

HEIMSTADEN AB (PUBL)

Heimstaden

**PROSPECTUS REGARDING ADMISSION TO TRADING OF
EUR 400,000,000
Senior Unsecured Fixed Rate Bonds 2021/2027**

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6 September 2021

Issuing Agent:

Swedbank AB (publ)

Joint Bookrunners:

J.P. Morgan

Swedbank AB (publ)

This Prospectus was approved by the Swedish Financial Supervisory Authority on 6 September 2021. The validity of this Prospectus will expire within 12 months after the date of its approval. The obligation to supplement this Prospectus in the event of significant new factors, material mistakes or material inaccuracies will not apply when this Prospectus is no longer valid.

IMPORTANT INFORMATION

This prospectus (the “**Prospectus**”) has been prepared by Heimstaden AB (publ), registration number 556670-0455 (the “**Issuer**”, “**Company**”, “**Heimstaden**” or “**Heimstaden AB**”), in relation to the application for listing on the corporate bond list of Nasdaq Stockholm (“**Nasdaq Stockholm**”) of the Issuer’s EUR 400,000,000 senior unsecured fixed rate notes 2021/2027 with ISIN SE0016589105 issued on 6 September 2021 (the “**Initial Bonds**” and the “**First Issue Date**”) in accordance with the terms and conditions of the Bonds (the “**Terms and Conditions**”). The Issuer may at one or more occasions after the First Issue Date issue Subsequent Bonds under the Terms and Conditions in an aggregate amount of EUR 300,000,000. In case of issues of Subsequent Bonds, a new prospectus will be prepared for the admission to trading of such Subsequent Bonds.

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.

Pursuant to Article 20 of Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the Prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Directive 2003/71/EC (the “**Prospectus Regulation**”), the Prospectus has been approved and registered by the Swedish Financial Supervisory Authority (Sw. *Finansinspektionen*) (the “**SFSA**”) as competent authority. The SFSA only approves this Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation. The SFSA’s approval should not be considered as an endorsement of the Issuer that is the subject of this Prospectus, nor should it be considered as an endorsement of the quality of the securities that are subject of this Prospectus. Investors should make their own assessment as to the suitability of investing in the securities.

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) and the Company’s website (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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RISK FACTORS

In this section, material risk factors are illustrated and discussed, including risks relating to the Issuer as a separate entity, macroeconomic conditions, the Group's business operations, legal and regulatory risks, financial risks as well as risks relating to the Bonds. The Issuer's assessment of the materiality of each risk factor is based on the probability of their occurrence and the expected magnitude of their negative impact. The description of the risk factors below is based on information available and estimates made on the date of this Prospectus. The risk factors are presented in categories where the most material risk factors in a category are presented first under that category. Subsequent risk factors in the same category are not ranked in order of materiality or probability of occurrence. Where a risk factor may be categorised in more than one category, such risk factor appears only once and in the most relevant category for such risk factor.

The capitalised words and expressions in this section shall have the meanings defined in the Terms and Conditions.

Risks relating to the Issuer as a separate entity

Dependence on subsidiaries

A significant part of the Group's assets, revenues and cash flow relate to the Issuer's direct and indirect subsidiaries, and most significantly Heimstaden Bostad AB (publ) ("**Heimstaden Bostad**" or "**Heimstaden Bostad AB**"). Accordingly, the Issuer is dependent upon receipt of sufficient income related to the operations of and the ownership in such entities to enable it to make payments under the Bonds. The subsidiaries, which to a large part are not wholly owned by the Issuer, are legally separate and distinct from the Issuer and have no obligation to pay amounts due with respect to the Issuer'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 Issuer 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 Issuer not receive sufficient income from its subsidiaries, the Holders' ability to receive payment under the Terms and Conditions may be adversely affected.

According to the governance documents in place for some of the Issuer's subsidiaries which are not wholly-owned by the Issuer, the non-controlling interests are entitled to have an influence in certain matters. Hence, there is a risk that measures will be taken in these subsidiaries which are counteractive to the Issuer's interests. Such measures may adversely affect the Issuer's ability to act as planned in these non-wholly owned subsidiaries.

