

**HEIMSTADEN AB (PUBL)**

# Heimstaden

**PROSPECTUS REGARDING ADMISSION TO TRADING OF  
MAXIMUM SEK 1,750,000,000  
SENIOR UNSECURED FLOATING RATE BONDS 2019/2023**

**ISIN: SE0012622249**

**3 July 2019**

**Issuing Agent:**

**Nordea Bank Abp, filial i Sverige**

**Joint Bookrunners:**

**DNB Bank ASA, Sweden Branch**

**Nordea Bank Abp**

**Swedbank AB (publ)**

*Amounts payable under the Bonds (as defined herein) are calculated by reference to STIBOR, which is provided by the Swedish Banker's Association (Sw. Bankföreningen). As of the date of this Prospectus (as defined herein), the Swedish Banker's Association does not appear on the register of administrators and benchmarks established and maintained by the European Securities and Markets Authority pursuant to Article 36 of the Benchmark Regulation (Regulation (EU) 2016/1011) ("BMR"). As far as the Issuer is aware, the transitional provisions in Article 51 of the BMR apply, such that the Swedish Banker's Association is not currently required to obtain authorisation or registration.*

## Important Information

This prospectus (the “**Prospectus**”) has been prepared by Heimstaden AB (publ), registration number 556670-0455 (the “**Company**” or “**Heimstaden**”), in relation to the application for listing on the corporate bond list of Nasdaq Stockholm (“**Nasdaq Stockholm**”) of bonds issued under the Company’s maximum SEK 1,750,000,000 senior unsecured floating rate notes 2019/2023 with ISIN SE0012622249, of which SEK 1,500,000,000 was issued on 31 May 2019 (the “**Initial Bonds**” and the “**First Issue Date**”), and SEK 250,000,000 was issued on 28 June 2019 (the “**Subsequent Bonds**” and jointly with the Initial Bonds, the “**Bonds**”), in accordance with the terms and conditions of the Bonds (the “**Terms and Conditions**”). References to the Company, the Issuer, Heimstaden or the Group refer in this Prospectus to Heimstaden AB (publ) and its subsidiaries, unless otherwise indicated by the context.

This Prospectus has been prepared in accordance with the rules and regulations of the Swedish Financial Instruments Trading Act (Sw. *lag (1991:980) om handel med finansiella instrument*) and Commission Regulation (EC) no 809/2004 of 29 April 2004 implementing Directive 2003/71/EC of the European Parliament and of the Council, each as amended. This Prospectus has been approved by and registered with the Swedish Financial Supervisory Authority (Sw. *Finansinspektionen*) in accordance with the provisions in Chapter 2, Section 25 and 26 of the Swedish Financial Instruments Trading Act. It should be noted that such approval and such registration does not constitute any guarantee from the Swedish Financial Supervisory Authority that the information in this Prospectus is accurate or complete.

This Prospectus is not an offer for sale or a solicitation of an offer to purchase the Bonds in any jurisdiction. It has been prepared solely for the purpose of the Bonds being admitted to trading on the corporate bond list of Nasdaq Stockholm. This Prospectus may not be distributed in any country where such distribution or disposal requires additional prospectus, registration or additional measures or is contrary to the rules and regulations in such country. Persons into whose possession this Prospectus comes or persons who acquire the Bonds are therefore required to inform themselves about, and to observe, such restrictions. The Bonds 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 be subject to U.S. tax law requirements. Subject to certain exemptions, the Bonds may not be offered, sold or delivered within the United States of America or to, or for the account or benefit of, U.S. persons (as defined in Rule 902 of Regulation S under the Securities Act). The Company has not undertaken to register the Bonds under the Securities Act or any U.S. state securities laws or to affect any exchange offer for the Bonds in the future. Furthermore, the Company has not registered the Bonds under any other country’s securities laws. It is the investor’s obligation to ensure that the offers and sales of Bonds comply with all applicable securities laws.

This Prospectus will be available at the Swedish Financial Supervisory Authority’s website ([www.fi.se](http://www.fi.se)) and the Company’s website ([www.heimstaden.com](http://www.heimstaden.com)). Paper copies may be obtained from the Company. This Prospectus shall be read together with all documents which have been incorporated by reference (see section “*Overview of financial reporting and documents incorporated by reference*” below) and any supplements to this Prospectus.

Unless otherwise explicitly stated, no information contained in this Prospectus has been audited or reviewed by auditors. Certain financial and other information set forth in this Prospectus has been rounded off and, as a result, the numerical figures shown as totals in this Prospectus may

vary slightly from the exact arithmetic aggregation of the figures that precede them.

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

The Bonds may not be a suitable investment for all investors and each potential investor in the Bonds must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should (i) have sufficient knowledge and experience to make a meaningful evaluation of the Bonds, the merits and risks of investing in the Bonds and the information contained or incorporated by reference in this Prospectus or any applicable supplement; (ii) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Bonds and the impact other Bonds will have on its overall investment portfolio; (iii) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Bonds; (iv) understand thoroughly the Terms and Conditions; and (v) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

This Prospectus is governed by Swedish law and the courts of Sweden have exclusive jurisdiction to settle any dispute arising out of or in connection with this Prospectus. The District Court of Stockholm (Sw. *Stockholms tingsrätt*) shall be the court of first instance.

THIS PROSPECTUS HAS BEEN PRODUCED IN AN ENGLISH LANGUAGE VERSION ONLY.

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## **1 Risk Factors**

*Investing in the Bonds involves inherent risks. In this section, a number of risk factors are described, both general and specific risks attributable to the Company and the Group and their operations, as well as risks relating to the Bonds. The financial performance of the Group and the risks associated with its business are important when making a decision on whether to invest in the Bonds. A number of risk factors and uncertainties may adversely affect the Company and the Group. If any of these risks or uncertainties actually occurs, the business, operating results and financial position of the Company could be materially and adversely affected, which ultimately could affect the Company's ability to make payments of interest and repayments of principal under the Terms and Conditions. The risks presented in this Prospectus are not exhaustive and other risks not described herein which the Group is not currently aware of, may also adversely affect the Group, the price of the Bonds and the Company's ability to service its debt obligations. Further, the risk factors are not ranked in order of importance. Potential investors should consider carefully the information contained in this Prospectus and make an independent evaluation before making an investment decision.*

*Terms defined in the Terms and Conditions shall have the same meaning when used in in this section, unless otherwise defined in this Prospectus.*

### **1.1 Risks relating to the Company and its operations**

*Changes to macroeconomic factors may negatively impact the property sector*

The property sector is affected by macroeconomic factors such as the general economic trend, growth, employment, the rate of production of new premises, changes in infrastructure, population growth, inflation and interest rates. The economic growth affects the employment rate, which is a contributing factor for the supply and demand on the rental housing market.

Inflation, and expectations regarding the inflation, affect interest rates and therefore affect the Company's net of financial items. The interest cost for debt to financial institutions is one of the Group's main costs items. Changes in interest rates have a significant effect on the Company's long-term result and cash flow. Inflation also affects the Group's costs. In addition, changes in interest rates and inflation also affect the yield requirements and thus the market value of property.

Should any of the aforementioned risks materialise, it could have a material negative impact on the Company's operations, financial position and earnings.

*The Group is subject to geographical risk*

The supply and demand for housing and the return on property investments differ between and may develop differently on different geographical markets.

The Group's properties are located in growth areas in Northern Europe. The Group is mostly exposed to the real estate markets of Sweden, Denmark, Norway and the Netherlands. Should the housing demand within such geographical markets decline, the Company's result and financial positions may be adversely affected.

*The Group is subject to risks relating to rental income and development*

The Group's revenue primarily consists of rental income, which depends on occupancy rates, rental rates, and the extent that tenants fulfil their payment obligations towards the Group. Rental rates and

occupancy rates are, among other factors, affected by economic growth and the rate at which new premises and housing are produced.

Should a large amount of residential tenants be unable to fulfil their payment obligations vis-à-vis the Group, it could negatively affect occupancy rates and rental income, which in turn could have a material negative impact on the Company's operations, financial position and earnings.

*The Group is subject to risks relating to increased operational and maintenance costs*

The Group's operational costs are mainly relating to heat and electricity, but also, amongst others, costs for waste collection, water and sewage. Since several of such services may be obtained only from one, or a small number of suppliers, the Group may be forced to accept high price levels. To the extent that cost increases in relation to such suppliers cannot be compensated for by corresponding increases in rent, the Group may incur additional costs.

Maintenance expenses are attributable to measures required in order to maintain the standard of property in the long term. The majority of the maintenance services is carried out by and within the Group. However, unexpected and extensive needs for renovation may adversely affect the Group. In addition to mere maintenance costs, there are normally also costs for tenant adjustments for the commercial parts of the portfolio.

Should any of the aforementioned risks materialise, it could have a material negative impact on the Company's operations, financial position and earnings.

*Risks associated with the acquisition of properties*

Acquisition of properties, which forms an essential basis for the Group's operations, is associated with risks. Examples of such risks are erroneous assumptions regarding the acquired asset's future return on investment, the risk of a decline in tenancy rates and unforeseen costs associated with meeting environmental requirements. Property transactions may also give rise to substantial transaction costs which cannot necessarily be compensated, for example, if a transaction is not completed or an acquisition is revoked due to provisions in the contract or financing reservations. Deficient due diligence of acquired property may force the Group to procure unforeseen development and adaptation measures, and may lead to legal disputes. Furthermore, there is a risk the Group will not be reimbursed by a counterparty in relation to guarantee claims arising.

Should any of the abovementioned risks materialise, it could have a negative impact on the Company's operations, financial position and earnings.

*Risks associated with the divestment of properties*

The Group's ability to divest properties on favourable terms depends on the development of the property market in the regions where the Group operates. There is a risk that the property market lack liquid funds or other means to complete acquisitions, which could negatively affect the Group's ability to divest its properties. Should the Group be forced to divest one or more of its properties, for example, due to a decline in the Group's financial condition, there is a risk that such divestment cannot be completed at terms favourable to the Group, or at all, which could have a negative impact on the Company's operations, financial position and earnings.

When divesting properties, there is also a risk that any defects will be identified by the new owner after the sale has been completed, which may entitle the owner to reimbursement or corrective measures from

the Group. Such claims could have a negative impact on the Company's reputation, operations, financial position and earnings.

#### *Project risks*

The Group's business includes to some extent property development projects. The ability to carry out profitable property development projects is among other things dependent upon a number of factors, such as the Group's ability to retain and recruit employees with the necessary competence, obtain necessary permits and decisions from authorities and hire contractors for the projects' implementation on terms acceptable to the Group.

Further, the Group's property development is dependent upon continuing supply and financing of new projects on terms acceptable to the Group. The possibility to carry out property development projects with economic profitability can also, among other things, be affected by whether the projects to a sufficient extent correspond to the market demand, a general change in the demand or price of property and residential units, insufficient planning, analysis and cost control, changes of taxes and charges and other factors which may result in delays or increased or unexpected costs in the projects.

Furthermore, there is always a risk that the Group does not obtain necessary decisions from authorities or permits for changed usage of acquired properties, or that change in permits, plans, regulations or laws, may result in delays, increased expenditures or non-completion of property development projects.

Should any of the abovementioned risks materialise, it could have a negative impact on the Company's operations, financial position and earnings.

#### *Technical risks*

The Group's operations include property investments, which involve technical risks. A technical risk can be defined as the risk related to the technical operation of properties, such as the risk of constructional defects, other latent shortcomings or deficiencies, damages (for instance due to fire or other forces of nature) and pollution. If any technical problems should occur it may result in significantly increased costs for the property which in turn may adversely affect the Company's financial position and result.

#### *The Group is subject to environmental risks*

The Group must comply with all local regulations in relation to the environment and health and safety in respect of its properties. The main environmental impacts caused by the Group's operations relate to contaminated soil. Soil contamination can cause substantial delays and increase the cost of construction projects (including new construction as well as conversions and extensions).

As owner of properties and land, the Group could be held liable for deterioration, damage, encumbrance or other hazardous causes originating from the operation of the properties. Any such event or material decrease in the value of the properties, or environmental issues that are not known or not recognisable at the time of the purchase or occurring at a later date, could have a material adverse effect on the business and financial condition of the Group.

The Group has established an environmental policy and works actively to address environmental issues. In the jurisdictions where the Group owns properties, the party conducting an activity which has contributed to pollution is also responsible for treating it. If the party conducting the activity cannot carry out or pay for such treatment the acquirer may be deemed responsible for carrying out the

treatment. The costs of any removal or clean up that may be necessary due to any deterioration, contamination, damage, encumbrance or hazardous materials may be higher than anticipated by the Group. Failure to comply with environmental regulations, or the need to comply with stricter new environmental regulations that may be introduced, could lead to higher costs or hinder the development of the Group's operations. There can be no assurance that the Group could not become liable for material environmental damage or other environmental liabilities in the future.

Should any of the aforementioned risks materialise, it could have a materially negative impact on the Company's operations, financial position and earnings.

#### *Credit and counterparty risks*

When there is a risk for the Group's counterparties being unable to fulfil their financial obligations towards the Group, there is a credit risk. Credit risks within the financial operations arise, *inter alia*, from the investment of excess liquidity, when interest swap agreements are entered into and upon obtaining long- and short-term credit agreements. If the Group's counterparties are unable to fulfil their obligations towards the Group, the Company's operations, financial position and result may be adversely affected.

#### *Risks relating to negative publicity etc.*

The Group's success is partially dependent on the value of the "Heimstaden" brand. The "Heimstaden" brand holds a great significance for both the Group's business operations and the implementation of its strategies. The integrity of the "Heimstaden" brand is important in all parts of the Group's business and to its business partners, such as municipalities, construction companies and lenders. In addition, corporate social responsibility forms part of the Group's customary long-term activities. Negative publicity or negative customer experience could have an adverse effect on the "Heimstaden" brand and its development. Should the "Heimstaden" brand lose value, regaining any lost brand value might prove impossible or require incurrence of significant costs. This, in turn, could have a material adverse effect on the Group's and the Company's business, financial condition, results of operations and future prospects.

#### *Competition*

The Group operates in a competitive sector. The Group's future competitive potential is, amongst other things, dependent on the Group's ability to anticipate future market changes and trends and quickly respond to present and future market needs. Because of this, it may become necessary for the Group to make costly investments, restructure operations or allow price reductions in order to adapt to a new competition situation. Increased competition from existing and new market participants could adversely affect the Company's business, financial position and earnings.

#### *Interest rate risk*

To a large extent, the Group's operations are financed by debt with floating interest rate. Interest is therefore one of the Group's main costs items. The interest rate is mainly affected by the level of current market interest rates and the credit institutions' margins. Increased interest rate levels could have a negative impact on the Company's operations, financial position, earnings and ability to make payments under the Bonds.

### *Foreign exchange risk*

The Company is exposed to indirect foreign exchange risks due to the Group's investments in Northern Europe. The Group's most significant exchange rate risk relates, currently, to non-SEK-denominated property valuations and financing arrangements (in currencies such as DKK, NOK and EUR). The Company'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 a material adverse effect on the Company's business, financial condition, results of operations and future prospects.

### *Risks relating to the Group's interest rate and currency derivatives*

The Group uses interest rate derivatives to manage the interest rate risk relating to its floating interest rates risk. The Group also uses cross-currency swaps to manage foreign exchange risks resulting from its issuances of securities denominated in EUR.

The interest rate derivatives are reported at fair value in the balance sheet and with changes in value in the profit and loss account. As the market interest rates change, a theoretical over or under value on the interest rate derivatives occur which, however, does not affect the cash flow. At the end of the term, the value of the derivatives is always zero. The derivative constitutes a hedging against higher interest rates, but it also means that the market value of the Company's interest rate derivatives decreases if the market interest rates decrease, which in turn has a negative impact on the Company's financial position and result. In case a negative value of a derivative needs to be, or is forced to be, realised it will have a negative effect on the liquidity of the Company.

Heimstaden Bostad AB (publ) ("**Heimstaden Bostad**") has converted its outstanding EUR 1,200 million notes under its established EMTN-programme (EUR 500 million due in December 2021 and EUR 700 million due in September 2023) into SEK and NOK through cross-currency swaps. There is a risk that the banks will not be able to meet their obligations under the cross-currency swaps at relevant maturity dates, which in turn could adversely affect the Group's and the Company's business, earnings and financial position.

### *Liquidity risks*

Liquidity risk is the risk that the Company cannot meet its payment obligations at the maturity date without a significant cost increase for obtaining cash. If the Company's liquidity sources prove not to be sufficient, it could have a material negative impact on the Company's operations, result and financial position.

### *Refinancing risk*

The Group is required to, from time to time, refinance its outstanding debt, e.g. because it is soon to fall due. The Group's ability to successfully refinance its debt obligations is dependent on, amongst others, the conditions of the property market, the capital and loan markets as well as the Group's financial position at such time. The refinancing risk is defined as the risk of not being able to obtain sufficient financing or any financing at all, or only to significantly higher costs. The financial costs could be higher and/or the refinancing possibilities could be limited or non-existent when debt owed by the Group falls due and needs to be refinanced. This in turn could affect the Company's liquidity and consequently affect the possibility to repay debt as it falls due and which in turn may have a negative effect on the Company's financial position and result.



The Group's business, especially with respect to acquisition of properties, is largely financed through loans from external creditors and interest costs are, as previously mentioned, a significant cost item for the Group. A portion of the Group's business consist of property development projects, which may be delayed or affected by unexpected or increased costs as a result of factors within or outside the control of the Group. If such circumstances occur, it could result in projects not being completed before loans are due, or that such increased costs are not covered by the granted credit facilities. If the Company is not able to obtain financing with respect to acquisitions or development, extension or increase of existing financing or refinancing of previously received financing, or is only able to obtain such financing on terms that are disadvantageous, it could have a material negative impact on the Company's operations, result and financial position.

*The Group is subject to risks relating to changes in value of its properties and valuation of properties*

The Group's properties are classified as investment properties and reported at their fair value in the balance sheet. The properties are valued internally each calendar quarter and externally valued at an annual basis. The fair value is determined by an assessment of the market value. As a result, a decline in property and market orientated conditions may lead to a decline in value of the Group's properties, which could have a material negative impact on the Group's and the Company's operations, financial position and earnings.

As a property owning company, the Company is dependent on an accurate valuation of the Group's material property assets. There is a risk that the valuation carried out fails to reflect to accurate asset value of the Company or that any external expertise consulted terminates its agreement with the Company whereby other expertise will need to be procured. If the valuation does not accurately reflect the asset value or if external expertise cannot be retained on favourable terms or at all, it would result in that the Company incurs additional costs or must engage in time-consuming procedures, which in turn could have a material negative impact on the Company's operations, financial position and earnings.

