tranche of which such Notes are a part, within the United States or to, or for the account or benefit of, U.S. persons except in accordance with Regulation S of the Securities Act. Each Dealer has further agreed, and each further Dealer appointed under the Programme will be required to agree, that it will send to each dealer to which it sells any Notes during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

Until 40 days after the commencement of the offering of any Series of Notes, an offer or sale of such Notes within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with an available exemption from registration under the Securities Act.

### Prohibition of sales to EEA and UK Retail Investors

Unless the Final Terms in respect of any Notes specifies "Prohibition of Sales to EEA and UK Retail Investors" as "Not Applicable", each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes which are the subject of the offering contemplated by the Base Prospectus as completed by the Final Terms in relation thereto to any retail investor in the EEA or in the United Kingdom. For the purposes of this provision:

- (a) the expression "**retail investor**" means a person who is one (or more) of the following:
  - (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended or superseded, "**MiFID II**") ; or
  - (ii) a customer within the meaning of Directive (EU) 2016/97 (the "**Insurance Distribution Directive**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or

- (iii) not a qualified investor as defined in Regulation (EU) 2017/1129 (the "**Prospectus Regulation**"); and
- (b) the expression an "**offer**" includes the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes.

If the Final Terms in respect of any Notes specifies "Prohibition of Sales to EEA and UK Retail Investors" as "Not Applicable", in relation to each Member State of the EEA and the UK (each, a "**Relevant State**"), each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not made and will not make an offer of Notes which are the subject of the offering contemplated by this Base Prospectus as completed by the final terms in relation thereto to the public in that Relevant State except that it may make an offer of such Notes to the public in that Relevant State:

- (a) at any time to any legal entity which is a qualified investor as defined in the Prospectus Regulation;
- (b) at any time to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Regulation) subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or
- (c) at any time in any other circumstances falling within Article 1(4) of the Prospectus Regulation,

**provided that** no such offer of Notes referred to in (a) to (c) above shall require the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Regulation or supplement a prospectus pursuant to Article 23 of the Prospectus Regulation.

For the purposes of this provision:

- the expression "**an offer of Notes to the public**" in relation to any Notes in any Relevant State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes; and
- the expression "**Prospectus Regulation**" means Regulation (EU) 2017/1129.

### **United Kingdom**

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that:

- (a) in relation to any Notes which have a maturity of less than one year, (i) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business and (ii) it has not offered or sold and will not offer or sell any Notes other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or as agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Notes would otherwise constitute a contravention of Section 19 of the FSMA by the Issuer;
- (b) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer; and
- (c) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the UK.

## **Japan**

The Notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended; the "FIEA") and each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it will not offer or sell any Notes, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (as defined under Item 5, Paragraph 1, Article 6 of the Foreign Exchange and Foreign Trade Act (Act No. 228 of 1949, as amended)), or to others for re-offering or resale, directly or indirectly, in Japan or to, or for the benefit of, a resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEA and any other applicable laws, regulations and ministerial guidelines of Japan.

## **Belgium**

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that an offering of Notes may not be advertised to any individual in Belgium qualifying as a consumer within the meaning of Article I.1 of the Belgian Code of Economic Law, as amended from time to time (a "**Belgian Consumer**") and that it has not offered, sold or resold, transferred or delivered, and will not offer, sell, resell, transfer or deliver, the Notes, and that it has not distributed, and will not distribute, any prospectus, memorandum, information circular, brochure or any similar documents in relation to the Notes, directly or indirectly, to any Belgian Consumer.

## **Sweden**

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree that it will not, directly or indirectly, offer for subscription or purchase or issue invitations to subscribe for or buy Notes or distribute any draft or definitive document in relation to any such offer, invitation or sale except in circumstances that will not result in a requirement to prepare a prospectus for an offer to the public pursuant to the provisions of the Prospectus Regulation.

## **Singapore**

Each Dealer has acknowledged, and each further Dealer appointed under the Programme will be required to acknowledge, that this Base Prospectus has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, each Dealer has represented, warranted and agreed, and each further Dealer appointed under the Programme will be required to represent, warrant and agree, that it has not offered or sold any Notes or caused the Notes to be made the subject of an invitation for subscription or purchase and will not offer or sell any Notes or cause the Notes to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Base Prospectus or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Notes, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor (as defined in Section 4A of the Securities and Futures Act (Chapter 289) of Singapore, as modified or amended from time to time (the "SFA")) pursuant to Section 274 of the SFA, (ii) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Notes are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

- (a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or
- (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities or securities-based derivatives contracts (each term as defined in Section 2(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Notes pursuant to an offer made under Section 275 of the SFA except:

- (1) to an institutional investor or to a relevant person, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;
- (2) where no consideration is or will be given for the transfer;
- (3) where the transfer is by operation of law;
- (4) as specified in Section 276(7) of the SFA; or
- (5) as specified in Regulation 37A of the Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018.