The Issuer's indirect subsidiary Heimstaden Bostad is jointly owned together with, mainly, pension funds, including Alecta pensionsförsäkring, ömsesidigt ("**Alecta**"). As at the date of this Prospectus, the Issuer holds, indirectly through Group Companies, approximately 50.3% of the votes and approximately 45.7% of the capital 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, of which the Issuer owns 100%, having the highest priority). The Issuer has a higher ratio of ordinary shares than preference shares, which means that the Issuer is more exposed to economic downturns of Heimstaden Bostad than shareholders holding a higher ratio of preference shares. Should such downturn result in there being limited amounts available in the Distribution Waterfall to holders of ordinary shares after payment has been made to holders of preference shares, it would have a material adverse effect on the Issuer's financial condition and future prospects. Furthermore, the Issuer's holdings in Heimstaden Bostad may decrease in the future, which could reduce the Issuer's influence and economic participation in Heimstaden Bostad.

Structural subordination and insolvency of subsidiaries

As mentioned above, a significant part of the Group's assets and revenues relate to the Issuer's subsidiaries. The subsidiaries are legally separated from the Issuer and the subsidiaries' ability to make payments to the Issuer is restricted by, among other things, the availability of funds, corporate and tax restrictions, restrictions in shareholders' agreements and the terms of each entity's finance agreements. In the event of insolvency, liquidation or a similar event relating to one or several of the Issuer's subsidiaries, all creditors of such subsidiary would be entitled to payment in full out of the assets of such subsidiary before the Issuer, as a shareholder, would be entitled to any payments. Thus, the 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 Issuer 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 Issuer and its assets would not be protected from any actions by the creditors of a subsidiary, whether under bankruptcy law, by contract or otherwise.

Asset management agreement with Heimstaden Bostad

The Issuer has a group-wide asset management agreement in place with Heimstaden Bostad, whereby the Issuer provides head office functions such as legal, group accounting, group treasury, transaction team, HR, communication and senior management in all the countries in which Heimstaden Bostad operates. Wholly owned subsidiaries of the Issuer in such countries are responsible for providing property management and technical management to the Group. The asset management agreement is running until 10 October 2032. From 30 September 2026, Heimstaden Bostad will have the sole discretion to terminate the agreement by giving six months' notice. There is a risk that the asset management agreement may be terminated (either before or after 30 September 2026), which would have an adverse effect on the Issuer since the Issuer would not receive the fees stipulated in the agreement while still bearing parts of the costs related to the agreement.

Risks relating to macroeconomic conditions

Negative economic developments and conditions in the markets which the Group is present may affect the Group's operations and customers, as well as the prices of the Group's real property and tenant-owned apartments

The economies of the countries where the Group is present, have been adversely affected by the uncertain global economic and financial market conditions. An economic slowdown or a recession, regardless of its depth, or any other negative economic developments in these principal countries of operation and involvement may affect the Group's business in a number of ways, including, among other things, the income, wealth, liquidity, business and/or financial condition of the Group, its

customers and other business partners. The Group may not be able to utilise the opportunities created by the economic fluctuations, the value of the real property owned by the Group may decrease, and the Group may not be able to adapt to a long-term economic recession or stagnation. Further, although historically economic slowdowns and recessions have increased the demand for rental apartments in these countries, there is a risk that the Group may experience declines in the demand for rental apartments during periods of economic slowdown or recession. The Group may also experience increased defaults on rent payments as a result of negative economic developments in several of the markets where the Group is present. The degree to which negative economic developments and conditions in such markets may affect the Group is uncertain, and present a material risk to the Group's operations and customers, as well as the prices of the Group's real property and tenant-owned apartments.