*Risks relating to reorganisations*

In order to obtain financial, operational and structural efficiency the Group will, from time to time, undergo reorganisations involving transfer of assets and/or shares within the Group and that assets and/or shares may be acquired from related parties for strategic reasons. The acquisitions may be financed partly through external financing and partly through, for example, new share issues in Group Companies (including the Company).

Such reorganisations will be subject to certain conditions precedent being fulfilled such as competition clearance, ensuring compliance with relevant laws and regulations, obtaining relevant consents from third parties and securing external financing. Any failure of fulfilling the conditions precedent may lead to that a reorganisation may not complete in the anticipated manner, or not at all, which could incur costs as well as having a negative effect on the Group's financial position and result.

*Influence of ultimate majority shareholder*

As of 31 December 2018, Ivar Tollefsen held, through his wholly owned company, Fredensborg AS, approximately 86 per cent. of the share capital and approximately 98 per cent. of the votes in the Company. As the controlling shareholder, Ivar Tollefsen may be able to take actions that may be contrary to the interests of the Company's and the Group's other stakeholders. Further, the personal connections and business relationships of Ivar Tollefsen are important to the conduct of the Group's

business. No assurance can be given that he will continue to make his services available to the Group indefinitely. The Company does not maintain any "key-man" insurance on Ivar Tollefsen.

The concentration of share ownership in the Company could, depending on the circumstances, accelerate, delay, postpone or prevent a change of control in the Group and impact mergers, consolidations, acquisitions or other forms of combinations, as well as distributions of profit, which may or may not be desired by the Bondholders or involve risks to the Bondholders.

If any of the risks described above would materialise, it could have a material negative effect on the Company's operations, earnings and financial position.

#### *Insurance*

If the Group is unable to maintain its insurance cover on terms acceptable to it or if future business requirements exceed or fall outside the Group's insurance cover or if the Group's provisions for uninsured costs are insufficient to cover the final costs it could have a material negative impact on the Company's operations, financial position and earnings.

#### *The Group is dependent on retaining and recruiting competent personnel*

The Group operates with a small and slimmed organisation and a limited number of personnel. Its future development is, to a large extent, dependent on the competence and experience of its management and other key personnel. It is therefore of great importance that the Group succeeds in retaining and motivating its employees and succeeds in recruiting qualified personnel in the future. Should the Group fail to retain or recruit senior management and other key personnel, it could have a material negative impact on the Company's operations, financial position and earnings.

#### *The Group may be subject to disputes and legal proceedings*

The Group may become involved in legal proceedings with tenants, suppliers, partners and third parties within the scope of its day-to-day activities, or as a result of property-related transactions or similar. Moreover, the Group, or its board members, senior management, employees or affiliated companies could become subject to investigations or criminal proceedings. Such disputes, claims, investigations and legal proceedings may be time-consuming, impact day-to-day operations, entail claims for substantial amounts, generate considerable legal costs and also impair the Group's reputation. Furthermore, it can be difficult to forecast the outcome and cost of complex disputes, claims, investigations and legal proceedings. Hence, disputes, claims, investigations and legal proceedings could have a negative impact on the Group's and the Company's operations, financial position and earnings.

#### *Laws, regulations and the application thereof may be subject to change - regulations relating to the Group's operations*

The Group's operations are subject to national and EU legislation, as well as regulations and provisions relating to construction plans and planning, construction standards, safety and security regulations, health and environmental regulations and rules governing permitted construction materials, building classifications and renting and leasing legislation. New or amended legislation or regulations, or changes to the application thereof, regarding, for example, ownership, security and safety regulations, health and environmental regulations and operation and rental of properties which apply to the Group's operations, or its tenants, may be associated with increased costs to ensure the Group's compliance. Hence, there is

a risk that changes to legal circumstances could have a negative impact on the Company's operations, financial position and earnings.

#### *Changes to accounting regulations and the application thereof*

The adoption of new laws and ordinances and changes to existing accounting regulations, including, for example, IFRS and other international accounting rules, may lead to a need for the Group to amend its procedures in relation to accounting, financial reporting and internal inspection. Such changes may give rise to uncertainty, with a greater risk of the Group interpreting and applying relevant regulations incorrectly. This could have a negative impact on the Group's operations, financial position and earnings.

#### *Dependence on laws, permits and decisions*

The Group's business is affected by a large number of laws and regulations as well as various processes and decisions relating to these regulations, both on a political level and on a civil servant level. There is always a risk that the Group's interpretation of laws and regulations is incorrect, or that such interpretation may change in the future. Further, there is always a risk that laws and regulations entail that the Group cannot use its properties as desired.

In order for the Group's properties to be used and developed as desired, various permits and decisions can be required, including local plans and various kinds of property registrations, which are approved and given by, for instance, municipalities and authorities, and which are resolved on both a political and a civil servant level. There is a risk that the Group is not granted the permits or does not obtain the decisions necessary to conduct and develop its business in a desired manner. Further, there is always a risk that decisions are appealed and, as a result thereof, are delayed significantly, or that the established decision making practice or the political will or direction in the future are changed in an adverse manner for the Company.

If any of the above-described risks would materialise, it could have a material negative effect on the Company's operations, result and financial position.

#### *Tax risks*

Tax laws and regulations or their interpretation and application practices may be subject to change in the countries in which the Group operates. Historically, the Group has used tax optimisation arrangements, such as utilising tax losses from companies it purchases for this purpose, to reduce its tax burden. However, there can be no assurance that the Group will be able to continue to rely on tax losses carried forward as there could be changes in tax laws and regulation. This would mean that the Group could be liable to pay additional tax which could have a material adverse effect on the Group's business, financial condition and cash flow.

EU Directive 2016/1164 of 12 July 2016 has been passed regarding, *inter alia*, new interest deduction limitation rules. Under the EU Directive 2016/1164 there is, for example, a general limitation for interest deductions by way of an EBITDA-rule under which net interest expenses should be deductible only up to a certain percentage of the taxpayer's EBITDA for tax purposes. EU Directive 2016/1164 has been or may be implemented in local legislation in Sweden, Norway, Denmark, the Netherlands and Germany.

In March 2017, a proposal was put forward regarding new tax legislation applicable to property owners based on an investigation regarding tax-free sale of properties packaged in companies, so called packaging. In brief, the proposal sets out that if a property is divested through packaging (i.e. by

divesting the company which owns the property), the divested company shall, in certain situations, be deemed to have divested and bought back the property (Sw. *avskattning*). In order to ensure that packaging is treated equally with a direct divestment of a property, the company owning the property shall as a substitute to stamp duty, account for a standard income (Sw. *schablonintäkt*). The proposal further entails that the classification of properties as inventory items or capital assets is abolished within the corporate sector. No further actions are currently being taken in relation to the proposal and it is uncertain to what extent, if at all, such legislative changes would enter into force. If the legislation comes into force, such changes, depending on the Group's structure at such time, could have a material negative effect on the Group's operations, financial position and earnings.

#### *Changed accounting rules*

The Group's business is affected by the accounting rules that, from time to time, are applied in the jurisdictions where the Group conducts business, including for example IFRS and other international accounting rules. This means that the Group's accounting, financial reporting and internal control, may in the future be affected by and may have to be adapted to changed accounting rules or a changed application of such accounting rules. This might entail uncertainty regarding the Group's accounting, financial reporting and internal control and might also affect the Group's accounted earnings, balance sheet and equity, which could have a material negative effect on the Company's operations, result and financial position.

#### *Risks relating to long-term credit rating*

The Company may in the future seek a rating from a credit rating institute for the purpose of facilitating issuances of additional debt instruments on the capital markets. There is a risk that such potential rating will be lower than expected, or downgraded at a later stage, which could result in that it will be more difficult for the Company to pursue its financing strategy, which in turn could have a material adverse effect on the Company's business, financial condition, results of operations and future prospects.

As part of its strategy to increase presence on the international capital markets through issuance of unsecured notes, Heimstaden Bostad has sought and received a credit rating of BBB- (stable outlook) from S&P Global Ratings Europe Limited. Should the current rating be downgraded, it will result in an interest rate increase under outstanding notes under Heimstaden Bostad's (step up rating change). A rating downgrade could also result in that it will be significantly more expensive or may not be possible to issue unsecured notes and more difficult for Heimstaden Bostad to pursue its financing strategy. This could in turn have a material adverse effect on the Group's and Company's business, financial condition, results of operations and future prospects.

#### *Dependence on subsidiaries*

A significant part of the Group's assets, revenues and cash flow relate to the Company's direct and indirect subsidiaries, and most significantly Heimstaden Bostad. Accordingly, the Company is dependent upon receipt of sufficient income related to the operation of and the ownership in such entities to enable it to make payments under the Bonds. The subsidiaries are legally separate and distinct from the Company and have no obligation to pay amounts due with respect to the Company's obligations and commitments, including the Bonds, or to make funds available for such payments. The ability of the subsidiaries to make such payments to the Company is subject to, among other things, the availability of funds, corporate and tax restrictions, restrictions in shareholders' agreements and the terms of each entity's finance agreements. Should the value of the business conducted in the subsidiaries decrease,

and/or should the Company not receive sufficient income from its subsidiaries, the Bondholders' ability to receive payment under the Terms and Conditions may be adversely affected.

The Company's indirect subsidiary Heimstaden Bostad is jointly owned together with, mainly, pension funds, including Alecta pensionsförsäkring, ömsesidigt. As of 31 December 2018, the Company held, indirectly through Group Companies, 64.8 per cent. of the votes and 62.7 per cent. of the total number of shares in Heimstaden Bostad. The economic rights in Heimstaden Bostad are governed by three types of share classes, one ordinary share class and two preferential share classes, among which the economic rights differ with respect to e.g. rights to payment of dividends and distribution of funds in case of a sale of all shares in Heimstaden Bostad, a liquidation or bankruptcy (the "**Distribution Waterfall**"), as further set out in the articles of association of Heimstaden Bostad. It follows from the Distribution Waterfall that the preferential shares have priority over the ordinary shares, i.e. dividends and other distributions to holders of ordinary shares are made only after such dividends or distributions have been made to holders of preferential shares (with preferential shares of series A having the highest priority). The Company has a higher ratio of ordinary shares than preference shares, which means that the Company is more exposed to economic downturns of Heimstaden Bostad than shareholders holding higher ratio of preference shares. Should such downturn result in that there are limited amounts available in the Distribution Waterfall to holders of ordinary shares after payment has been made to holders of preference shares such would have a material adverse effect on the Company's financial condition and future prospects. Furthermore, the Company's holdings in Heimstaden Bostad may decrease in the future, which could reduce the Company's influence and economic participation in Heimstaden Bostad.

Should the value of the business conducted in the subsidiaries decrease, and/or should the Company not receive sufficient income from its subsidiaries, the Bondholders' ability to receive payment under the Bonds may be adversely affected.

#### *Structural subordination and insolvency of subsidiaries*

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

## **1.2 Risks relating to the Bonds**

### *Liquidity risks*

It is possible that a liquid trading in the Bonds does not occur or is maintained. The Company will apply for registration of the Bonds on the corporate bond list of Nasdaq Stockholm, but there is a risk that there is not a demand for, and trade in, the Bonds. This can result in that a Bondholder may be unable to sell its Bonds at a desired time or to a return which is comparable to similar investments which have

an existing and functioning secondary market. Lack of liquidity in the market may adversely affect the market value of the Bonds.

#### *Credit risks*

An investment in the Bonds carries a credit risk relating to the Company and the Group. An investor's opportunity to obtain payment under the Terms and Conditions is therefore dependent on the Company's and the Group's ability and willingness to meet its payment obligations, which in turn is dependent upon the performance of the Group's operations and its financial position. The Group's financial position is affected by several factors, a number of which have been discussed in this Prospectus.

An increased credit risk may cause the market to charge the Bonds a higher risk premium, which would affect the Bonds' value negatively. Another aspect of the credit risk is that any deterioration in the financial position of the Group may reduce the Group's possibility to receive debt financing at the time of redemption of the Bonds.

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

Under the Terms and Conditions, the Company may under certain conditions redeem all outstanding Bonds before the Final Maturity Date. If such early redemption is made, the Bondholders have the right to receive an early redemption amount which is equal to the Nominal Amount or, in case the Company requests early redemption due to that it holds more than 80 per cent. of the Bonds (squeeze out) in accordance with Clause 11.3.2 of the Terms and Conditions, an amount fixed on basis of the Company's purchases of Bonds (if such amount is higher than the Nominal Amount). There is a risk that the market value of the Bonds is higher than the early redemption amount that it may not be possible for Bondholders to reinvest such proceeds at an effective interest rate as high as the interest rate on the Bonds and may only be able to do so at a significantly lower rate.

According to the Terms and Conditions, the Bonds are subject to prepayment at the option of each Bondholder (put options) upon a Change of Control Event or Listing Failure Event. There is, however, a risk that the Company will not have sufficient funds at the time of such prepayment to make the required payments of the Bonds.

#### *Preferential rights*

The Group has, as part of its financing, incurred debts to credit institutions. Certain property, shares and other assets in Group Companies owning property have in connection therewith been pledged as security. As of 31 March 2019, 60 per cent. of the Group's outstanding debt was secured.<sup>1</sup> In the event of bankruptcy, reorganisation or winding-up of the Company, the Bondholders will be subordinated in right of payment out of the assets subject to such security. The Group intends to continue seeking appropriate and economical financing why further security, as part of such new financings, may be provided.

There is no restriction under the Terms and Conditions for the subsidiaries of the Company to incur debt. The Terms and Conditions allow for Heimstaden Bostad or any of its subsidiaries to provide security over its assets to secure any debt securities issued by Heimstaden Bostad which can be admitted for trading on a regulated market. If the subsidiaries of the Company incur debt, including any secured

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<sup>1</sup> The unaudited interim financial report of the Group for the period ending 31 March 2019, page 24.

debt incurred by Heimstaden Bostad or its subsidiaries, the right to payment under the Bonds will be subordinated to the right of payment relating to debt incurred by subsidiaries of the Company.

#### *Unsecured obligations*

The Bonds represent an unsecured obligation of the Company. This means that in the event of the Company's liquidation, company reorganisation or bankruptcy the Bondholders normally receive payment after any prioritised creditors, which usually have security over certain assets, have been fully paid. Every investor should be aware that by investing in the Bonds, it risks losing the entire, or parts of, its investment in the event of the Company's liquidation, bankruptcy or company reorganisation.

#### *Distributions*

In accordance with the Terms and Condition, the Group is not prohibited from making distributions. If any significant distributions are made, it could have an adverse effect on the position of the Bondholders.

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

The Bonds are affiliated with Euroclear Sweden's account-based system, and no physical Bonds have been issued. Clearing and settlement relating to the Bonds will be carried out within Euroclear Sweden's book-entry system as well as payment of interest and repayment of the principal. Bondholders are therefore dependent upon the functionality of Euroclear Sweden's account-based system, which is a factor that the Company cannot control. If Euroclear Sweden's account-based system would not function properly, there is a risk that Bondholders would not receive payments under the Bonds as they fall due.

#### *No action against the Company and Bondholders' representation*

In accordance with the Terms and Conditions, the Agent will represent all Bondholders in all matters relating to the Bonds and the Bondholders are prevented from taking actions on their own against the Company. Consequently, individual Bondholders do not have the right to take legal actions to declare any default by claiming any payment from the Company and may therefore lack effective remedies unless and until a requisite majority of the Bondholders agree to take such action. The possibility that a Bondholder, in certain situations, could bring its own action against the Company (in breach of the Terms and Conditions) cannot be ruled out, which could negatively impact an acceleration of the Bonds or other action against such party. To enable the Agent to represent Bondholders in court, the Bondholders may have to submit a written power of attorney for legal proceedings. The failure of all Bondholders to submit such power of attorney could negatively affect the legal proceedings.

Under the Terms and Conditions, the Agent will in some cases have the right to make decisions and take measures that bind all Bondholders. Consequently, the actions of the Agent in such matters could impact a Bondholder's rights under the Terms and Conditions in a manner that would be undesirable for some of the Bondholders.

#### *Bondholders' meeting*

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

*Interest rate risks*

The Bonds' value depends on several factors, one of the most significant over time being the level of market interest. Investments in the Bonds involve a risk that the market value of the Bonds may be adversely affected by changes in market interest rates.

*Currency risks*

The Bonds are denominated and payable in SEK. If Bondholders measure their investment return by reference to a currency other than SEK, an investment in the Bonds will entail foreign exchange-related risks. For example, possible significant changes in the value of the SEK relative to the currency by reference to which investors measure the return on their investments could cause a decrease in the effective yield of the Bonds below their stated coupon rates and could result in a loss to investors when the return on the Bonds is translated into the currency by reference to which the investors measure the return on their investments. Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate or the ability of the Company to make payments in respect of the Bonds. As a result, there is a risk that investors may receive less interest or principal than expected, or no interest or principal.

*The market price of the Bonds may be volatile*

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

*Restrictions on the transferability of the Bonds*

The Bonds are not and will not be registered, and may be restricted, in United States, Australia, Japan, Canada, or in any other country where the offering, sale and delivery of the Bonds may be restricted by law. Bondholders may be subject to purchase or transfer restrictions with regard to the Bonds, as applicable from time to time under local laws to which a Bondholder may be subject (due to, e.g., its nationality, its residency, its registered address or its place(s) of business). Each Bondholder must ensure compliance with local laws and regulations applicable at its own cost and expense. Due to these restrictions, there is a risk that a Bondholder cannot sell its Bonds as desired.

*European Benchmarks Regulation*

The process of the calculation of STIBOR and other interest rate benchmarks are subject to certain regulatory initiatives, whereof some have been implemented and others are to be implemented. The most important initiative is the Benchmarks Regulation (Regulation (EU) 2016/1011 of the European Parliament and of the Council of 8 June 2016 on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds and amending Directives 2008/48/EC and 2014/17/EU and Regulation (EU) No 596/2014) (the "**Benchmarks Regulation**"). The Benchmarks Regulation regulates the provision of benchmarks, contribution of input data for the purpose of determining a benchmark and the operation of benchmarks within the EU.



Since the Benchmarks Regulation has only been applicable for a limited period of time and certain provisions are still subject to transitional periods, the effects of the regulation cannot be fully assessed. There is a risk that the Benchmarks Regulation may affect how interest rate benchmarks are calculated and developed. This, in turn, may give rise to increased volatility for some interest rate benchmarks. In addition, the increased administrative requirements and associated regulatory risks may decrease the incentives to participate in the determination of interest rate benchmarks or may result in that the publishing of certain benchmarks will cease. Should this occur in relation to the interest rate benchmark applied to the Bonds, it could adversely affect the Bondholders' ability to assess their investments in the Bonds.