### **General**

Each Dealer has agreed and each further Dealer appointed under the Programme will be required to agree that it will (to the best of its knowledge and belief) comply with all applicable securities laws and regulations in force in any jurisdiction in which it purchases, offers, sells or delivers Notes or possesses or distributes this Base Prospectus and will obtain any consent, approval or permission required by it for the purchase, offer, sale or delivery by it of Notes under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, offers, sales or deliveries and neither the Issuer nor any of the other Dealers shall have any responsibility therefor.

None of the Issuer or the Dealers represents that Notes may at any time lawfully be sold in compliance with any applicable registration or other requirements in any jurisdiction, or pursuant to any exemption available thereunder, or assumes any responsibility for facilitating such sale.

## GENERAL INFORMATION

### Authorisation

The establishment and update of the Programme and the issue of Notes have been duly authorised by resolutions of the Board of Directors of the Issuer dated 24 April 2019 and 12 February 2020.

### Listing of Notes

Application has been made to (i) Euronext Dublin for Notes issued under the Programme during the period of twelve months from the date of this Base Prospectus to be admitted to the Official List and trading on the Euronext Dublin Regulated Market. The approval of the Programme in respect of the Notes was granted on or about 22 April 2020.

### Listing Agent

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

### Documents Available

For the period of 12 months following the date of this Base Prospectus, copies of the following documents will, when published, be available for inspection in electronic form from <https://sbbnorden.se/en/investor-relations-main/samhallsbyggnadsbolaget-i-norden-ab-eng/>:

- (a) the constitutional documents the Issuer (with an English translation thereof);
- (b) the 2018 Financial Statements, together with the auditors' report in connection therewith, and the 2019 Financial Statements, 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;
- (d) the Agency Agreement, the Deed of Covenant, the forms of the Global Notes, the Notes in definitive form, the Coupons and the Talons;
- (e) a copy of this Base Prospectus; and
- (f) any future base prospectuses, prospectuses, information memoranda, supplements and Final Terms to this Base Prospectus and any other documents incorporated herein or therein by reference.

### Clearing Systems

The Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg. The appropriate Common Code and ISIN for each Tranche of Notes allocated by Euroclear and/or Clearstream, Luxembourg, as applicable, will be specified in the applicable Final Terms. If the Notes are to clear through an additional or alternative clearing system the appropriate information will be specified in the applicable Final Terms.

The address of Euroclear is Euroclear Bank SA/NV, 1 Boulevard du Roi Albert II, B-1210 Brussels and the address of Clearstream, Luxembourg is Clearstream Banking, 42 Avenue JF Kennedy, L-1855 Luxembourg.

### Conditions for determining price

The price and amount of Notes to be issued under the Programme will be determined by the Issuer and each relevant Dealer at the time of issue in accordance with prevailing market conditions.

## **Significant or Material Change**

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

## **Litigation**

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

## **Auditors**

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 the consolidated financial statements of the Issuer, prepared in accordance with IFRS, for each of the financial years ended on 31 December 2018 and 2019 and have given, and have not withdrawn, their consent to the inclusion of their unqualified audit reports in this Base Prospectus in the form and context in which it is included. The auditors of the Issuer have no material interest in the Issuer.

## **Dealers transacting with the Issuer**

Certain of the Dealers (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. Certain of the Dealers (including for the avoidance of doubt their branches) and their affiliates may have positions, deal or make markets in the Notes issued under the Programme, related derivatives and reference obligations, including (but not limited to) entering into hedging strategies on behalf of the Issuer and its affiliates, investor clients, or as principal in order to manage their exposure, their general market risk, or other trading activities.

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

## **Websites**

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

## **Language of this Base Prospectus**

The language of this Base Prospectus is English. Certain legislative references and technical terms have been cited in their original language in order that the correct technical meaning may be ascribed to them under applicable law.

## ISSUER

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**LISTING AGENT**

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