Risks relating to Covid-19

The Group conducts its business within the real estate market and is consequently affected by general economic trends. The occurrence of extraordinary events, such as the outbreak of disease epidemics, could have an adverse impact on the global economy as a whole and may lead to a global recession, or even depression. The outbreak of the Covid-19 pandemic ("**Covid-19**"), has led to a major slowdown in economic growth during 2020 and the first half of 2021, partly due to the spread of Covid-19 itself, but even more so due to the governmental decisions enacted across different nations in order to try to contain Covid-19, such as quarantines, shut downs and restrictions on mobility. Whilst the direct and indirect impact of the Covid-19 outbreak remains uncertain, a number of central banks and governments have announced financial stimulus packages in anticipation of a very significant negative impact on GDP. A prolongation of the outbreak could significantly adversely affect economic growth, and impact business operations across the economy generally and, by extension, real estate markets, both as a result of weakened economic activity and in terms of the health and wellbeing of employees being affected.

In addition, the outbreak of Covid-19 may lead to investments being postponed or planned acquisitions and/or divestments possibly not being carried out as planned, which could have a material adverse effect on the Group's business and possibilities to continue its growth. The longer the Covid-19 crisis continues it may become more difficult to raise capital, obtain loans or other financings or service existing debt.

Since the Covid-19 outbreak, the pandemic has mainly affected the Group through a direct and indirect impact on the Group's tenants. This impact is particularly likely to affect the Group's commercial tenants, which as of 30 June 2021 accounted for 7.4% of the Group's rental income. There is a risk that these adverse effects could increase the longer Covid-19 lasts. Consequently, Covid-19 may affect Heimstaden through demands on reduced rent levels and increased vacancy rates and tenants not paying rent at all, which would have a material adverse effect on the Group's earnings by reducing the Group's rental income.

The on-going uncertainty and volatility in the financial markets and the state of the global economic recovery may adversely affect the Group's operations

Global financial markets continue to experience disruptions, including increased volatility and diminished liquidity and credit availability. Concerns about credit risk (including that of sovereigns) and the Eurozone crisis have increased recently, especially with the presence of significant sovereign debts and/or fiscal deficits in a number of European countries and the United States. The default, or a significant decline in the credit rating, of one or more sovereigns or financial institutions could cause

severe stress in the financial system generally and could adversely affect the markets in which the Group operates and the businesses and economic condition and prospects of the Group's counterparties or customers, directly or indirectly, in ways which are difficult to predict. Additionally, the developments surrounding the United Kingdom's exit from the European Union may have an adverse effect on European global economic or market conditions and the stability of European, foreign exchange and global financial markets, including the European markets served by the Group. The impact of these conditions could be detrimental to the Group and could adversely affect its solvency and the solvency of its counterparties and customers as well as the value and liquidity of its assets and liabilities.

Risks relating to the Group's business operations

Decrease in fair value of the Group's properties will result in revaluation losses

The Group's real estate properties are reported at fair value in the balance sheet and any change in the fair value of the Group's properties is recorded in the income statement for the period during which the revaluation of the Group's properties occurs. Fair value of investment properties represents the price in the local primary market taking into account a number of factors, some of which are real estate specific, such as the condition and location of the property as well as occupancy ratio and operative expenses whereas others are market-specific, such as yield requirements and cost of capital that are derived from comparable transactions on the real estate market.

Generally, the market value of a property is displayed in a value range of +/- 5-10% to reflect the uncertainty in the assumptions. The Group's reported property value as at 30 June 2021 amounts to SEK 186,679 million. With an uncertainty interval of +/-5%, this value is affected by SEK 9,334 million and at +/-10%, the value is affected by SEK 18,668 million. Decreases in the fair value of the Group's properties could thus have a material adverse effect on the Group's financial condition and results of operations. In addition, decreases in the fair value of the Group's properties would have negative effects on the Group's performance indicators, particularly the net asset value.

Variations in supply and demand on the residential market and the market for commercial premises may affect the value of properties and rental levels

The Group's income is affected by the occupancy rate of the properties, the possibility of charging market-related rents as well as customers' ability to pay rents. The occupancy rate and rental levels are largely determined by general and regional economic trends and, in relation to the markets in which the Group operates, the rental levels are in addition affected by applicable rent regulations (see "*Risk Factors - Rental regulations may restrict the group's ability to increase rents*").