#### *Credit Rating Agency Regulation*

In general, European regulated investors are restricted under Regulation (EC) No. 1060/2009 (as amended) (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. Any changes to the CRA Regulation may affect the possibility of potential investors to make an investment in the Bonds and therefore entail a risk that the Bonds will not be compatible with the investment objectives of the relevant investors. If such risk would materialise, it may result in lower liquidity for the Bonds, which could adversely affect the Bondholders ability to sell the Bonds as desired.

#### *Credit ratings, changes in rating methodologies and risk reflection*

Neither the Company nor the Bonds have been assigned a credit rating. The Company may seek a credit rating for itself or for the Bonds, but there is a risk that the Company will be unable to receive a credit rating for itself or the Bonds or that the rating assigned to the Company or the Bonds is less than expected.

Any ratings granted by S&P or Moody's or any other rating assigned to the Company or the Bonds may not reflect the potential impact of all risks relating to structure, market and other factors that may affect the value of the Company or the Bonds. 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 addition, each of S&P and Moody's or any other rating agency may change their methodologies or their application for rating entities or securities with features similar to the Company or the Bonds in the future. This may include the relationship between ratings assigned to an Company's senior securities and ratings assigned to securities with features similar to the Bonds, sometimes called "notching". If the rating agencies were to change their practices or their application for rating in the future and the ratings

of the Company or the Bonds were to be subsequently lowered, this may have a negative impact on the trading price of the Bonds.

*Amended or new legislation*

This Prospectus and the Terms and Conditions are based on Swedish law in force at the at their respective date of issuance. The impact of any possible future legislative measures or changes, or changes to administrative practices may give rise to risks which are not possible to foresee. There is a risk that amended or new legislation and administrative practices may adversely affect the investors' ability to receive payment under the Terms and Conditions.

*Potential conflict of interest*

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

## **2 Responsibility for the information in the Prospectus**

This Prospectus has been prepared in relation to the Company applying for admission to trading on the corporate bond list of Nasdaq Stockholm of the Bonds, with ISIN SE0012622249, under the Company's maximum SEK 1,750,000,000 senior unsecured floating rate bonds 2019/2023. The Initial Bonds of SEK 1,500,000,000 were issued on 31 May 2019 and Subsequent Bonds of SEK 250,000,000 were issued on 28 June 2019. The Prospectus has been prepared in accordance with the Commission Regulation (EC) No 809/2004 of 29 April 2004 implementing Directive 2003/71/EC of the European Parliament and of the Council and the rules and regulations in Chapter 2 of the Swedish Financial Instruments Trading Act (*Sw. lag (1991:980) om handel med finansiella instrument*), each as amended.

The Company is responsible for the information given in this Prospectus. The Company confirms that, having taken all reasonable care to ensure that such is the case, the information contained in this Prospectus is, to the best of the Company's knowledge, in accordance with the actual conditions and that no information has been omitted which may distort the picture of the Company. The information in the Prospectus and in the documents incorporated by reference which derive from third parties has, as far as the Company is aware and can judge on basis of other information made public by the respective third party, been correctly represented and no information has been omitted which may serve to render the information misleading or incorrect.

The board of directors is responsible for the information given in this Prospectus only under the conditions and to the extent set forth in Swedish law. The board of directors confirms that, having taken all reasonable care to ensure that such is the case, the information in this Prospectus is, to the best of the board of directors' knowledge, in accordance with the facts and contains no omissions likely to affect its import.

Malmö on 3 July 2019

**HEIMSTADEN AB (PUBL)**

*The board of directors*

### **3 The Bonds in brief**

This section contains a general description of the Bonds. It does not claim to be comprehensive or cover all details of the Bonds. Potential investors should therefore carefully consider the Prospectus as a whole, including documents incorporated by reference (see below section “*Documents incorporated by reference*”) and the full Terms and Conditions for the Bonds, before a decision is made to invest in the Bonds. The Terms and Conditions for the Bonds can be found in section 8 (“*Terms and Conditions*”). Concepts and terms defined in the Terms and Conditions are used with the same meaning in this section unless otherwise is explicitly understood from the context or otherwise defined in this Prospectus.

#### **3.1 Background**

On 31 May 2019, the Company issued SEK 1,500,000,000 senior unsecured floating rate bonds 2019/2023 with ISIN SE0012622249.

Under the Terms and Conditions, the Company may, at one or more occasions, issue Subsequent Bonds amounting to in total up to no more than the difference of SEK 1,750,000,000 and the aggregate Nominal Amount of the Initial Bonds, unless consent from the Bondholders is obtained in accordance with the Terms and Conditions. On 28 June 2019, the Company issued Subsequent Bonds in an aggregate nominal amount of SEK 250,000,000. Following such Subsequent Bonds Issue, the aggregate nominal amount of the Bonds was SEK 1,750,000,000 and the framework consequently fully utilised.

All Subsequent Bonds shall benefit from, and be subject to, the Terms and Conditions and, for the avoidance of doubt, the ISIN, the interest rate, the Nominal Amount and the final maturity applicable to the Initial Bonds.

#### **3.2 Summary of the Bonds**

The Bonds are denominated in SEK and have been issued in accordance with Swedish law. The Bonds are debt instruments (Sw. *skuldförbindelser*) of the type set forth in Chapter 1 section 3 of the Swedish Central Securities Depositories and Financial Instruments Accounts Act (*lagen (1998:1479) om värdepapperscentraler och kontoföring av finansiella instrument*) and are intended for public market trading. The Company resolved to issue the Bonds on 10 May 2019, and the purpose of the Initial Bonds issue was to repay the Existing Bonds which shall be redeemed in full prior to their final maturity date and thereafter towards general corporate purposes of the Group. The First Issue Date of the Bonds was 31 May 2019 and the Bonds will mature on 31 May 2023.

The maximum total nominal amount of the Bonds (the Initial Bonds and all Subsequent Bonds) may not exceed SEK 1,750,000,000 unless consent from the Bondholders is obtained according to the Terms and Conditions. The Bonds have been allocated the ISIN SE0012622249, and each of the Bonds carry a Nominal Amount of SEK 1,250,000. All Initial Bonds are issued on a fully paid basis at an issue price of 100 per cent. of the Nominal Amount. As of the day of this Prospectus, Bonds equalling a total nominal amount of SEK 1,750,000,000 have been issued.

The Bonds are registered for the Bondholders on their respective Securities Account and no physical notes will be issued. The Company’s central securities depository and registrar with respect to the Bonds is Euroclear Sweden AB, Reg. No. 556112-8074, P.O. Box 191, SE-101 23 Stockholm, Sweden (“**Euroclear**”). The Bonds are connected to the account-based system of Euroclear in

accordance with the Swedish Central Securities Depositories and Financial Instruments Accounts Act. Registration requests relating to the Bonds shall be directed to an Account Operator.

The Bonds are freely transferable but the Bondholders may be subject to purchase or transfer restrictions with regard to the Bonds, as applicable, under local laws to which the Bondholder may be subject. Each Bondholder must ensure compliance with such restrictions at its own cost and expense.

The Bonds constitute direct, unconditional and unsecured obligations of the Company and shall at all times rank at least *pari passu* with all other direct, unconditional and unsecured obligations of the Company and without any preference among them.

The Company shall redeem all, but not some only, of the outstanding Bonds at 100 per cent. of the Nominal Amount together with accrued but unpaid Interest on the Final Maturity Date, unless previously redeemed, repurchased or cancelled in accordance with Clause 11 (“*Redemption and repurchase of the Bonds*”) or otherwise terminated in accordance with Clause 14 (“*Events of Default*”) of the Terms and Conditions. If the Final Maturity Date is not a Business Day, then the redemption shall occur on the first following Business Day.

The Company may redeem all, but not some only of the outstanding Bonds at an amount per Bond equalling the Nominal Amount together with accrued but unpaid Interest (i) on a date determined by the Company if it is or becomes unlawful for the Company to perform its obligations under the Finance Documents, and (ii) in connection with a refinancing of the Bonds in full with a bond issue, or other similar capital markets issue, during the six (6) month period falling immediately prior to the Final Maturity Date. The Issuer may furthermore redeem all, but not only some, of the outstanding Bonds at any time if the aggregate Nominal Amount of the Bonds held by the Issuer exceeds eighty (80) per cent. or more of the Total Nominal Amount (see further Clause 11.3 (“*Voluntary total redemption (call option)*”) of the Terms and Conditions).

Upon a Change of Control Event or a Listing Failure Event occurring, each Bondholder has a right to request that all, or some only, of its Bonds be repurchased at a price per Bond equalling 101 per cent. of the Nominal Amount together with accrued but unpaid Interest (see further Clause 11.4 (“*Mandatory repurchase (put option)*”) of the Terms and Conditions).

Any payment or repayment under the Finance Documents, or any amount due in respect of a repurchase of any Bonds, shall be made to such person who is registered as a Bondholder on the Record Date prior to an Interest Payment Date or other relevant due date, or to such other person who is registered with the CSD on such date as being entitled to receive the relevant payment, repayment or repurchase amount. Payments are to be made in SEK. The right to receive repayment of the principal of the Bonds shall be time-barred and become void ten (10) years from the Redemption Date.

Each Initial Bond carries Interest at the Interest Rate from (but excluding) the First Issue Date up to (and including) the relevant Redemption Date. Any Subsequent Bond will carry Interest at the Interest Rate from (but excluding) the Interest Payment Date falling immediately prior to its issuance up to (and including) the relevant Redemption Date.

Interest accrues during an Interest Period. Payment of Interest in respect of the Bonds shall be made to the Bondholders on each Interest Payment Date for the preceding Interest Period. The Bonds carry Interest at a floating rate of STIBOR (3 months) plus 3.25 per cent. *per annum*. Interest shall be calculated on the basis of the actual number of days in the Interest Period in respect of which payment

is being made divided by 360 (actual/360-days basis). The Interest Payment Dates are 31 March, 30 June, 30 September and 31 December each year or, to the extent such day is not a Business Day, the Business Day following from an application of the Business Day Convention (with the first Interest Payment Date on 30 June 2019 and the last Interest Payment Date being the relevant Redemption Date). The right to receive payment of interest (excluding any capitalised interest) shall be time-barred and become void three (3) years from the relevant due date for payment.

Nordic Trustee & Agency AB (publ), reg. no. 556882-1879, P.O. Box 7329, SE-103 90 Stockholm, Sweden, acts as the Agent for the Bondholders in relation to the Bonds, and, if relevant, any other matter within its authority or duty in accordance with the Terms and Conditions. Even without separate and prior authorisation from the Bondholders, the Agent, or a person appointed by the Agent, is entitled to represent the Bondholders in every matter concerning the Bonds and the Terms and Conditions. The Agent is authorised to act on behalf of the Bondholders whether or not in court or before an executive authority (including any legal or arbitration proceeding relating to the perfection, preservation, protection or enforcement of the Bonds. Each Bondholder shall immediately upon request provide the Agent with any such documents, including a written power of attorney (in form and substance satisfactory to the Agent), that the Agent deems necessary for the purpose of exercising its rights and/or carrying out its duties under the Finance Documents. The Agent is under no obligation to represent a Bondholder which does not comply with such request.

An agreement was entered into between the Agent and the Company on or about the Issue Date regarding, *inter alia*, the remuneration payable to the Agent. The rights, obligations of the Agent are set forth in the Terms and Conditions.

Each of the Company or a Bondholder (or Bondholders) representing at least ten (10) per cent. of the Adjusted Nominal Amount may request that a Bondholders' meeting is convened (see further Clause 16 (*Decisions by Bondholders*) and Clause 17 ("*Bondholders' Meeting*") of the Terms and Conditions) or request a Written Procedure (see further Clause 18 ("*Written Procedure*") of the Terms and Conditions). Such Bondholders' Meeting or Written Procedure may, upon sufficient and relevant quorum, cause resolutions to be validly passed and binding on all Bondholders.

If the Bonds have been duly declared due and payable due to an Event of Default, the available funds shall firstly be applied towards payment of all costs and expenses incurred by and any remuneration payable to the Agent under the Terms and Conditions and the Agent Agreement, secondly in or towards payment of accrued but unpaid Interest under the Bonds, thirdly in or towards payment of any unpaid principal under the Bonds and fourthly in or towards payment of any other costs or outstanding amounts unpaid under the Finance Documents. Any excess funds shall be transferred to the Company.

In order to facilitate trading of the Bonds, the Company intends to apply for admission to trading of the Bonds on the corporate bond list of Nasdaq Stockholm or, if such admission to trading is not possible to obtain or maintain, admitted to trading on another Regulated Market. The number of Bonds being admitted to trading if the application is approved by Nasdaq Stockholm is 1,400. The earliest date for admitting the Bonds to trading on Nasdaq Stockholm is expected to be on or about the first date after which this Prospectus is approved by the Swedish Financial Supervisory Authority. The total expenses of the admission to trading of the Bonds are estimated to amount to approximately SEK 150,000. The Terms and Conditions includes an undertaking for the Company to ensure that the Bonds are admitted to trading on Nasdaq Stockholm within twelve (12) months after the First Issue

Date and that the Bonds, once admitted to trading on the relevant Regulated Market, continue being listed thereon (see further Clause 13.8 “*Admission to trading of Bonds*” of the Terms and Conditions).

The Company also undertakes to ensure that upon any Subsequent Bonds being issued, the volume of Bonds admitted to trading on the relevant Regulated Market promptly, and not later than twenty (20) Business Days after the relevant issue date, is increased accordingly.

The Terms and Conditions, and any non-contractual obligations arising out of or in connection therewith, shall be governed by and construed in accordance with the laws of Sweden.

## **4 The Company and its operations**

### **4.1 Company description**

The Group was established in 1998 and the Company, Heimstaden AB (publ), reg. no. 556670-0455, was incorporated on 31 July 2004 in Sweden. Its trade name (*i.e.* the name used for marketing purposes) is Heimstaden. The Company is a public limited liability company and is governed 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 registered office of the Company is in Malmö and the Company's registered address is Östra Promenaden 7 A, SE-211 28 Malmö, Sweden.

According to the Company's articles of association the Company shall own and administrate real property and real estate companies, and conduct business pertaining thereto.

### **4.2 Share capital, shares, ownership structure and governance**

According to its articles of association, the Company's share capital shall be no less than SEK 30,000,000 and not more than SEK 120,000,000 divided into no less than 6,000,000 shares and not more than 24,000,000 shares. As of the date of this Prospectus, the number of shares in the Company was 15,547,750 shares, divided among 13,204,000 ordinary shares and 2,343,750 preference shares.

The Company's preference shares are listed at Nasdaq First North Premier under HEIM PREF. As of 31 December 2018, the ownership of the preference shares was dispersed among 1998 shareholders. All ordinary shares of the Company are owned by the Company's largest shareholder, Fredensborg AB, which is in turn ultimately controlled by Ivar Tollefsen with approximately 98 per cent. of the shares and 100 per cent. of the votes. Ivar Tollefsen is thereby holding approximately 86 per cent. of the share capital and 98 per cent. of the votes in the Company.

The shareholders exercise their voting rights at general meetings, *e.g.* with regard to the composition of the board of directors and election of external auditors. The main shareholder's influence is limited by the provisions of the Swedish Companies Act on minority rights. The Company's governance is based on its articles of association, the Swedish Companies Act, the listing rules of Nasdaq Stockholm, policies regarding diversity and non-discrimination and other relevant Swedish and international regulations. In addition, the Company acts in accordance with the rules of procedure of the board of directors and the instructions for the managing director adopted by the Company.

The Company owns, directly and indirectly, several partly and wholly-owned subsidiaries as well as associated entities (Sw. *intressebolag*) through which the Company's operations are conducted and through which the Company's properties are owned. In total, 328 Group Companies are incorporated in Sweden, 142 Group Companies are incorporated in Denmark, 89 Group Companies are incorporated in Norway, 32 Group Companies are incorporated in the Netherlands and two Group Companies are incorporated in Germany.

The Company is dependent on its subsidiaries and associated entities in order to generate profit and cash flow and, thus, to be able to meet its obligations under the Bonds. In addition, the Company is dependent on companies within the Group for certain aspects of its operations and administration.

A significant part of the Company's and the Group's operations, assets and revenues relate to Heimstaden Bostad, which is owned together with, mainly, Alecta, Ericsson pension fund and Sandvik



pension fund. It follows that the Company is particularly dependent upon dividends from Heimstaden Bostad to be able to meet its obligations under the Bonds.

### 4.3 Operations

Heimstaden is one of the largest privately owned residential real estate companies in Northern Europe, investing in properties with strong locations in growth areas in Sweden, Denmark, Norway, the Netherlands and Germany. The Company is the parent company in the Group. A significant part of the Company's and the Group's operations relate to Heimstaden Bostad, which is owned together with, mainly, Alecta, Ericsson pension fund and Sandvik pension fund. The Company also conduct business through other, wholly owned as well as jointly owned, subsidiaries. Operations are currently divided into five geographical segments: Sweden, Denmark, Norway, Germany and the Netherlands. The market value of the property portfolio amounted to SEK 83,293 million as of 31 March 2019.<sup>2</sup>

The administration and maintenance of the properties are mainly managed by the Company's employees located in the cities in which properties are owned. Head office functions, including in-house legal and financial expertise, as well as group management are located at the Company's office in Malmö. As of 31 December 2018, the Group had 448 employees.

The first quarter of 2019 was characterised by the acquisition of a large property portfolio in the Netherlands. According to the unaudited interim financial report of the Group for the period ending 31 March 2019, the rental income increased to SEK 1,023 million compared to a rental income of SEK 706 million for the equivalent period in 2018.<sup>3</sup> The increase is a consequence of successful acquisitions, investments in existing properties and beneficial rental negotiations.

#### *Sweden*

As of 31 March 2019, the Group owned 761 properties in Sweden, total lettable area of 1,921,044 sqm, with a market value of SEK 37,279 million.<sup>4</sup>

#### *Denmark*

As of 31 March 2019, the Group owned 127 properties in Denmark, total lettable area of 706,297 sqm, with a market value of SEK 28,280 million.<sup>5</sup>

#### *Norway*

As of 31 March 2019, the Group owned 83 properties in Norway, total lettable area of 219,475 sqm, with a market value of SEK 16,772 million.<sup>6</sup>

#### *Germany*

As of 31 March 2019, the Group owned 10 properties in Germany, total lettable area of 27,831 sqm, with a market value of SEK 723 million.<sup>7</sup>

#### *The Netherlands*

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<sup>2</sup> *Ibid.* page 12.