The residential market is sensitive to fluctuations in supply and demand. Residential prices in the markets where the Group is present have historically followed macroeconomic development in a cyclical manner, while the demand for rental apartments has historically been countercyclical. The value of properties and rental levels are affected by a number of factors, including events related to domestic and international politics, interest rates, economic growth, the availability of credit and taxation. Changes in supply and demand on the property market in specific areas within the countries where the Group is present, resulting from new construction, investor supply and demand and other factors, may also materially affect the values of properties regardless of the overall development in these residential markets. A decrease in the prices of apartments and commercial properties is likely to have a direct negative impact on the fair value of the Group's property portfolio.

An oversupply of rental apartments or commercial premises could lead to rent decreases, which could have an adverse effect on the Group's rental income. This, in turn, would adversely affect the fair value of the Group's property portfolio. As at 31 December 2020, a decrease in the Group's net operating income by 1% would adversely affect the fair value of the Group's properties by SEK 1,268 million.

Potential future acquisitions and recently completed acquisitions may contain inherent risks and could lead to overestimates and non-identification of all potential risks and liabilities

Acquisition of properties constitutes a central part of the Group's business model and are carried out both by the Issuer and Heimstaden Bostad AB. Moreover, Heimstaden Bostad AB is investigating the possibilities of making larger acquisitions, and alongside signed acquisitions, additional material acquisitions may be made by Heimstaden Bostad AB in the future. The acquisition of real estate requires, among other things, an analysis that is subject to a wide variety of factors, including subjective assessments and assumptions as to current and future prospect. There is a risk that the Group may overestimate the potential of a real estate asset when making acquisition decisions or may base its decision on inaccurate information or assumptions that turn out to be incorrect. The Group may also underestimate the likelihood that a newly acquired real estate asset will require substantial renovation or capital repairs. Such errors may only become apparent at a later stage and force the Group to recognise fair value losses on its statement of financial position and income statement.

Furthermore, the due diligence performed by the Group when acquiring a real estate asset may not uncover all the potential liabilities and risks related to the property (such as construction defects) and there is a risk that the Group will not have recourse to the seller of the property for the non-disclosure of such risks. Official information in the land register of some of the countries in which the Group has its operations or assets may not be accurate and complete. Thus, although the Group may have to rely upon the information contained in land registers, it may not have effective recourse against the government of the relevant country if the information upon which the Group relied in deciding whether or not to make an investment was inaccurate, misleading or incomplete.

Furthermore, the Group may acquire properties in new jurisdictions and it may not be as familiar with the commercial, legal or regulatory environment as its current geographical markets. As a result, the Group may not be able to accurately judge its potential return on investment and such returns may be lower than expected and materially impact the financial position and income statement of the Group.

Materialisation of any of the above risks could have a material adverse effect on the Group's business, profitability and financial condition. Additionally, material acquisitions for the Group may exacerbate any of the above risks given the large scale of the acquisitions relative to the size of the Group.

Property valuation is subjective and uncertain to a certain extent

The appropriateness of sources of information used by the Group when valuating its property and the credibility of the valuations are, to a certain extent, subjective and, thus, subject to risk. The Group's real estate properties are accounted for in the balance sheet at actual value and the changes in value are accounted for in the income statement. For valuations in Sweden, Denmark, the Netherlands, Germany and/or the Czech Republic, the yield/discounted cash flow method is used as the main method, and for valuations in Norway, the sales comparison method is used as the main method. Rental prices in the property portfolio are expected to follow inflation over time. Most commercial leases include indexation, which means that rent increases at the same rate as the Consumer Price Index (the "CPI")

during the leasing period. Residential rent has historically developed slightly above the CPI, but in its valuations, the Group has assumed that the rent develops in line with inflation.

Assumptions have also been made regarding future operating and maintenance payments. These assumptions are based on historic outcomes and future projections as well as estimated standardised costs. Operating and maintenance costs are adjusted upwards each year by inflation. Yield requirements and the cost of capital used in the valuation model have been derived from comparable transactions in the property market. Important factors in choosing a yield requirement are location, rental rate, vacancy rate and the condition of the property. Housing valuations are based on historical housing purchase price data and certain assumptions at a specified date. In the event of significant and rapid market changes, such historical data may not accurately reflect the current market value of the Group's properties. Furthermore, the assumptions may prove to be inaccurate, and adverse market changes may cause significant declines in the value of the Group's properties. In addition, the use of different assumptions or valuation models would likely produce different valuation results.

As a result of the factors above, there is a risk that the valuations may not accurately reflect the current market value of the Group's properties and property-related assets. Incorrect assumptions or flawed assessments underlying the valuations could have a material adverse effect on the Group's financial condition and results of operations.

Decreases in the occupancy rate and increases in the tenant turnover may weaken the Group's results

Tenant turnover is an integral part of the residential investment business, and results in costs to the Group, for example, related to the signing of rental agreements and minor renovations typically made in connection with a tenant moving out of the apartment. In recent years, the Group has tried to reduce tenant turnover through, for example, repairs enhancing the attractiveness of the apartments that it owns.

The Group's occupancy rate and tenant turnover depend to a great extent on general economic factors and the level of new-build construction activity. The occupancy rate of the Group's properties has a significant impact on the Group's cash flow and if the vacancy rate increases, the Group will lose rental income while having to cover the maintenance costs which could have a material adverse effect on the Group's margins as well as the fair value of its properties.

Increasing refurbishment and maintenance costs may result in a decreased profit margin or increased rents and thus decreased demand for properties

The Group continuously carries out refurbishment and maintenance repairs in its properties, which mainly result from their condition and requirements for energy-efficiency. The costs related to the refurbishment and maintenance of properties are significant and relate mainly to plumbing, external walls and roofs, window and balcony renovations. Residential buildings must typically have their plumbing refurbished within certain time intervals, which usually covers renewal of both water and sewage pipes as well as new bathrooms and kitchens. External walls, roofs and balconies must also be renovated periodically.

The Group expects the cost for refurbishment and maintenance repairs in the future to remain at the present level in proportion to the size of the Group's property portfolio. However, increasing refurbishment and maintenance repair costs may arise, for example, from increasing legal requirements for energy-efficiency, and therefore, there is a risk that the amount spent on repair and maintenance repair by the Group may significantly increase from the level currently expected by the Group and thus

have an adverse effect on the Issuer's results of operation. For example, during 2020 the Group's property costs (in which repair and maintenance costs are included) amounted to SEK 3,125 million in total. Hence, a change in the Group's property costs by +/- 1% would have an effect on the Group by approximately SEK +31/-31 million.

If repair and maintenance costs were to increase significantly, the profit margin of the Group's properties may decrease or the Group may be required to increase rents, which may, in turn, result in a decreased demand for the Group's properties. As a result, the Group may not be able to fully pass on the costs of refurbishment and maintenance to its customers and the Group's investments in refurbishment and maintenance may not generate the expected return. Any of these risks could have a material adverse effect on the Group's results of operations.

The Group's property development may give rise to liabilities that can have significant effects

The Group's property development may expose it to potential liabilities based on defects in the buildings, materials, design or the quality of the work. At the end of 2020, new construction of 4,600 apartments were in production. Standard form contracts that are used by construction designers limit the designer's liability to the value of the properties constructed, so the Group is liable for defects that exceed this amount. Materialisation of the Group's liabilities for construction defects, based on its own actions or based on the actions of the external designers or construction companies, could thus have a material adverse effect on the Group's financial condition and results of operations.