<sup>3</sup> *Ibid.* page 10.

<sup>4</sup> *Ibid.* page 8.

<sup>5</sup> *Ibid.*

<sup>6</sup> *Ibid.* page 9.

<sup>7</sup> *Ibid.*

As of 31 March 2019, the Group owned one property in the Netherlands, total lettable area of 4,478 sqm, with a market value of SEK 240 million.<sup>8</sup> The property portfolio in the Netherlands has since then expanded significantly upon the completion of the acquisition of the Dutch property portfolio described in section 4.4 below “*Significant adverse changes and recent events*”.

#### **4.4 Significant adverse changes and recent events**

There has been no material adverse change in the prospects of the Company since the date of publication of its latest audited financial report and no significant change has occurred in the financial or market position of the Company since the end of the last financial period for which interim financial information has been published.

In November 2018, Heimstaden Bostad established an EMTN programme and issued notes thereunder, with maturity dates between 2 to 5.5 years, amounting to a total equivalent of approximately SEK 10,600 million. The proceeds thereof were to a large extent to be used to repay existing short-term secured bank financing. On 26 February 2019, Heimstaden Bostad issued additional notes of EUR 700 million with a maturity of 4.5 years under the EMTN program (the “**EMTN February Issue**”). The proceeds of the EMTN February Issue have been converted into SEK and NOK through cross-currency swaps and have *inter alia* been used to repay short-term bank debt and for general corporate purposes.

On 27 December 2018, Heimstaden announced that it has signed an agreement to acquire 24 properties located primarily in Esbjerg, Aalborg, Aarhus, Svendborg and Copenhagen. Heimstaden was granted possession of the acquired properties on 8 January 2019 (the “**Danish Acquisition**”). The Danish Acquisition was financed by existing cash and by raising of new loans. The acquired properties comprise a total of approximately 116,600 sqm divided into 1,375 apartments and approximately 50 commercial premises. The acquisition was carried out on basis of an agreed property value of DKK 1,520 million.

On 27 March 2019, Heimstaden announced that it had signed an agreement to acquire 536 residential properties in the Netherlands at a purchase price of approximately EUR 1,400 million and on 2 May 2019 the acquisition was completed (the “**Dutch Acquisition**”). The Dutch Acquisition was financed by new syndicated credit facilities of EUR 875 million, a shareholder loan of SEK 1,025 million from Fredensborg AS to the Company (the “**Shareholder Loan**”) and available cash. The acquired properties comprise 9,544 residential units, with a lettable area of approximately 805,900 sqm, of which approximately 793,800 sqm is residential space and approximately 12,100 sqm is commercial space. Through the Dutch Acquisition, Heimstaden has become the third largest private residential property owner in the Netherlands.

On 27 March 2019, Heimstaden announced its intention to transfer residential properties in Denmark and Sweden through a transfer of shares in wholly-owned subsidiaries to Heimstaden Bostad, and such transfer was completed in April 2019 (the “**Intragroup Transfer**”). The Intragroup Transfer was based on an underlying property value of SEK 16,247 million relating partly to investment properties which property value was estimated to SEK 4,797 million and partly to ongoing or future projects which underlying property value amounted to SEK 11,450 million (at completion).

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<sup>8</sup> *Ibid.*

As of 31 December 2018, the book value of the investment properties covered by the Intragroup Transfer amounted to SEK 2,680 million, whereas the remaining SEK 2,117 million has been acquired by Heimstaden during 2019.

On 11 April 2019, Heimstaden issued hybrid capital securities in the amount of SEK 2,000 million under a framework of SEK 5,000 million (the “**Hybrid Issue**”). The initial interest rate for the hybrid capital securities was set to STIBOR (3 months) plus 5,90 per cent. *per annum*. The hybrid capital securities are perpetual and the first repayment date occurs after 5.5 years from the issue date. The hybrid capital securities were admitted to trading on Nasdaq Stockholm on 9 May 2019. The proceeds from the issue are intended to be used for repayment of the Shareholder Loan and general corporate purposes, including investments and financing acquisitions, within both Heimstaden and Heimstaden Bostad as well as their subsidiaries.

Other than the EMTN February Issue, the Danish Acquisition, the Dutch Acquisition, the Shareholder Loan, the Intragroup Transfer, the Hybrid Issue and the issuance of the Initial Bonds made on 31 May 2019, there have been no recent events particular to the Company which are to a material extent relevant to the evaluation of the Company’s solvency.

#### **4.5 Shareholders’ agreements relating to the Company**

As far as the Company is aware, there are no shareholders’ agreements or other agreements in place which could result in a change of control of the Company.

#### **4.6 Material agreements**

The largest Group Company Heimstaden Bostad is subject to a shareholders’ agreement between Heimstaden Invest AB (a wholly owned subsidiary of the Company) and the other shareholders of Heimstaden Bostad. The agreement regulates the governance and management of Heimstaden Bostad and the rights and obligations between the shareholders. In accordance with the shareholders’ agreement, the Company acts as asset manager for Heimstaden Bostad. The shareholders’ agreement further stipulates, amongst others, that actions of Heimstaden Bostad, for example acquisitions exceeding a certain purchase price amount, directed shares issuances and changes in financial policies, have to be carried out with both Heimstaden’s and Alecta’s approval. Dividends may, however, be decided by a simple majority vote subject to the dividend policy.

The Group has issued several financial instruments. Other than the hybrid capital securities issued under the Hybrid Issue, the Company currently has two outstanding senior unsecured bond loans, each of an aggregated nominal amount of SEK 1,250 million. Both instruments are admitted to trading on the corporate bond list of Nasdaq Stockholm. The bond loans are subject to floating rate interest of STIBOR (3 months) plus 3.00 per cent. *per annum* and 3.15 per cent. *per annum*, respectively, and mature in September 2019 and May 2021, respectively, in accordance with the applicable terms and conditions. The purpose of the bond loans is to use the proceeds towards investments, acquisitions and general corporate purposes of the Group.

Heimstaden Bostad has issued approximately an amount equivalent to SEK 18,000 million through five issuances of unsecured notes, denominated in SEK, NOK and EUR, under its established EMTN program. In accordance with the terms of the note issuances, floating interest rates apply and the maturity dates range between December 2020 and June 2024. The purpose of all notes issues is to use the proceeds towards general corporate purposes of Heimstaden Bostad.

Some Group Companies have incurred bank loan financing for financing acquisitions of properties, where mortgages over property have been provided as security. Such bank loan financing does not deviate from the market standard terms and conditions applied in the real estate market and are within the ordinary course of business of the Group.

Other than the shareholders' agreement and the terms of the Group's outstanding financial instruments and loan financings, as described above, no Group Company is 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 Company's ability to meet its obligations under the Bonds to the Bondholders.

#### **4.7 Credit rating**

Neither the Company nor the Bonds have a credit rating from an international credit rating institute.

#### **4.8 Disputes and litigation**

During the past twelve months, there have been no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened and of which the Company is aware) which may have, or have had in the past twelve months, a significant effect on the financial position or profitability of the Company and its consolidated subsidiaries as a whole.

## **5 Board of directors, management and auditor**

### **5.1 Board of directors**

The Company's board of directors consists of four ordinary board members, including the chairman, appointed on a one year's basis for the period until the end of the next annual general meeting. The members of the board of directors, their position, the year of their initial election and other relevant assignments are set forth below. All board members can be contacted through the Company's registered address, Östra Promenaden 7 A, SE-211 28 Malmö, Sweden.

#### **Ivar Tollefsen (born 1961) – chairman of the board of directors**

Member of the board of directors since: 2005

Other relevant assignments outside the Group: Chairman of the board of directors, as well as owner, of Fredensborg AS, member of the board of directors of Fredensborg Bolig AS, Romania Invest AS, Båtgutta AS and Probond AS.

#### **Patrik Hall (born 1965) – member of the board of directors, chief executive officer**

Member of the board of directors since: 2005

Other relevant assignments outside the Group: Owner and member of the board of directors of Halwad Invest AB.

#### **Magnus Nordholm (born 1974) – member of the board of directors**

Member of the board of directors since: 2009

Other relevant assignments outside the Group: CEO and member of the board of directors of Fredensborg AS, owner and member of the board of directors of North Island REIM AB, chairman of the board of directors of Fjellhvil Utvikling AS, Estatia Resort Holding AS, Estatia Resort Nor AS and Romania Invest AS, member of the board of directors of Heimstaden Bostad Invest 10 AS, Heimstaden Invest AS, Storsand Utvikling AS and Møllerveien 2 AS, Nordic Depository Services (Sweden) AB, and deputy member of the board of directors of Norefjell Arena AS, Estatia Resort Hotels AS, Fredensborg Boligutleie ANS and Norefjell Utvikling AS.

#### **John Giverholt (born 1952) – member of the board of directors**

Member of the board of directors since: 2018

Other relevant assignments outside the Group: Chairman of the board of directors of Aktuarfirmaet Lillevold & Partners AS and Ortomedic AS and member of the board of directors of Scatec Solar ASA, Aars AS and Gjensidige Forsikring ASA.

### **5.2 Management**

The key members of the Company's management, their position, the year of their employment and other relevant assignments outside the Company are set forth below. All management members can be contacted through the Company's registered address, Östra Promenaden 7 A, SE-211 28 Malmö, Sweden.

#### **Patrik Hall (born 1965) - chief executive officer**

In current position since 2003. See section 5.1 above "*Board of directors*".

**Ingvor Sundbom (born 1972) - chief financial officer**

In current position since 2018.

Other relevant assignments outside the Group: CEO and member of the board of directors of Santya AB.

**Göran Bengtsson (born 1967) - chief management officer**

In current position since 2018. Göran Bengtsson has no relevant assignments outside the Group.

**Christian Fladeland (born 1986) - chief investment officer**

In current position since 2019.

Other relevant assignments outside the Group: member of the board of directors of Sadolin & Albæk Partner ApS and Core Advise AS and CEO of Fladeland Invest ApS.

**Suzanna Malmgren (born 1971) - chief human resources**

In current position since 2017. Suzanna Malmgren has no relevant assignments outside the Group.

**Helge Krogsbøl (born 1968) - chief operating officer**

In current position since 2018.

Other relevant assignments outside the Group: member of the board of directors of Grefsenveien 55 AS and CEO and chairman of the board of directors in Krog forvaltning AS.

**5.3 Auditor**

The Company's auditor is currently Ernst & Young AB with Peter von Knorring (authorised accountant and member of FAR) as the auditor in charge. Ernst & Young AB has been the Company's auditor since the financial year 2015. Ernst & Young AB was elected as auditor of the Company at the general meeting held 24 May 2019 for the time until the end of the annual general meeting 2020. The address to Ernst & Young AB is Jakobsbergsgatan 24, SE-111 44 Stockholm.

Unless otherwise explicitly stated, no information contained in this Prospectus has been audited or reviewed by the Company's auditor.

**5.4 Conflicts of interest**

As described above, Ivar Tollefsen held, through an intermediary company, approximately 86 per cent. of the share capital and 98 per cent. of the votes in the Company as of 31 December 2018. Such indirect ownership may entail conflict of interests. Ivar Tollefsen's share capital in the company will decrease marginally as a result of a management incentive programme for certain employees of Fredensborg AS and its subsidiaries and the Group which is planned to be established in the near future.

John Giverholt and Helge Krogsbøl will become minority shareholders of the Company through participation in the above mentioned planned management incentive programme. Their combined holding of shares in the Company will not exceed 2 per cent. of the share capital and will not result in any voting rights.

Patrik Hall and Magnus Nordholm are minority shareholders of the Group Company Heimstaden Bostad AB in which the Company owns 62.7 per cent. of the shares. Patrik Hall also holds 900 preference shares in the Company.

Apart from the above, there are no current conflicts of interest or potential conflicts of interests between the duties of the members of the board of directors and the members of management towards the Company and their private interests and/or other duties.

Even if there are no current conflicts of interest, it cannot be excluded that conflicts of interest may arise between companies to which members of the board of directors and members of the senior management owe their duties, as described above, and the Company.

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

## **5.5 Financial interests**

Members of the board of directors and the management have financial interests in the Company through their, direct and indirect, holdings of shares in the Company.

## 6 Overview of financial reporting and documents incorporated by reference

The accounting principles applied in the preparation of the Company's financial statements are set out below and have been consistently applied to all the years presented, unless otherwise stated.

The financial information for the financial years ending 31 December 2018 and 31 December 2017 have been prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), interpretations of these standards (IFRICs) issued by the IFRS Interpretations Committee, RFR 1 (Sw. *Kompletterande redovisningsregler för koncerner*) and the Swedish Annual Accounts Act.

The Company's consolidated financial statements for the financial years ended 31 December 2017 and 31 December 2018 have been audited by the Company's auditor and are incorporated in this Prospectus by reference, together with the audit report for respective year.

In this Prospectus the following documents are incorporated by reference. The documents have been made public and have been handed in to the Swedish Financial Supervisory Authority.

Reference	Document	Page(s)
Financial information regarding Heimstaden and its business for the financial year ended 31 December 2017	Heimstaden's annual and consolidated annual report for the financial year ended 31 December 2017	<ul style="list-style-type: none"> <li>- 51 (Definitions of alternative performance measures)</li> <li>- 62 (Group's consolidated statement on comprehensive income)</li> <li>- 64 (Group's consolidated statement of financial position)</li> <li>- 66 (Group's consolidated statement of changes in equity)</li> <li>- 68 (Group's consolidated cash flow statement)</li> <li>- 70–85 (Group's accounting principles and notes)</li> <li>- 86 (Company's income statement)</li> <li>- 87 and 88 (Company's balance sheet)</li> <li>- 88 (Company's statement of changes in equity)</li> <li>- 89 (Company's cash flow statement)</li> <li>- 90–93 (Company's accounting principles and notes)</li> </ul>
Auditor's report for the financial year ended 31 December 2017	Auditor's report for the financial year ended 31 December 2017	- 96–98 (Auditor's report)
Financial information regarding Heimstaden and its business for the financial year ended 31 December 2018	Heimstaden's annual and consolidated annual report for the financial year ended 31 December 2018	<ul style="list-style-type: none"> <li>- 98 (Group's consolidated statement on comprehensive income)</li> <li>- 100 and 102 (Group's consolidated statements of financial position)</li> <li>- 102 (Group's consolidated statement of changes in equity)</li> </ul>



		- 104 (Group's consolidated cash flow statement)
		- 106–127 (Group's accounting principles and notes)
		- 128 (Company's income statement)
		- 129 and 130 (Company's balance sheet)
		- 130 (Company's statement of changes in equity)
		- 131 (Company's cash flow statement)
		- 132–137 (Company's accounting principles and notes)
		- 145 ( Definitions of alternative performance measures )
Auditor's report for the financial year ended 31 December 2018	Auditor's report for the financial year ended 31 December 2018	- 140–142 (Auditor's report)

Investors should read all information which is incorporated in the Prospectus by reference. Information in the above documents which is not incorporated by reference is either deemed by the Company not to be relevant for investors in the Bonds or is covered elsewhere in the Prospectus. The documents can be obtained in paper format at the Company's head office and are also available at the Company's website, [www.heimstaden.com](http://www.heimstaden.com).

## **7 Documents available for inspection**

Hard copies of the following documents are available for review during the period of validity of this Prospectus at the Company's head office at Östra Promenaden 7 A, SE-211 28 Malmö, Sweden, during ordinary weekday office hours:

- (a) the Company's articles of association as of the date of this Prospectus;
- (b) the certificate of registration of the Company;
- (c) the annual reports for the previous two financial years of the Company's subsidiaries;
- (d) the documents listed in section 6 above, which are incorporated by reference.

**TERMS AND CONDITIONS FOR  
HEIMSTADEN AB (PUBL)**

**Heimstaden**

**MAXIMUM SEK 1,750,000,000  
SENIOR UNSECURED FLOATING RATE BONDS 2019/2023**

**ISIN: SE0012622249**

**LEI: 549300WD2QBD89VBPV88**

First Issue Date: 31 May 2019

*The distribution of this document and the private placement of the Bonds in certain jurisdictions may be restricted by law. Persons into whose possession this document comes are required to inform themselves about, and to observe, such restrictions.*

*The Bonds have not been and will not be registered under the U.S. Securities Act of 1933, as amended, and are subject to U.S. tax law requirements. The Bonds may not be offered, sold or delivered within the United States of America or to, or for the account or benefit of, U.S. persons.*

## PRIVACY NOTICE

The Issuer and the Agent may collect and process personal data relating to the Bondholders, the Bondholders' representatives or agents, and other persons nominated to act on behalf of the Bondholders pursuant to these Terms and Conditions (name, contact details and, when relevant, holding of Bonds). The personal data relating to the Bondholders is primarily collected from the registry kept by the CSD. The personal data relating to other Persons is primarily collected directly from such Persons.

The personal data collected will be processed by the Issuer and the Agent for the following purposes:

- (a) to exercise their respective rights and fulfil their respective obligations under these Terms and Conditions and the Agency Agreement;
- (b) to manage the administration of the Bonds and payments under the Bonds;
- (c) to enable the Bondholders to exercise their rights under these Terms and Conditions; and
- (d) to comply with their obligations under applicable laws and regulations.

The processing of personal data by the Issuer and the Agent in relation to items (a)–(c) is based on their legitimate interest to exercise their respective rights and to fulfil their respective obligations under these Terms and Conditions and the Agency Agreement. In relation to item (d), the processing is based on the fact that such processing is necessary for compliance with a legal obligation incumbent on the Issuer or Agent. Unless otherwise required or permitted by law, the personal data collected will not be kept longer than necessary given the purpose of the processing.

Personal data collected may be shared with third parties, such as the CSD, when necessary to fulfil the purpose for which such data is processed.

Subject to any legal preconditions, the applicability of which have to be assessed in each individual case, data subjects have the rights as follows. Data subjects have right to get access to their personal data and may request the same in writing at the address of the Issuer and the Agent, respectively. In addition, data subjects have the right to (i) request that personal data is rectified or erased, (ii) object to specific processing, (iii) request that the processing be restricted and (iv) receive personal data provided by themselves in machine-readable format. Data subjects are also entitled to lodge complaints with the relevant supervisory authority if dissatisfied with the processing carried out.

The Issuer's and the Agent's addresses, and the contact details for their respective data protection officers (if applicable), are found on their websites [www.heimstaden.se](http://www.heimstaden.se) and [www.nordictrustee.com](http://www.nordictrustee.com).

**TERMS AND CONDITIONS FOR  
HEIMSTADEN AB (PUBL)  
MAXIMUM SEK 1,750,000,000  
SENIOR UNSECURED FLOATING RATE BONDS 2019/2023  
ISIN: SE0012622249**

**1 DEFINITIONS AND CONSTRUCTION**

**1.1 Definitions**

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

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

“**Accounting Principles**” means generally accepted accounting principles, standards and practices in Sweden, including international financial reporting standards (IFRS) (as adopted or amended from time to time), if applicable.

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

“**Affiliate**” means any person, directly or indirectly, controlling or controlled by or under direct or indirect common control with another specified person. For the purpose of this definition, “control” when used with respect to any person means the power to direct the management and policies of such person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms “controlling” and “controlled” have meanings correlative to the foregoing.

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

“**Agent**” means the Bondholders’ agent under these Terms and Conditions and, if relevant, the other Finance Documents, from time to time; initially Nordic Trustee & Agency AB (publ) reg. no. 556882-1879, P.O. Box 7329, SE-103 90 Stockholm, Sweden.

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

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

“**Bondholders’ Meeting**” means a meeting among the Bondholders held in accordance with Clause 17 (*Bondholders’ Meeting*).

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

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

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

“**Change of Control Event**” means if Fredensborg AS, reg. no. 943 582 815, ceases to control the Issuer, and where “**control**” means that Fredensborg AS ceases to:

- (a) own, directly or indirectly, and vote as it sees fit for, more than fifty (50.00) per cent. of the total number of shares and votes in the Issuer; or
- (b) have the right to, directly or indirectly, appoint or remove the whole or a majority of the directors of the board of directors of the Issuer.

“**Compliance Certificate**” means a certificate, in form and substance set out in Schedule 1 (*Compliance Certificate*), signed by the CFO, CEO or another authorised signatory of the Issuer certifying:

- (a) that so far as it is aware no Event of Default is continuing or, if it is aware that such event is continuing, specifying the event and steps, if any, being taken to remedy it; and
- (b) the percentages and calculations in respect of Solvency Ratio and the Equity Ratio.

“**CSD**” means the Issuer’s central securities depository and registrar in respect of the Bonds, from time to time, initially Euroclear Sweden AB, reg. no. 556112-8074, P.O. Box 191, 101 23 Stockholm, Sweden.

“**Equity Ratio**” means, at any time, the equity of the Group as a percentage of the aggregate value of the Total Assets (in each case calculated in accordance with the Accounting Principles and in line with the principles for the audited financial statements).

“**Event of Default**” means an event or circumstance specified in Clause 14 (*Events of Default*).

“**Existing Bonds**” means, on the First Issue Date, the Issuer’s outstanding SEK 1,250,000,000 senior unsecured callable bonds with ISIN SE0006259669 having a final maturity date on 16 September 2019.

“**Final Maturity Date**” means 31 May 2023.

**“Finance Documents”** means:

- (a) these Terms and Conditions;
- (b) the Agency Agreement;
- (c) any Compliance Certificate; and
- (d) any other document designated as a Finance Document by the Agent and the Issuer.

**“Finance Lease”** means any lease or hire purchase contract which would, in accordance with the Accounting Principles, be treated as a balance sheet liability.

**“Financial Indebtedness”** means any indebtedness for or in respect of:

- (a) monies borrowed and debit balances at banks or other financial institutions;
- (b) any amount raised by acceptance under any acceptance credit facility or dematerialised equivalent;
- (c) any amount raised pursuant to any note purchase facility or the issue of bonds, notes, debentures, loan stock or any similar instrument;
- (d) the amount of any liability in respect of any Finance Lease;
- (e) receivables sold or discounted (other than any receivables to the extent they are sold on a non-recourse basis);
- (f) any derivative transaction (and, when calculating the value of that derivative transaction, only the marked to market value as at the relevant date on which Financial Indebtedness is calculated (or, if any actual amount is due as a result of the termination or close-out of that derivative transaction, that amount) shall be taken into account);
- (g) any counter-indemnity obligation in respect of a guarantee, bond, standby or documentary letter of credit or any other instrument issued by a bank or financial institution;
- (h) any amount of any liability under an advance or deferred purchase agreement if (i) one of the primary reasons behind entering into the agreement is to raise finance or (ii) the agreement is in respect of the supply of assets or services and payment is due more than sixty (60) days after the date of supply;
- (i) any amount raised under any other transaction (including any forward sale or purchase agreement) having the commercial effect of a borrowing; and
- (j) without double counting, the amount of any liability in respect of any guarantee for any of the items referred to in paragraphs (a) to (i) above.

**“Financial Report”** means the annual audited consolidated financial statements of the Group or the quarterly interim unaudited consolidated reports of the Group which shall be prepared and made available according to paragraphs (a) and (b) of Clause 12.1.1.

**“Financial Year”** means the annual accounting period of the Group.

**“First Issue Date”** means 31 May 2019.

“**Force Majeure Event**” has the meaning set forth in Clause 26.1.

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

“**Heimstaden Bostad**” means Heimstaden Bostad AB (reg. no. 556864-0873).

“**Initial Bonds**” means the Bonds issued on the First Issue Date.

“**Initial Bonds Issue**” means the issuance of Bonds on the First Issue Date.

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

“**Interest**” means the interest on the Bonds calculated in accordance with Clauses 10.1 to 10.3.

“**Interest Payment Date**” means 31 March, 30 June, 30 September and 31 December each year or, to the extent such day is not a Business Day, the Business Day following from an application of the Business Day Convention. The first Interest Payment Date for the Bonds shall be 30 June 2019 (short first Interest Period) and the last Interest Payment Date shall be the Final Maturity Date (short last Interest Period) (or any Redemption Date prior thereto).

“**Interest Period**” means each period beginning on (but excluding) the First Issue Date or any Interest Payment Date and ending on (and including) the next succeeding Interest Payment Date (or a shorter period if relevant) and, in respect of Subsequent Bonds, each period beginning on (but excluding) the Interest Payment Date falling immediately prior to their issuance and ending on (and including) the next succeeding Interest Payment Date (or a shorter period if relevant).

“**Interest Rate**” means a floating rate of STIBOR (3 months) plus a margin of 3.25 per cent. *per annum*, provided that if the “Interest Rate” at any time is less than zero (0) it shall be deemed to be zero (0).

“**Issuer**” means Heimstaden AB (publ), a public limited liability company incorporated under the laws of Sweden with reg. no. 556670-0455.

“**Issuing Agent**” means Nordea Bank Abp, filial i Sverige, with Swedish reg. no. 516411-1683, SE-105 71 Stockholm, Sweden or another party replacing it, as Issuing Agent, in accordance with these Terms and Conditions.

“**Listing Failure Event**” shall be deemed to have occurred if the loan constituted by the terms and conditions and evidenced by the Initial Bonds has not been admitted to trading on



the corporate bond list of Nasdaq Stockholm or, if such admission to trading is not possible to obtain or maintain, admitted to trading on another Regulated Market within sixty (60) days from the First Issue Date (although the intention is to list the Initial Bonds within thirty (30) days from the First Issue Date).

“**Market Loan**” means any loan or other indebtedness where an entity issues commercial paper, certificates, convertibles, subordinated debentures, bonds or other debt securities (including, for the avoidance of doubt, medium term note programmes and other market funding programmes), which is or can be admitted for trading on a Swedish or foreign regulated market.

“**Material Group Company**” means the Issuer and any other Group Company which total assets according to the latest Financial Report amount to at least SEK 50,000,000.

“**Nasdaq Stockholm**” means the Regulated Market of Nasdaq Stockholm AB, Swedish reg. no. 556420-8394.

“**Nominal Amount**” has the meaning set forth in Clause 2.3.

“**Properties**” means all real properties and site leasehold rights owned by any member of the Group from time to time.

“**Quarter Date**” means each of 31 March, 30 June, 30 September and 31 December.

“**Quotation Day**” means in relation to (i) an Interest Period for which an Interest Rate is to be determined, two (2) Business Days before the immediately preceding Interest Payment Date (or in respect of the first Interest Period, two (2) Business Days before the First Issue Date), or (ii) any other period for which an interest rate is to be determined, two (2) Business Days before the first day of that period.

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

“**Redemption Date**” means the date on which the relevant Bonds are to be redeemed or repurchased in accordance with Clause 11 (*Redemption and repurchase of the Bonds*).

“**Regulated Market**” means any regulated market (as defined in Directive 2004/39/EC on markets in financial instruments).

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

“**Security**” means a mortgage, charge, pledge, lien, security assignment or other security interest securing any obligation of any person, or any other agreement or arrangement having a similar effect.

“**Solvency Ratio**” means the ratio of Total Net Debt to Total Assets.

“**STIBOR**” means:

- (a) the applicable percentage rate per annum displayed on Nasdaq Stockholm’s website for STIBOR fixing (or through another website replacing it) as of or around 11.00 a.m. on the Quotation Day for the offering of deposits in Swedish Kronor and for a period comparable in length to the relevant Interest Period; or
- (b) if no such rate as set out in item (a) above is available for the relevant Interest Period, the rate calculated by the Issuing Agent (rounded upwards to four decimal places) which results from interpolating on a linear basis between (i) the applicable screen rate for the longest period (for which that screen rate is available) which is less than the Interest Period and (ii) the applicable screen rate for the shortest period (for which that screen rate is available) which exceeds that Interest Period, as of or around 11 a.m. on the Quotation Day; or
- (c) if no rate is available for the relevant Interest Period pursuant to item (a) and/or (b) above, the arithmetic mean of the rates (rounded upwards to four decimal places) as supplied to the Issuing Agent at its request quoted by leading banks in the Stockholm interbank market reasonably selected by the Issuing Agent, for deposits of SEK 100,000,000 for the relevant period; or
- (d) if no quotation is available pursuant to paragraph (c) above, the interest rate which according to the reasonable assessment of the Issuing Agent best reflects the interest rate for deposits in Swedish Kronor offered in the Stockholm interbank market for the relevant period.

“**Subsequent Bonds**” means any Bonds issued after the First Issue Date on one or more occasions.

“**Subsequent Bonds Issue**” means Subsequent Bonds issued by the Issuer under these Terms and Conditions after the First Issue Date.

“**Subsidiary**” means, in relation to any person, any Swedish or foreign legal entity (whether incorporated or not), in respect of which such person, directly or indirectly, (i) owns shares or ownership rights representing more than fifty (50.00) per cent. of the total number of votes held by the owners, (ii) otherwise controls more than fifty (50.00) per cent. of the total number of votes held by the owners, (iii) has the power to appoint and remove all, or the majority of, the members of the board of directors or other governing body, or (iv) exercises control as determined in accordance with the Accounting Principles.

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

“**Test Date**” means 31 March, 30 June, 30 September and 31 December each year.

“**Total Assets**” means, at any time, the total assets of the Group calculated in accordance with the Accounting Principles and in line with the principles for its audited Financial Report.

“**Total Net Debt**” means, at any time, the aggregate amount of all obligations of members of the Group for or in respect of Financial Indebtedness and any guarantee and/or indemnity in respect of any Financial Indebtedness at that time but:

- (a) *less* cash and cash equivalents and listed shares held by the Group (excluding shares in Group Companies); and
- (b) *excluding* any guarantee and/or indemnity in respect of any Financial Indebtedness that the Issuer has directly or indirectly accounted for in its most recent Financial Report; and
- (c) in relation to any revolving credit facility, only the utilized amount shall be taken into account,

and so that no amount shall be included or excluded more than once.

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

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

## 1.2 Construction

1.2.1 Unless a contrary indication appears, any reference in these Terms and Conditions to:

- (a) “**assets**” includes present and future properties, revenues and rights of every description;
- (b) any agreement or instrument is a reference to that agreement or instrument as supplemented, amended, novated, extended, restated or replaced from time to time;
- (c) a “**regulation**” includes any regulation, rule or official directive (whether or not having the force of law) of any governmental, intergovernmental or supranational body, agency or department;
- (d) an Event of Default is continuing if it has not been remedied or waived;
- (e) a provision of law is a reference to that provision as amended or re-enacted; and
- (f) a time of day is a reference to Stockholm time.

1.2.2 When ascertaining whether a limit or threshold specified in Swedish Kronor has been attained or broken, an amount in another currency shall be counted on the basis of the rate of exchange for such currency against Swedish Kronor for the previous Business Day, as

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

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

## **2 THE AMOUNT OF THE BONDS AND UNDERTAKING TO MAKE PAYMENTS**

- 2.1 The Bonds are denominated in Swedish Kronor and each Bond is constituted by these Terms and Conditions. The Issuer undertakes to make payments in relation to the Bonds and to comply with these Terms and Conditions.
- 2.2 By subscribing for Bonds, each initial Bondholder agrees that the Bonds shall benefit from and be subject to the Finance Documents and by acquiring Bonds, each subsequent Bondholder confirms such agreement.
- 2.3 The nominal amount of each Bond is SEK 1,250,000 (the “Nominal Amount”). All Initial Bonds are issued on a fully paid basis at an issue price of one hundred (100.00) per cent. of the Nominal Amount. The Total Nominal Amount of the Initial Bonds is SEK 1,500,000,000.
- 2.4 The Issuer may, at one or several occasions, issue Subsequent Bonds, provided that:
  - (a) no Event of Default is continuing or would result from such issue;
  - (b) the Solvency Ratio covenant will not be breached as a result of such subsequent issue; and
  - (c) the Equity Ratio covenant will not be breached as a result of such subsequent issue.
- 2.5 Subsequent Bonds shall benefit from and be subject to the Finance Documents, and, for the avoidance of doubt, the ISIN, the interest rate, the Nominal Amount and the final maturity applicable to the Initial Bonds shall apply to Subsequent Bonds. Each Subsequent Bond shall entitle its holder to Interest in accordance with Clause 8.1, and otherwise have the same rights as the Initial Bonds.
- 2.6 The price of the Subsequent Bonds may be set at the Nominal Amount, at a discount or at a premium compared to the Nominal Amount.
- 2.7 The maximum total nominal amount of the Bonds (the Initial Bonds and all Subsequent Bonds) may not exceed SEK 1,750,000,000 unless consent from the Bondholders is obtained in accordance with Clause 16.5.

## **3 STATUS OF THE BONDS**

The Bonds constitute direct, unconditional and unsecured obligations of the Issuer and shall at all times rank at least *pari passu* with all other direct, unconditional and unsecured obligations of the Issuer and without any preference among them.

#### **4 USE OF PROCEEDS**

The Issuer shall use the proceeds from the issue of the Initial Bonds, less the costs and expenses incurred by the Issuer in connection with the issue of the Initial Bonds, firstly to repay the Existing Bonds which shall be redeemed in full prior to their final maturity date and thereafter towards general corporate purposes of the Group. The Issuer shall use the proceeds from the issue of any Subsequent Bonds, less the costs and expenses incurred by the Issuer in connection with the issue of Subsequent Bonds, for investments, acquisitions and general corporate purposes of the Group.

#### **5 THE BONDS AND TRANSFERABILITY**

- 5.1 Each Bondholder is bound by these Terms and Conditions without there being any further actions required to be taken or formalities to be complied with.
- 5.2 The Bonds are freely transferable but the Bondholders may be subject to purchase or transfer restrictions with regard to the Bonds, as applicable, under local laws to which a Bondholder may be subject. Each Bondholder must ensure compliance with such restrictions at its own cost and expense.
- 5.3 All Bond transfers are subject to these Terms and Conditions and these Terms and Conditions are automatically applicable in relation to all Bonds transferees upon completed transfer.
- 5.4 Upon a transfer of Bonds, any rights and obligations under the Finance Documents relating to such Bonds are automatically transferred to the transferee.
- 5.5 No action is being taken in any jurisdiction that would or is intended to permit a public offering of the Bonds or the possession, circulation or distribution of any document or other material relating to the Issuer or the Bonds in any jurisdiction other than Sweden, where action for that purpose is required. Each Bondholder must inform itself about, and observe, any applicable restrictions to the transfer of material relating to the Issuer or the Bonds.

#### **6 CONDITIONS PRECEDENT**

- 6.1 Prior to the First Issue Date, the Issuer shall provide to the Agent:
  - (a) copies of constitutional documents of the Issuer;
  - (b) duly executed copies of these Terms and Conditions and the Agency Agreement;
  - (c) a copy of a resolution of the board of directors of the Issuer:
    - (i) approving the terms of, and the transactions contemplated by, the Finance Documents to which it is a party and resolving that it execute, deliver and perform the Finance Documents to which it is a party;
    - (ii) authorising a specified person or persons to execute the Finance Documents to which it is a party on its behalf; and

- (iii) authorising a specified person or persons, on its behalf, to sign and/or despatch all documents and notices to be signed and/or despatched by it under or in connection with the Finance Documents to which it is a party; and
- (d) an irrevocable notice of early redemption under the Existing Bonds where the Issuer sets out that it will redeem all Existing Bonds on a specified date.

6.2 Prior to issuance of any Subsequent Bonds, the Issuer shall provide to the Agent:

- (a) to the extent not covered by the resolutions from the board of directors under Clause 6.1, a copy of a resolution of the board of directors of the Issuer:
  - (i) approving the terms of, and the transactions contemplated by, the Subsequent Bonds and resolving that it execute, deliver and perform any documents necessary in connection with the issue of the Subsequent Bonds;
  - (ii) authorising a specified person or persons to execute any such documents; and
  - (iii) authorising a specified person or persons, on its behalf, to sign and/or despatch all documents and notices to be signed and/or despatched by it under or in connection with the Subsequent Bonds;
- (b) a Compliance Certificate; and
- (c) a copy of any other authorisation or other document, opinion or assurance which the Agent notifies the Issuer that it reasonably considers necessary or desirable in connection with the issue of the Subsequent Bonds.

6.3 The Agent may assume that the documentation delivered to it pursuant to Clauses 6.1 and 6.2 is accurate, correct and complete unless it has actual knowledge that this is not the case, and the Agent does not have to verify the contents of any such documentation.

6.4 The Agent shall confirm to the Issuing Agent when it is satisfied that the conditions in Clauses 6.1 and 6.2 (as applicable), as the case may be, have been fulfilled.

## **7 BONDS IN BOOK-ENTRY FORM**

7.1 The Bonds will be registered for the Bondholders on their respective Securities Accounts and no physical bonds will be issued. Accordingly, the Bonds will be registered in accordance with the Central Securities Depositories and Financial Instruments Accounts Act. Registration requests relating to the Bonds shall be directed to an Account Operator.

7.2 Those who according to assignment, security, the provisions of the Swedish Children and Parents Code (Sw. *föräldrabalken (1949:381)*), conditions of will or deed of gift or otherwise have acquired a right to receive payments in respect of a Bond shall register their entitlements to receive payment in accordance with the Central Securities Depositories and Financial Instruments Accounts Act.

7.3 The Issuer (and the Agent when permitted under the CSD's applicable regulations) shall be entitled to obtain information from the debt register (Sw. *skuldbok*) kept by the CSD in

respect of the Bonds. At the request of the Agent, the Issuer shall promptly obtain such information and provide it to the Agent.

- 7.4 For the purpose of or in connection with any Bondholders' Meeting or any Written Procedure, the Issuing Agent shall be entitled to obtain information from the debt register kept by the CSD in respect of the Bonds.
- 7.5 The Issuer shall issue any necessary power of attorney to such persons employed by the Agent, as notified by the Agent, in order for such individuals to independently obtain information directly from the debt register kept by the CSD in respect of the Bonds. The Issuer may not revoke any such power of attorney unless directed by the Agent or unless consent thereto is given by the Bondholders.
- 7.6 The Issuer (and the Agent when permitted under the CSD's applicable regulations) may use the information referred to in Clause 7.3 only for the purposes of carrying out their duties and exercising their rights in accordance with the Finance Documents and shall not disclose such information to any Bondholder or third party unless necessary for such purposes.

## **8 RIGHT TO ACT ON BEHALF OF A BONDHOLDER**

- 8.1 If any person other than a Bondholder wishes to exercise any rights under the Finance Documents, it must obtain a power of attorney or other proof of authorisation from the Bondholder or a successive, coherent chain of powers of attorney or proofs of authorisation starting with the Bondholder and authorising such person.
- 8.2 A Bondholder may issue one or several powers of attorney to third parties to represent it in relation to some or all of the Bonds held by it. Any such representative may act independently under the Finance Documents in relation to the Bonds for which such representative is entitled to represent the Bondholder and may further delegate its right to represent the Bondholder by way of a further power of attorney.
- 8.3 The Agent shall only have to examine the face of a power of attorney or other proof of authorisation that has been provided to it pursuant to Clause 8.2 and may assume that it has been duly authorised, is valid, has not been revoked or superseded and that it is in full force and effect, unless otherwise is apparent from its face.

## **9 PAYMENTS IN RESPECT OF THE BONDS**

- 9.1 Any payment or repayment under the Finance Documents, or any amount due in respect of a repurchase of any Bonds, shall be made to such person who is registered as a Bondholder on the Record Date prior to an Interest Payment Date or other relevant due date, or to such other person who is registered with the CSD on such date as being entitled to receive the relevant payment, repayment or repurchase amount.
- 9.2 If a Bondholder has registered, through an Account Operator, that principal and interest shall be deposited in a certain bank account, such deposits will be effected by the CSD on the relevant payment date. In other cases, payments will be transferred by the CSD to the Bondholder at the address registered with the CSD on the Record Date. Should the CSD, due to a delay on behalf of the Issuer or some other obstacle, not be able to effect payments as

aforesaid, the Issuer shall procure that such amounts are paid to the persons who are registered as Bondholders on the relevant Record Date as soon as possible after such obstacle has been removed.

9.3 If, due to any obstacle for the CSD, the Issuer cannot make a payment or repayment, such payment or repayment may be postponed until the obstacle has been removed. Interest shall accrue in accordance with Clause 10.4 during such postponement.

9.4 If payment or repayment is made in accordance with this Clause 9, the Issuer and the CSD shall be deemed to have fulfilled their obligation to pay, irrespective of whether such payment was made to a person not entitled to receive such amount, unless the Issuer or the CSD (as applicable) was aware of that the payment was being made to a person not entitled to receive such amount.

9.5 The Issuer shall pay any stamp duty and other public fees accruing in connection with the Initial Bond Issue or any Subsequent Bond Issue, but not in respect of trading in the secondary market (except to the extent required by applicable law), and shall deduct at source any applicable withholding tax payable pursuant to law. The Issuer shall not be liable to reimburse any stamp duty or public fee or to gross-up any payments under these Terms and Conditions by virtue of any withholding tax.

## **10 INTEREST**

10.1 Each Initial Bond carries Interest at the Interest Rate from (but excluding) the First Issue Date up to (and including) the relevant Redemption Date. Any Subsequent Bond will carry Interest at the Interest Rate from (but excluding) the Interest Payment Date falling immediately prior to its issuance up to (and including) the relevant Redemption Date.

10.2 Interest accrues during an Interest Period. Payment of Interest in respect of the Bonds shall be made to the Bondholders on each Interest Payment Date for the preceding Interest Period.

10.3 Interest shall be calculated on the basis of the actual number of days in the Interest Period in respect of which payment is being made divided by 360 (actual/360-days basis).

10.4 If the Issuer fails to pay any amount payable by it on its due date, default interest shall accrue on the overdue amount from (but excluding) the due date up to (and including) the date of actual payment at a rate which is two (2) percentage units higher than the Interest Rate. Accrued default interest shall not be capitalised. No default interest shall accrue where the failure to pay was solely attributable to the Agent or the CSD, in which case the Interest Rate shall apply instead.

## **11 REDEMPTION AND REPURCHASE OF THE BONDS**

### **11.1 Redemption at maturity**

The Issuer shall redeem all, but not some only, of the outstanding Bonds in full on the Final Maturity Date with an amount per Bond equal to the Nominal Amount together with accrued but unpaid Interest. If the Final Maturity Date is not a Business Day and if permitted under the CSD's applicable regulations, on the Business Day following from an application of the Business Day Convention, and otherwise on the first following Business Day.



## 11.2 Group Company's purchase of Bonds

Each Group Company may, subject to applicable law, at any time and at any price purchase Bonds on the market or in any other way. Bonds held by a Group Company may at such Group Company's discretion be retained or sold but not cancelled, except in connection with a redemption of the Bonds in full.

## 11.3 Voluntary total redemption (call option)

11.3.1 The Issuer may redeem all, but not only some, of the outstanding Bonds at an amount per Bond equal to the Nominal Amount together with accrued but unpaid Interest:

- (a) on a date determined by the Issuer if it is or becomes unlawful for the Issuer to perform its obligations under the Finance Documents; and
- (b) in connection with a refinancing of the Bonds in full with a new bond issue, or other similar capital markets issues, during the six (6) months period falling immediately prior to the Final Maturity Date.

11.3.2 The Issuer may furthermore redeem all, but not only some, of the outstanding Bonds at any time (including, for the avoidance of doubt, following a partial mandatory repurchase of Bonds pursuant to Clause 11.4 (*Mandatory repurchase (put option)*) or a partial voluntary redemption of Bonds pursuant to Clause 11.2 (*Group Company's purchase of Bonds*) by way of open market purchases, tender offer or otherwise) the aggregate Nominal Amount of the Bonds held by the Issuer exceeds eighty (80) per cent. or more of the Total Nominal Amount, at a price per Bond equal to the higher of:

- (a) the Nominal Amount; and
- (b)
  - (i) the weighted average price (excluding any proportion of the price attributable to accrued Interest) per Bond paid by the Issuer in any purchase, repurchase or redemption of Bonds during the period of thirty (30) days falling immediately prior to the date notice is given in accordance with Clause 11.3.3; or
  - (ii) if the Issuer has made no purchase, repurchase or redemption of Bonds during the period set out in paragraph (b)(i) above, the most recent price (excluding any proportion of the price attributable to accrued Interest) per Bond paid by the Issuer in any purchase, repurchase or redemption of Bonds,

in each case together with accrued but unpaid Interest.

11.3.3 Redemption in accordance with Clauses 11.3.1 and 11.3.2 shall be made by the Issuer giving not less than ten (10) Business Days' notice to the Bondholders and the Agent. Any such notice shall state the Redemption Date, the relevant Record Date and the redemption price determined in accordance with Clause 11.3.2 and is irrevocable but may, at the Issuer's discretion, contain one or more conditions precedent. Upon expiry of such notice and the

fulfilment of the conditions precedent (if any), the Issuer is bound to redeem the Bonds in full at the applicable amounts.

#### **11.4 Mandatory repurchase (put option)**

- 11.4.1 Upon a Change of Control Event or a Listing Failure Event occurring, each Bondholder shall have the right to request that all, or some only, of its Bonds be repurchased at a price per Bond equal to 101.00 per cent. of the Nominal Amount together with accrued but unpaid Interest, during a period of fifteen (15) Business Days following a notice from the Issuer of the Change of Control Event or a Listing Failure Event pursuant to Clause 12.1.2 (after which time period such right shall lapse). However, such period may not start earlier than upon the occurrence of the Change of Control Event or the Listing Failure Event.
- 11.4.2 The notice from the Issuer pursuant to Clause 12.1.2 shall specify the repurchase date and include instructions about the actions that a Bondholder needs to take if it wants Bonds held by it to be repurchased. If a Bondholder has so requested, and acted in accordance with the instructions in the notice from the Issuer, the Issuer, or a person designated by the Issuer, shall repurchase the relevant Bonds and the repurchase amount shall fall due on the repurchase date specified in the notice given by the Issuer pursuant to Clause 12.1.2. The repurchase date must fall no later than fifteen (15) Business Days after the end of the period referred to in Clause 11.4.1.
- 11.4.3 The Issuer shall comply with the requirements of any applicable securities laws or regulations in connection with the repurchase of Bonds. To the extent that the provisions of such laws and regulations conflict with the provisions in this Clause 11.4, the Issuer shall comply with the applicable securities laws and regulations and will not be deemed to have breached its obligations under this Clause 11.4 by virtue of the conflict.
- 11.4.4 Any Bonds repurchased by the Issuer pursuant to this Clause 11.4 may at the Issuer's discretion be retained or sold but not cancelled.
- 11.4.5 The Issuer shall not be required to repurchase any Bonds pursuant to this Clause 11.4, if a third party in connection with the occurrence of a Change of Control Event or Listing Failure Event, as applicable, offers to purchase the Bonds in the manner and on the terms set out in this Clause 11.4 (or on terms more favourable to the Bondholders) and purchases all Bonds validly tendered in accordance with such offer. If the Bonds tendered are not purchased

within the time limits stipulated in this Clause 11.4, the Issuer shall repurchase any such Bonds within five (5) Business Days after the expiry of the time limit.

## **12 INFORMATION TO BONDHOLDERS**

### **12.1 Information from the Issuer**

- 12.1.1 The Issuer will make the following information available to the Bondholders by way of publishing the information on the website of the Issuer, and, after the Bonds have been listed, the following information shall be made available by way of press release:
- (a) as soon as the same become available, but in any event within one hundred and twenty (120) days after the end of each Financial Year, its audited consolidated financial statements for that Financial Year;
  - (b) as soon as the same become available, but in any event within sixty (60) days after the end of each quarter of its Financial Year, its unaudited consolidated financial statements or the year-end report (Sw. *bokslutskommuniké*) (as applicable) for such period;
  - (c) as soon as practicable upon becoming aware of an acquisition or disposal of Bonds by a Group Company or an Affiliate, information regarding the aggregate Nominal Amount held by Group Companies and/or an Affiliate, or the amount of Bonds cancelled by the Issuer; and
  - (d) any other information required by the Swedish Securities Markets Act (Sw. *lag (2007:528) om värdepappersmarknaden*) and the rules and regulations of the Regulated Market on which the Bonds are admitted to trading.
- 12.1.2 The Issuer shall immediately notify the Bondholders and the Agent upon becoming aware of the occurrence of a Change of Control Event and a Listing Failure Event. A notice in relation to a Change of Control Event may be given in advance of the occurrence of a Change of Control Event, conditioned upon the occurrence of such Change of Control Event, if a definitive agreement is in place providing for a Change of Control Event.
- 12.1.3 When the financial statements and other information are made available to the Bondholders pursuant to Clause 12.1.1, the Issuer shall send copies of such financial statements and other information to the Agent. Together with the financial statements, the Issuer shall submit to the Agent a Compliance Certificate and attach copies of any notices sent to the Regulated Market on which the Bonds are admitted to trading.
- 12.1.4 The Issuer shall immediately notify the Agent (with full particulars) upon becoming aware of the occurrence of any event or circumstance which constitutes an Event of Default, or any event or circumstance which would (with the expiry of a grace period, the giving of notice, the making of any determination or any combination of any of the foregoing) constitute an Event of Default, and shall provide the Agent with such further information as it may reasonably request in writing following receipt of such notice. Should the Agent not receive such information, the Agent is entitled to assume that no such event or circumstance exists or

can be expected to occur, provided that the Agent does not have actual knowledge of such event or circumstance.

## **12.2 Information from the Agent**

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

## **12.3 Publication of Finance Documents**

12.3.1 The latest version of these Terms and Conditions (including any document amending these Terms and Conditions) shall be available on the website of the Issuer and the Agent.

12.3.2 The latest versions of the Finance Documents shall be available to the Bondholders at the office of the Agent during normal business hours.

## **13 GENERAL UNDERTAKINGS**

### **13.1 Disposals**

The Issuer shall not, and shall ensure that no other Group Company will, enter into a single transaction or a series of transactions (whether related or not) and whether voluntary or involuntary to sell, lease, transfer or otherwise dispose of all or a substantial part of the assets or operations of the Group where such disposal is reasonably likely to have an adverse effect on the ability of the Issuer to perform its obligations under the Finance Documents.

### **13.2 Negative pledge**

- (a) Except as permitted under paragraph (b) below, the Issuer shall not, and shall ensure that no other Group Company will, create or permit to subsist any Security over any of its assets for any Market Loan raised by the Company or another Group Company.
- (b) Notwithstanding paragraph (a) above, Heimstaden Bostad or any of its Subsidiaries may provide Security over its assets to secure any Market Loan issued by Heimstaden Bostad, provided that Heimstaden Bostad at the time of issue of such Market Loan has been assigned a credit rating by any of Standard & Poor's, Moody's or Fitch.

### **13.3 Merger**

The Issuer shall not, and shall procure that no Group Company will, enter into any amalgamation, demerger, merger, consolidation, unless between Group Companies and provided that the Issuer is the surviving entity.

### **13.4 Change of business**

The Issuer shall procure that no substantial change is made to the general nature of the business of the Group taken as a whole (i.e. primarily holding and operating properties) from that carried out by the Group on the First Issue Date.

### **13.5 Maintenance of Properties**

The Issuer shall, and shall procure that each other Group Company, keep the Properties in a good state of repair and maintenance, subject to normal wear and tear and in accordance with normal market practice, and in such repair and condition as will enable each Group Company owning a Property to comply in all material respects with all applicable laws and regulations.

### **13.6 Insurance**

The Issuer shall, and shall procure that each other Group Company, keep the Properties insured to an extent which is customary for similar properties on the Swedish market with one or more reputable insurers. The insurance cover shall *inter alia* include full value insurance and third party liability insurances.

### **13.7 Financial Covenants**

- 13.7.1 The Solvency Ratio may not exceed seventy-five (75) per cent. at any time.
- 13.7.2 The Equity Ratio may not be less than twenty (20) per cent. at any time.
- 13.7.3 The Solvency Ratio and the Equity Ratio shall be measured on each Test Date.

### **13.8 Admission to trading of Bonds**

The Issuer shall ensure that:

- (a) the Initial Bonds are admitted to trading on the corporate bond list of Nasdaq Stockholm or, if such admission to trading is not possible to obtain or maintain, admitted to trading on another Regulated Market within twelve (12) months after the First Issue Date;
- (b) the Bonds, once admitted to trading on the relevant Regulated Market, continue being admitted to trading thereon (however, taking into account the rules and regulations of the relevant Regulated Market and the CSD (as amended from time to time) preventing trading in the Bonds in close connection to the redemption of the Bonds); and
- (c) upon any Subsequent Bonds being issued, the volume of Bonds admitted to trading on the relevant Regulated Market promptly, and not later than twenty (20) Business Days (unless a shorter period is required by mandatory law) after the relevant issue date, is increased accordingly.

### **13.9 Undertakings relating to the Agency Agreement**

- 13.9.1 The Issuer shall, in accordance with the Agency Agreement:
  - (a) pay fees to the Agent;
  - (b) indemnify the Agent for costs, losses and liabilities;
  - (c) furnish to the Agent all information reasonably requested by or otherwise required to be delivered to the Agent; and

- (d) not act in a way which would give the Agent a legal or contractual right to terminate the Agency Agreement.

13.9.2 The Issuer and the Agent shall not agree to amend any provisions of the Agency Agreement without the prior consent of the Bondholders if the amendment would be detrimental to the interests of the Bondholders.

## **14 EVENTS OF DEFAULT**

Each of the events or circumstances set out in Clauses 14.1 to 14.9 is an Event of Default.

### **14.1 Non-Payment**

The Issuer does not pay on the due date any amount payable by it under the Finance Documents, unless the non-payment:

- (a) is caused by technical or administrative error; and
- (b) is remedied within five (5) Business Days from the due date.

### **14.2 Other obligations**

The Issuer or any other person (other than the Agent) does not comply with any terms or conditions of the Finance Documents to which it is a party (other than those terms referred to in Clause 14.1 above), unless the non-compliance:

- (a) is capable of remedy; and
- (b) is remedied within twenty (20) Business Days of the earlier of the Agent giving notice and the Issuer becoming aware of the non-compliance.

### **14.3 Misrepresentation**

Any representation or statement made or deemed to be made by a Group Company in the Finance Documents or any other document delivered by or on behalf of any Group Company under or in connection with any Finance Document is or proves to have been incorrect or misleading in any material respect when made or deemed to be made.

### **14.4 Impossibility or illegality**

It is or becomes impossible or unlawful for any Group Company to perform any of its obligations under the Finance Documents or any Finance Document is not, or ceases to be, legal, valid, binding or enforceable and the cessation individually or cumulatively materially and adversely affects the interests of the Bondholders under the Finance Documents.

### **14.5 Insolvency**

Any Material Group Company is, or is deemed for the purposes of any applicable law to be, Insolvent.

## **14.6 Insolvency proceedings**

14.6.1 Any corporate action, legal proceedings or other procedure or step is taken in relation to:

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

14.6.2 Clause 14.6.1 shall not apply to any corporate action, legal proceedings or other procedure or step taken which is frivolous or vexatious and is discharged, stayed or dismissed within sixty (60) days of commencement.

## **14.7 Creditors' process**

Any attachment, sequestration, distress or execution, or any analogous process in any jurisdiction, which affects any asset of a Material Group Company having an aggregate value of SEK 50,000,000 and is not discharged within sixty (60) days.

## **14.8 Cross payment-default/Cross-acceleration**

Any Financial Indebtedness of a Group Company is not paid when due nor within any originally applicable grace period, or is declared to be or otherwise becomes due and payable prior to its specified maturity as a result of an event of default (however described) provided that no Event of Default will occur under this Clause if the aggregate amount of Financial Indebtedness referred to herein is less than SEK 50,000,000.

## **14.9 Cessation of business**

Any Material Group Company suspends or ceases to carry on (or threatens to suspend or cease to carry on) all or a material part of its business, except as permitted under Clause 13.1 (*Disposals*) or as a result of a solvent liquidation.

## **14.10 Acceleration of the Bonds**

14.10.1 Upon the occurrence of an Event of Default, the Agent is entitled to, and shall following a demand in writing from a Bondholder (or Bondholders) representing at least fifty (50) per cent. of the Adjusted Nominal Amount (such demand may only be validly made by a person who is a Bondholder on the Business Day immediately following the day on which the demand is received by the Agent and shall, if made by several Bondholders, be made by them jointly) or following an instruction given pursuant to Clause 14.10.4, on behalf of the Bondholders (i) by notice to the Issuer, declare all, but not some only, of the outstanding Bonds due and payable together with any other amounts payable under the Finance

Documents, immediately or at such later date as the Agent determines, and (ii) exercise any or all of its rights, remedies, powers and discretions under the Finance Documents.

- 14.10.2 The Agent may not accelerate the Bonds in accordance with Clause 14.10.1 by reference to a specific Event of Default if it is no longer continuing or if it has been decided, in accordance with these Terms and Conditions, to waive such Event of Default (temporarily or permanently).
- 14.10.3 The Agent shall notify the Bondholders of an Event of Default within five (5) Business Days of the date on which the Agent received actual knowledge of that an Event of Default has occurred and is continuing. The Agent shall, within twenty (20) Business Days of the date on which the Agent received actual knowledge of that an Event of Default has occurred and is continuing, decide if the Bonds shall be so accelerated. If the Agent decides not to accelerate the Bonds, the Agent shall promptly seek instructions from the Bondholders in accordance with Clause 16 (*Decisions by Bondholders*). The Agent shall always be entitled to take the time necessary to consider whether an occurred event constitutes an Event of Default.
- 14.10.4 If the Bondholders instruct the Agent to accelerate the Bonds, the Agent shall promptly declare the Bonds due and payable and take such actions as may, in the opinion of the Agent, be necessary or desirable to enforce the rights of the Bondholders under the Finance Documents, unless the relevant Event of Default is no longer continuing.
- 14.10.5 If the right to accelerate the Bonds is based upon a decision of a court of law or a government authority, it is not necessary that the decision has become enforceable under law or that the period of appeal has expired in order for cause of acceleration to be deemed to exist.
- 14.10.6 If the Bonds are declared due and payable in accordance with this Clause 14.10, the Issuer shall redeem all Bonds with an amount per Bond equal to 101.00 per cent. of the Nominal Amount together with accrued but unpaid Interest.

## **15 DISTRIBUTION OF PROCEEDS**

- 15.1 All payments by the Issuer relating to the Bonds and the Finance Documents following an acceleration of the Bonds in accordance with Clause 14 (*Acceleration of the Bonds*) shall be distributed in the following order of priority, in accordance with the instructions of the Agent:
- (a) *first*, in or towards payment *pro rata* of (i) all unpaid fees, costs, expenses and indemnities payable by the Issuer to the Agent in accordance with the Agency Agreement (other than any indemnity given for liability against the Bondholders), (ii) other costs, expenses and indemnities relating to the acceleration of the Bonds, or the protection of the Bondholders' rights as may have been incurred by the Agent, (iii) any costs incurred by the Agent for external experts that have not been reimbursed by the Issuer in accordance with Clause 20.2.8, and (iv) any costs and expenses incurred by the Agent in relation to a Bondholders' Meeting or a Written Procedure that have not been reimbursed by the Issuer in accordance with Clause 16.13;



- (b) *secondly*, in or towards payment *pro rata* of accrued but unpaid Interest under the Bonds (Interest due on an earlier Interest Payment Date to be paid before any Interest due on a later Interest Payment Date);
- (c) *thirdly*, in or towards payment *pro rata* of any unpaid principal under the Bonds; and
- (d) *fourthly*, in or towards payment *pro rata* of any other costs or outstanding amounts unpaid under the Finance Documents.

Any excess funds after the application of proceeds in accordance with paragraphs (a) to (d) above shall be paid to the Issuer. The application of proceeds in accordance with paragraphs (a) to (d) above shall, however, not restrict a Bondholders' Meeting or a Written Procedure from resolving that accrued Interest (whether overdue or not) shall be reduced without a corresponding reduction of principal.

- 15.2 If a Bondholder or another party has paid any fees, costs, expenses or indemnities referred to in Clause 15.1(a) such Bondholder or other party shall be entitled to reimbursement by way of a corresponding distribution in accordance with Clause 15.1(a).
- 15.3 Funds that the Agent receives (directly or indirectly) in connection with the acceleration of the Bonds constitute escrow funds (Sw. *redovisningsmedel*) according to the Swedish Escrow Funds Act (Sw. *lag (1944:181) om redovisningsmedel*) and must be held on a separate interest-bearing account on behalf of the Bondholders and the other interested parties. The Agent shall arrange for payments of such funds in accordance with this Clause 15 as soon as reasonably practicable.
- 15.4 If the Issuer or the Agent shall make any payment under this Clause 15, the Issuer or the Agent, as applicable, shall notify the Bondholders of any such payment at least fifteen (15) Business Days before the payment is made. Such notice shall specify the Record Date, the payment date and the amount to be paid. Notwithstanding the foregoing, for any Interest due but unpaid the Record Date specified in Clause 9.1 shall apply.

## **16 DECISIONS BY BONDHOLDERS**

- 16.1 A request by the Agent for a decision by the Bondholders on a matter relating to the Finance Documents shall (at the option of the Agent) be dealt with at a Bondholders' Meeting or by way of a Written Procedure.
- 16.2 Any request from the Issuer or a Bondholder (or Bondholders) representing at least ten (10) per cent. of the Adjusted Nominal Amount (such request may only be validly made by a person who is a Bondholder on the Business Day immediately following the day on which the request is received by the Agent and shall, if made by several Bondholders, be made by them jointly) for a decision by the Bondholders on a matter relating to the Finance Documents shall be directed to the Agent and dealt with at a Bondholders' Meeting or by way of a Written Procedure, as determined by the Agent. The person requesting the decision may suggest the form for decision making, but if it is in the Agent's opinion more

appropriate that a matter is dealt with at a Bondholders' Meeting than by way of a Written Procedure, it shall be dealt with at a Bondholders' Meeting.

16.3 The Agent may refrain from convening a Bondholders' Meeting or instigating a Written Procedure if (i) the suggested decision must be approved by any person in addition to the Bondholders and such person has informed the Agent that an approval will not be given, or (ii) the suggested decision is not in accordance with applicable laws.

16.4 Only a person who is, or who has been provided with a power of attorney or other proof of authorization pursuant to Clause 8 (*Right to act on behalf of a Bondholder*) from a person who is, registered as a Bondholder:

- (a) on the Record Date prior to the date of the Bondholders' Meeting, in respect of a Bondholders' Meeting, or
- (b) on the Business Day specified in the communication pursuant to Clause 18.3, in respect of a Written Procedure,

may exercise voting rights as a Bondholder at such Bondholders' Meeting or in such Written Procedure, provided that the relevant Bonds are included in the definition of Adjusted Nominal Amount.

16.5 The following matters shall require consent of Bondholders representing at least two thirds (2/3) of the Adjusted Nominal Amount for which Bondholders are voting at a Bondholders' Meeting or for which Bondholders reply in a Written Procedure in accordance with the instructions given pursuant to Clause 18.3:

- (a) the issue of any Subsequent Bonds, if the total nominal amount of the Bonds exceeds, or if such issue would cause the total nominal amount of the Bonds to at any time exceed, SEK 1,750,000,000 (for the avoidance of doubt, for which consent shall be required at each occasion such Subsequent Bonds are issued);
- (b) waive a breach of or amend an undertaking set out in Clause 13 (General undertakings);
- (c) a mandatory exchange of Bonds for other securities;
- (d) reduce the principal amount, Interest Rate or Interest which shall be paid by the Issuer;
- (e) amend any payment day for principal or Interest or waive any breach of a payment undertaking; or
- (f) amend the provisions in this Clause 16.5.

16.6 Any matter not covered by Clause 16.5 shall require the consent of Bondholders representing more than fifty (50) per cent. of the Adjusted Nominal Amount for which Bondholders are voting at a Bondholders' Meeting or for which Bondholders reply in a Written Procedure in accordance with the instructions given pursuant to Clause 18.3. This includes, but is not limited to, any amendment to, or waiver of, the terms of any Finance Document that does not

- require a higher majority (other than an amendment permitted pursuant to Clause 19.1(a) or (b)) or an acceleration of the Bonds.
- 16.7 Quorum at a Bondholders' Meeting or in respect of a Written Procedure only exists if a Bondholder (or Bondholders) representing at least fifty (50) per cent. of the Adjusted Nominal Amount in case of a matter pursuant to Clause 16.5, and otherwise twenty (20) per cent. of the Adjusted Nominal Amount:
- (a) if at a Bondholders' Meeting, attend the meeting in person or by telephone conference (or appear through duly authorised representatives); or
  - (b) if in respect of a Written Procedure, reply to the request.
- 16.8 If a quorum does not exist at a Bondholders' Meeting or in respect of a Written Procedure, the Agent or the Issuer shall convene a second Bondholders' Meeting (in accordance with Clause 17.1) or initiate a second Written Procedure (in accordance with Clause 18.1), as the case may be, provided that the relevant proposal has not been withdrawn by the person(s) who initiated the procedure for Bondholders' consent. The quorum requirement in Clause 16.7 shall not apply to such second Bondholders' Meeting or Written Procedure.
- 16.9 Any decision which extends or increases the obligations of the Issuer or the Agent, or limits, reduces or extinguishes the rights or benefits of the Issuer or the Agent, under the Finance Documents shall be subject to the Issuer's or the Agent's consent, as appropriate.
- 16.10 A Bondholder holding more than one Bond need not use all its votes or cast all the votes to which it is entitled in the same way and may in its discretion use or cast some of its votes only.
- 16.11 The Issuer may not, directly or indirectly, pay or cause to be paid any consideration to or for the benefit of any Bondholder for or as inducement to any consent under these Terms and Conditions, unless such consideration is offered to all Bondholders that consent at the relevant Bondholders' Meeting or in a Written Procedure within the time period stipulated for the consideration to be payable or the time period for replies in the Written Procedure, as the case may be.
- 16.12 A matter decided at a duly convened and held Bondholders' Meeting or by way of Written Procedure is binding on all Bondholders, irrespective of them being present or represented at the Bondholders' Meeting or responding in the Written Procedure. The Bondholders that have not adopted or voted for a decision shall not be liable for any damages that this may cause other Bondholders.
- 16.13 All costs and expenses incurred by the Issuer or the Agent for the purpose of convening a Bondholders' Meeting or for the purpose of carrying out a Written Procedure, including reasonable fees to the Agent, shall be paid by the Issuer.
- 16.14 If a decision shall be taken by the Bondholders on a matter relating to the Finance Documents, the Issuer shall promptly at the request of the Agent provide the Agent with a certificate specifying the number of Bonds owned by Group Companies or (to the knowledge of the Issuer) Affiliates, irrespective of whether such person is directly registered as owner of

such Bonds. The Agent shall not be responsible for the accuracy of such certificate or otherwise be responsible to determine whether a Bond is owned by a Group Company or an Affiliate.

- 16.15 Information about decisions taken at a Bondholders' Meeting or by way of a Written Procedure shall promptly be sent by notice to the Bondholders and published on the website of the Issuer and the Agent, provided that a failure to do so shall not invalidate any decision made or voting result achieved. The minutes from the relevant Bondholders' Meeting or Written Procedure shall at the request of a Bondholder be sent to it by the Issuer or the Agent, as applicable.

## **17 BONDHOLDERS' MEETING**

- 17.1 The Agent shall convene a Bondholders' Meeting by sending a notice thereof to each Bondholder no later than five (5) Business Days after receipt of a request from the Issuer or the Bondholder(s) (or such later date as may be necessary for technical or administrative reasons). If the Bondholders' Meeting has been requested by the Bondholder(s), the Agent shall send a copy of the notice to the Issuer.
- 17.2 Should the Issuer want to replace the Agent, it may convene a Bondholders' Meeting in accordance with Clause 17.1 with a copy to the Agent. After a request from the Bondholders pursuant to Clause 20.4.3, the Issuer shall no later than five (5) Business Days after receipt of such request (or such later date as may be necessary for technical or administrative reasons) convene a Bondholders' Meeting in accordance with Clause 17.1.
- 17.3 The notice pursuant to Clause 17.1 shall include (i) time for the meeting, (ii) place for the meeting, (iii) a specification of the Business Day on which a person must be registered as a Bondholder in order to be entitled to exercise voting rights (such Business Day not to fall earlier than the effective date of the notice pursuant to Clause 17.1) (iv) agenda for the meeting (including each request for a decision by the Bondholders) and (v) a form of power of attorney. Only matters that have been included in the notice may be resolved upon at the Bondholders' Meeting. Should prior notification by the Bondholders be required in order to attend the Bondholders' Meeting, such requirement shall be included in the notice.
- 17.4 The Bondholders' Meeting shall be held no earlier than ten (10) Business Days and no later than twenty (20) Business Days from the notice.
- 17.5 If the Agent, in breach of these Terms and Conditions, has not convened a Bondholders' Meeting within five (5) Business Days after having received such notice, the requesting Person may convene the Bondholders' Meeting itself. If the requesting Person is a Bondholder, the Issuer shall upon request from such Bondholder provide the Bondholder with necessary information from the register kept by the CSD and, if no Person to open the Bondholders' Meeting has been appointed by the Agent, the meeting shall be opened by a Person appointed by the requesting Person.
- 17.6 At a Bondholders' Meeting, the Issuer, the Bondholders (or the Bondholders' representatives/proxies) and the Agent may attend along with each of their representatives, counsels and assistants. Further, the directors of the board, the managing director and other

officials of the Issuer and the Issuer's auditors may attend the Bondholders' Meeting. The Bondholders' Meeting may decide that further individuals may attend. If a representative/proxy shall attend the Bondholders' Meeting instead of the Bondholder, the representative/proxy shall present a duly executed proxy or other document establishing its authority to represent the Bondholder.

- 17.7 Without amending or varying these Terms and Conditions, the Agent may prescribe such further regulations regarding the convening and holding of a Bondholders' Meeting as the Agent may deem appropriate. Such regulations may include a possibility for Bondholders to vote without attending the meeting in person.

## **18 WRITTEN PROCEDURE**

- 18.1 The Agent shall instigate a Written Procedure no later than five (5) Business Days after receipt of a request from the Issuer or the Bondholder(s) (or such later date as may be necessary for technical or administrative reasons) by sending a communication to each such person who is registered as a Bondholder on the Record Date prior to the date on which the communication is sent. If the Written Procedure has been requested by the Bondholder(s), the Agent shall send a copy of the notice to the Issuer.
- 18.2 Should the Issuer want to replace the Agent, it may send a communication in accordance with Clause 18.1 to each Bondholder with a copy to the Agent.
- 18.3 A communication pursuant to Clause 18.1 shall include (i) each request for a decision by the Bondholders, (ii) a description of the reasons for each request, (iii) a specification of the Business Day on which a person must be registered as a Bondholder in order to be entitled to exercise voting rights (such Business Day not to fall earlier than the effective date of the communication pursuant to Clause 18.1), (iv) instructions and directions on where to receive a form for replying to the request (such form to include an option to vote yes or no for each request) as well as a form of power of attorney, and (v) the stipulated time period within which the Bondholder must reply to the request (such time period to last at least ten (10) Business Days but not more than twenty (20) Business Days from the communication pursuant to Clause 18.1). If the voting shall be made electronically, instructions for such voting shall be included in the communication.
- 18.4 If the Agent, in breach of these Terms and Conditions, has not instigated a Written Procedure within five (5) Business Days after having received such notice, the requesting Person may instigate a Written Procedure itself. If the requesting Person is a Bondholder, the Issuer shall upon request from such Bondholder provide the Bondholder with necessary information from the register kept by the CSD.
- 18.5 When the requisite majority consents of the total Adjusted Nominal Amount pursuant to Clauses 16.5 and 16.6 have been received in a Written Procedure, the relevant decision shall

be deemed to be adopted pursuant to Clause 16.5 or 16.6, as the case may be, even if the time period for replies in the Written Procedure has not yet expired.

## **19 AMENDMENTS AND WAIVERS**

- 19.1 The Issuer and the Agent (acting on behalf of the Bondholders) may agree to amend the Finance Documents or waive any provision in a Finance Document, provided that:
- (a) such amendment or waiver is not detrimental to the interest of the Bondholders, or is made solely for the purpose of rectifying obvious errors and mistakes;
  - (b) such amendment or waiver is required by applicable law, a court ruling or a decision by a relevant authority;
  - (c) such amendment or waiver is necessary for the purpose of listing the Bonds on the corporate bond list of Nasdaq Stockholm (or any other Regulated Market, as applicable), provided such amendment or waiver does not materially adversely affect the rights of the Bondholders; or
  - (d) such amendment or waiver has been duly approved by the Bondholders in accordance with Clause 16 (*Decisions by Bondholders*).
- 19.2 The consent of the Bondholders is not necessary to approve the particular form of any amendment to the Finance Documents. It is sufficient if such consent approves the substance of the amendment.
- 19.3 The Agent shall promptly notify the Bondholders of any amendments or waivers made in accordance with Clause 19.1, setting out the date from which the amendment or waiver will be effective, and ensure that any amendments to the Finance Documents are published in the manner stipulated in Clause 12.3 (*Publication of Finance Documents*). The Issuer shall ensure that any amendments to these Terms and Conditions are duly registered with the CSD and each other relevant organisation or authority.
- 19.4 An amendment or waiver to the Finance Documents shall take effect on the date determined by the Bondholders Meeting, in the Written Procedure or by the Agent, as the case may be.

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

### **20.1 Appointment of Agent**

- 20.1.1 By subscribing for Bonds, each initial Bondholder appoints the Agent to act as its agent in all matters relating to the Bonds and the Finance Documents, and authorises the Agent to act on its behalf (without first having to obtain its consent, unless such consent is specifically required by these Terms and Conditions) in any legal or arbitration proceedings relating to the Bonds held by such Bondholder, including the winding-up, dissolution, liquidation, company reorganisation (Sw. *företagsrekonstruktion*) or bankruptcy (Sw. *konkurs*) (or its equivalent in any other jurisdiction) of the Issuer. By acquiring Bonds, each subsequent Bondholder confirms such appointment and authorisation for the Agent to act on its behalf.
- 20.1.2 Each Bondholder shall immediately upon request provide the Agent with any such documents, including a written power of attorney (in form and substance satisfactory to the

Agent), that the Agent deems necessary for the purpose of exercising its rights and/or carrying out its duties under the Finance Documents. The Agent is under no obligation to represent a Bondholder which does not comply with such request.

- 20.1.3 The Issuer shall promptly upon request provide the Agent with any documents and other assistance (in form and substance satisfactory to the Agent), that the Agent deems necessary for the purpose of exercising its rights and/or carrying out its duties under the Finance Documents.
- 20.1.4 The Agent is entitled to fees for its work and to be indemnified for costs, losses and liabilities on the terms set out in the Finance Documents and the Agency Agreement and the Agent's obligations as Agent under the Finance Documents are conditioned upon the due payment of such fees and indemnifications.
- 20.1.5 The Agent may act as agent or trustee for several issues of securities issued by or relating to the Issuer and other Group Companies notwithstanding potential conflicts of interest.

## **20.2 Duties of the Agent**

- 20.2.1 The Agent shall represent the Bondholders in accordance with the Finance Documents. However, the Agent is not responsible for the execution, validity, perfection or enforceability of the Finance Documents. The Agent shall keep the latest version of these Terms and Conditions (including any document amending these Terms and Conditions) available on the website of the Agent. The latest versions of the Finance Documents shall be available to the Bondholders at the office of the Agent during normal business hours.. The Agent may charge the requesting Bondholder a reasonable administrative fee for making Finance Documents available.
- 20.2.2 Upon request by a Bondholder, the Agent may distribute to the Bondholders any information from such Bondholder which relates to the Bonds (at the discretion of the Agent). The Agent may require that the requesting Bondholder reimburses any costs or expenses incurred, or to be incurred, by the Agent in doing so (including a reasonable fee for the work of the Agent) before any such information is distributed. The Agent may upon request by a Bondholder disclose the identity of any other Bondholder who has consented to the Agent in doing so.
- 20.2.3 When acting in accordance with the Finance Documents, the Agent is always acting with binding effect on behalf of the Bondholders. The Agent shall carry out its duties under the Finance Documents in a reasonable, proficient and professional manner, with reasonable care and skill.
- 20.2.4 The Agent's duties under the Finance Documents are solely mechanical and administrative in nature and the Agent only acts in accordance with the Finance Documents and upon instructions from the Bondholders, unless otherwise set out in the Finance Documents. In particular, the Agent is not acting as an advisor (whether legal, financial or otherwise) to the

Bondholders or any other person and no opinion or advice by the Agent will be binding on the Bondholders.

- 20.2.5 The Agent is entitled to delegate its duties to other professional parties, but the Agent shall remain liable for the actions of such parties under the Finance Documents.
- 20.2.6 The Agent shall treat all Bondholders equally and, when acting pursuant to the Finance Documents, act with regard only to the interests of the Bondholders and shall not be required to have regard to the interests or to act upon or comply with any direction or request of any other person, other than as explicitly stated in the Finance Documents.
- 20.2.7 The Agent shall, subject to Clause 25.2.2, be entitled to disclose to the Bondholders any event or circumstance directly or indirectly relating to the Issuer or the Bonds. Notwithstanding the foregoing, the Agent may if it considers it to be beneficial to the interests of the Bondholders delay disclosure or refrain from disclosing certain information other than in respect of an Event of Default that has occurred and is continuing.
- 20.2.8 The Agent is entitled to engage external experts when carrying out its duties under the Finance Documents. The Issuer shall on demand by the Agent pay all costs for external experts engaged after the occurrence of an Event of Default, or for the purpose of investigating or considering (i) an event which the Agent reasonably believes is or may lead to an Event of Default (ii) a matter relating to the Issuer which the Agent reasonably believes may be detrimental to the interests of the Bondholders under the Finance Documents (iii) when the Agent is to make a determination under the Finance Documents or (iv) as otherwise agreed between the Issuer and the Agent. Any compensation for damages or other recoveries received by the Agent from external experts engaged by it for the purpose of carrying out its duties under the Finance Documents shall be distributed in accordance with Clause 15 (*Distribution of proceeds*).
- 20.2.9 The Agent shall enter into agreements with the CSD, and comply with such agreement and the CSD regulations applicable to the Agent, as may be necessary in order for the Agent to carry out its duties under the Finance Documents.
- 20.2.10 Notwithstanding any other provision of the Finance Documents to the contrary, the Agent is not obliged to do or omit to do anything if it would or might in its reasonable opinion constitute a breach of any law or regulation.
- 20.2.11 If in the Agent's reasonable opinion the cost, loss or liability which it may incur (including reasonable fees to the Agent) in complying with instructions of the Bondholders, or taking any action at its own initiative, will not be covered by the Issuer, the Agent may refrain from acting in accordance with such instructions, or taking such action, until it has received such funding or indemnities (or adequate Security has been provided therefore) as it may reasonably require.
- 20.2.12 The Agent shall give a notice to the Bondholders (i) before it ceases to perform its obligations under the Finance Documents by reason of the non-payment by the Issuer of any



fee or indemnity due to the Agent under the Finance Documents or the Agency Agreement or (ii) if it refrains from acting for any reason described in Clause 20.2.11.

- 20.2.13 Unless it has actual knowledge to the contrary, the Agent may assume that all information provided by or on behalf of the Issuer (including by its advisors) is correct, true and complete in all aspects. The Agent is not liable for information provided to the Bondholders by or on behalf of the Issuer or by any other person.

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

- 20.3.1 The Agent will not be liable to the Bondholders for damage or loss caused by any action taken or omitted by it under or in connection with any Finance Document, unless directly caused by its negligence or wilful misconduct. The Agent shall never be responsible for indirect loss.
- 20.3.2 The Agent shall not be considered to have acted negligently if it has acted in accordance with advice from or opinions of reputable external experts engaged by the Agent or if the Agent has acted with reasonable care in a situation when the Agent considers that it is detrimental to the interests of the Bondholders to delay the action in order to first obtain instructions from the Bondholders.
- 20.3.3 The Agent shall not be liable for any delay (or any related consequences) in crediting an account with an amount required pursuant to the Finance Documents to be paid by the Agent to the Bondholders, provided that the Agent has taken all necessary steps as soon as reasonably practicable to comply with the regulations or operating procedures of any recognised clearing or settlement system used by the Agent for that purpose.
- 20.3.4 The Agent shall have no liability to the Bondholders for damage caused by the Agent acting in accordance with instructions of the Bondholders given in accordance with Clause 16 (*Decisions by Bondholders*) or a demand by Bondholders given pursuant to Clause 14.10.1.
- 20.3.5 Any liability towards the Issuer which is incurred by the Agent in acting under, or in relation to, the Finance Documents shall not be subject to set-off against the obligations of the Issuer to the Bondholders under the Finance Documents.
- 20.3.6 The Agent may assume that the documentation and evidence delivered to it under Clause 6 (*Conditions Precedent*) are accurate, legally valid, enforceable, correct, true and complete unless it has actual knowledge to the contrary, and the Agent does not have to verify or assess the contents of any such documentation. The Agent does not review the documents and evidence referred to above from a legal or commercial perspective of the Bondholders.

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

- 20.4.1 Subject to Clause 20.4.6, the Agent may resign by giving notice to the Issuer and the Bondholders, in which case the Bondholders shall appoint a successor Agent at a Bondholders' Meeting convened by the retiring Agent or by way of Written Procedure initiated by the retiring Agent.
- 20.4.2 Subject to Clause 20.4.6, if the Agent is Insolvent, the Agent shall be deemed to resign as Agent and the Issuer shall within ten (10) Business Days appoint a successor Agent which

shall be an independent financial institution or other reputable company which regularly acts as agent under debt issuances.

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

## **21 APPOINTMENT AND REPLACING OF THE ISSUING AGENT**

- 21.1 The Issuer appoints the Issuing Agent to manage certain specified tasks under these Terms and Conditions and in accordance with the legislation, rules and regulations applicable to and/or issued by the CSD and relating to the Bonds.
- 21.2 The Issuing Agent may retire from its assignment or be dismissed by the Issuer, provided that the Issuer has approved that a commercial bank or securities institution approved by the

CSD accedes as new Issuing Agent at the same time as the old Issuing Agent retires or is dismissed. If the Issuing Agent is Insolvent, the Issuer shall immediately appoint a new Issuing Agent, which shall replace the old Issuing Agent as issuing agent in accordance with these Terms and Conditions.

## **22 APPOINTMENT AND REPLACEMENT OF THE CSD**

- 22.1 The Issuer has appointed the CSD to manage certain tasks under these Terms and Conditions and in accordance with the legislation, rules and regulations applicable to the CSD.
- 22.2 The CSD may retire from its assignment or be dismissed by the Issuer, provided that the Issuer has effectively appointed a replacement CSD that accedes as CSD at the same time as the old CSD retires or is dismissed and provided also that the replacement does not have a negative effect on any Bondholder or the listing of the Bonds listed the corporate bond list of Nasdaq Stockholm (or any other Regulated Market, as applicable). The replacing CSD must be authorised to professionally conduct clearing operations pursuant to the Swedish Securities Market Act (*Sw. lag (2007:528) om värdepappersmarknaden*).

## **23 NO DIRECT ACTIONS BY BONDHOLDERS**

- 23.1 A Bondholder may not take any steps whatsoever against the Issuer to enforce or recover any amount due or owing to it pursuant to the Finance Documents, or to initiate, support or procure the winding-up, dissolution, liquidation, company reorganisation (*Sw. företagsrekonstruktion*) or bankruptcy (*Sw. konkurs*) (or its equivalent in any other jurisdiction) of the Issuer in relation to any of the liabilities of the Issuer under the Finance Documents. Such steps may only be taken by the Agent.
- 23.2 Clause 23.1 shall not apply if the Agent has been instructed by the Bondholders in accordance with the Finance Documents to take certain actions but fails for any reason to take, or is unable to take (for any reason other than a failure by a Bondholder to provide documents in accordance with Clause 20.1.2), such actions within a reasonable period of time and such failure or inability is continuing. However, if the failure to take certain actions is caused by the non-payment by the Issuer of any fee or indemnity due to the Agent under the Finance Documents or the Agency Agreement or by any reason described in Clause 20.2.11, such failure must continue for at least forty (40) Business Days after notice pursuant to Clause 20.2.12 before a Bondholder may take any action referred to in Clause 23.1.
- 23.3 The provisions of Clause 23.1 shall not in any way limit an individual Bondholder's right to claim and enforce payments which are due to it under Clause 11.4 (*Mandatory repurchase (put option)*) or other payments which are due by the Issuer to some but not all Bondholders.

## **24 TIME-BAR**

- 24.1 The right to receive repayment of the principal of the Bonds shall be time-barred and become void ten (10) years from the relevant Redemption Date. The right to receive payment of interest (excluding any capitalised interest) shall be time-barred and become void three (3) years from the relevant due date for payment. The Issuer is entitled to any funds set aside for

payments in respect of which the Bondholders' right to receive payment has been time-barred and has become void.

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

## **25 NOTICES AND PRESS RELEASES**

### **25.1 Notices**

- 25.1.1 Any notice or other communication to be made under or in connection with the Finance Documents:
- (a) if to the Agent, shall be given at the address registered with the Swedish Companies Registration Office (Sw. *Bolagsverket*) on the Business Day prior to dispatch or to such address notified by the Agent to the Issuer from time to time or, if sent by email by the Issuer, to such email address notified by the Agent to the Issuer from time to time;
  - (b) if to the Issuer, shall be given at the address registered with the Swedish Companies Registration Office on the Business Day prior to dispatch or to such address notified by the Issuer to the Agent from time to time or, if sent by email to by the Agent, to such email address notified by the Issuer to the Agent from time to time; and
  - (c) if to the Bondholders, shall be given at their addresses as registered with the CSD, on the Business Day prior to dispatch, and by either courier delivery or letter for all Bondholders, provided that the same means of communication shall be used for all Bondholders. A notice to the Bondholders shall also be published on the website of the Group and the Agent.
- 25.1.2 Any notice or other communication made by one person to another under or in connection with the Finance Documents shall be sent by way of courier, personal delivery or letter (and, if between the Agent and the Issuer, by email) and will only be effective, in case of courier or personal delivery, when it has been left at the address specified in Clause 25.1.1 or, in case of letter, three (3) Business Days after being deposited postage prepaid in an envelope addressed to the address specified in Clause 25.1.1 or, in case of email to the Agent or the Issuer, when received in legible form by the email address specified in Clause 25.1.1.
- 25.1.3 Failure to send a notice or other communication to a Bondholder or any defect in it shall not affect its sufficiency with respect to other Bondholders.

### **25.2 Press releases**

- 25.2.1 Any notice that the Issuer or the Agent shall send to the Bondholders pursuant to Clauses 11.3 (*Voluntary total redemption (call option)*), 11.4 (*Mandatory repurchase (put option)*), 12.1.2, 14.10.3, 15.4, 16.15, 17.1, 18.1, 19.3, 20.2.12 and 20.4.1 shall also be

published on the websites of the Issuer and the Agent, and as from the date when the Bonds have been listed by way of press release by the Issuer or the Agent, as applicable.

- 25.2.2 In addition to Clause 25.2.1, if, after the Bonds have been listed, any information relating to the Bonds or the Group contained in a notice the Agent may send to the Bondholders under these Terms and Conditions has not already been made public by way of a press release, the Agent shall before it sends such information to the Bondholders give the Issuer the opportunity to issue a press release containing such information. If the Issuer does not promptly issue a press release and the Agent considers it necessary to issue a press release containing such information before it can lawfully send a notice containing such information to the Bondholders, the Agent shall be entitled to issue such press release.

## **26 FORCE MAJEURE AND LIMITATION OF LIABILITY**

- 26.1 Neither the Agent nor the Issuing Agent shall be held responsible for any damage arising out of any legal enactment, or any measure taken by a public authority, or war, strike, lockout, boycott, blockade or any other similar circumstance (a “Force Majeure Event”). The reservation in respect of strikes, lockouts, boycotts and blockades applies even if the Agent or the Issuing Agent itself takes such measures, or is subject to such measures.
- 26.2 The Issuing Agent shall have no liability to the Bondholders if it has observed reasonable care. The Issuing Agent shall never be responsible for indirect damage with exception of gross negligence and wilful misconduct.
- 26.3 Should a Force Majeure Event arise which prevents the Agent or the Issuing Agent from taking any action required to comply with these Terms and Conditions, such action may be postponed until the obstacle has been removed.
- 26.4 The provisions in this Clause 26 apply unless they are inconsistent with the provisions of the Central Securities Depositories and Financial Instruments Accounts Act which provisions shall take precedence.

## **27 GOVERNING LAW AND JURISDICTION**

- 27.1 These Terms and Conditions, and any non-contractual obligations arising out of or in connection therewith, shall be governed by and construed in accordance with the laws of Sweden.
- 27.2 Any dispute or claim arising in relation to these Terms and Conditions shall, subject to Clause 27.3, be determined by Swedish courts and the District Court of Stockholm shall be the court of first instance.
- 27.3 The submission to the jurisdiction of the Swedish courts shall not limit the right of the Agent (or the Bondholders, as applicable) to take proceedings against the Issuer in any court which may otherwise exercise jurisdiction over the Issuer or any of its assets.
-

We hereby certify that the above Terms and Conditions are binding upon ourselves.

Place:

Date:

**HEIMSTADEN AB (PUBL)**

**As Issuer**

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Name:

We hereby undertake to act in accordance with the above Terms and Conditions to the extent they refer to us.

Place:

Date:

**NORDIC TRUSTEE & AGENCY AB (PUBL)**

**As Agent**

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Name:

**SCHEDULE 1**  
**Form of Compliance Certificate**

To: Nordic Trustee & Agency AB (publ) as Agent  
 From: Heimstaden AB (publ)  
 Dated: [●]

Dear Sirs,

**Heimstaden AB (publ)**  
**maximum SEK 1,750,000,000 senior secured floating rate bonds**  
**ISIN: SE0012622249**  
**(the “Bonds”)**

1. We refer to the terms and conditions for the Bonds (the “**Terms and Conditions**”). This is a Compliance Certificate. Terms defined in the Terms and Conditions have the same meaning when used in this Compliance Certificate unless given a different meaning in this Compliance Certificate.
2. We confirm that:
  - (a) the Solvency Ratio on the Test Date [date], was [●]; and
  - (b) the Equity Ratio on the Test Date [date], was [●].
3. We set out below calculations establishing the figures in paragraph (2):  
 [●]
4. We confirm that no Event of Default is continuing. *[If this statement cannot be made, the certificate should identify any Event of Default that is continuing and the steps, if any, being taken to remedy it.]*

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[●]

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[●]

## 9 Addresses

### Issuer

Heimstaden AB (publ)  
Östra Promenaden 7 A  
SE-211 28 Malmö  
Sweden  
Tel +46 (0)770 111 040  
www.heimstaden.com

### Legal Advisor

Gernandt & Danielsson KB  
P.O. Box 5747  
SE-114 87 Stockholm  
Sweden  
Tel +46 (0)8 670 66 00  
www.gda.se

### Agent

Nordic Trustee & Agency AB (publ)  
P.O. Box 7329  
SE-103 90 Stockholm  
Sweden  
Tel: +46 (0)8-783 79 00  
www.nordictrustee.com

### Issuing Agent

Nordea Bank Abp, filial i Sverige  
Smålandsgatan 17  
SE-105 71 Stockholm  
Sweden  
Tel +46 (0)10 157 1000  
www.nordea.com

### Bookrunner

Nordea Bank Abp  
Satamaradankatu 5  
Helsinki  
FI-00020 Nordea  
Finland  
Tel +46 (0)10 157 1000  
www.nordea.com

### Bookrunner

Swedbank AB (publ)  
Malmsskillnadsgatan 23  
SE-105 34 Stockholm  
Sweden  
Tel +46 (0)8 5859 0000  
www.swedbank.se

### Bookrunner

DNB Bank ASA, Sweden Branch  
DNB Markets  
Regeringsgatan 59  
SE-105 88 Stockholm  
Sweden  
Tel +46 (0)8 473 41 00  
www.dnb.se

### Central Securities Depository

Euroclear Sweden AB  
Klarabergsviadukten 63  
P.O. Box 191  
SE-101 23 Stockholm  
Sweden  
Tel +46 (0)8 402 90 00  
www.euroclear.eu