The Group is partially dependent on the "Heimstaden" brand and negative publicity may adversely affect the Group's future prospects

The Group's success and its ability to differentiate itself from other real estate companies in the markets where it operates are partially dependent on the value of the "Heimstaden" brand. The "Heimstaden" brand holds a great significance for both the Group's business operations, the Group's opportunities for external financing under favourable terms 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, as well as its current and future employees. Corporate social responsibility forms part of the Group's customary long-term activities and, for example, many institutional investors impose stringent demands on the Group's sustainability efforts. 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.

The degree to which any harm to the "Heimstaden" brand, for example through negative publicity, may affect the Group is uncertain, and presents a risk to the Group's attractiveness as an employer and business partner, its opportunities for external financing under favourable terms and ultimately its future prospects.

Apartment renting and construction are highly competitive businesses

Renting apartments is a highly competitive business in the markets on which the Group operates. The Group's main competitors in the rental apartments business are private households, municipalities, parishes, foundations and corporate investors. The competition for attractive plots has led to a steep increase in plot prices. Furthermore, an upward trend in construction usually increases construction prices, which, in turn, decreases the profitability of construction projects and delays the commencement

of new projects. The degree to which the increasing competition in the apartment renting business may affect the Group is uncertain, and presents a material risk to the Group's profitability and margins.

Loss of key personnel or failure in recruiting new key personnel may undermine the Group's operations

As the Group expands into new markets while also making new acquisitions in existing ones, numerous skilled employees are needed, and it will also be necessary for the Group to integrate them quickly into its operations. In 2020, the Group gained approximately 801 employees, with the biggest growth related to an acquisition in the Czech Republic. At the end of 2020, the operations in the Czech Republic comprised 580 employees, compared to zero employees in the beginning of 2020. The Group's Danish operations had 126 employees, compared to 106 in the beginning of 2020. The Swedish organisation comprised 393 employees at year end 2020, compared to 332 employees in the beginning of 2020. In light of the above, the Group's success is, to a large extent, dependent on the Group's ability to recruit, motivate and retain key personnel and other highly skilled employees at every level of its organisation, and that they are allowed opportunities for growth and seek to stay with the Group and develop it. A potential failure by the Group in this respect would risk having an adverse effect on the Group's profitability and future prospects.

The Group is subject to competition for talented employees within several of the markets where it is active. This may lead to increased remuneration levels, which, in turn, would adversely affect the Group's results of operations. Conversely, if the Group were to offer excessively low remuneration levels, there is a risk that employees choose to terminate their employments, which would adversely affect the Group's competitiveness and business.

Ivar Tollefsen

Ivar Tollefsen holds, through his wholly owned company, Fredensborg AS, approximately 70.8% of the share capital and approximately 96.0% of the votes in the Issuer as at the date of this Prospectus. As the controlling shareholder, Ivar Tollefsen may be able to prevent or delay a change of control in respect of the Group, or take other actions that may be contrary to the interests of the Group's other stakeholders, including the Holders. Further, the personal connections and business relationships of Ivar Tollefsen are important to the conduct of the Group's business. There is a risk that he in the future may not be able to make his services available to the Group, which could have an adverse effect on the Group's business. The effect of this risk materialising is likely that the Group will lose momentum in its growth plans and become more stagnant. The Group does not maintain any "key-man" insurance on Ivar Tollefsen.

If the current controlling shareholder Fredensborg AS were to reduce its shareholding, this could lead to the control of the Issuer being transferred to another shareholder. In some of the Group's agreements (including certain financing agreements) there are provisions that will be triggered in the event of changes of the control of the Issuer, for example if Fredensborg AS, as applicable, would cease to control a majority of the shares or votes in the Issuer or directly or indirectly be able to appoint or dismiss all or a majority of the board of directors of the Issuer. The shareholders' agreement regarding Heimstaden Bostad also contains a change of control clause. In the event of such changes, certain rights for the counterparty, or obligations for the Group, may arise, which, among other things, may affect the Group's continued financing or, in the case of Heimstaden Bostad, may lead to the Issuer losing rights in relation to other shareholders in Heimstaden Bostad, which would have a material adverse effect on the Issuer's future prospects. Such change of control may also affect the market's view of the Group, including a

change in creditworthiness, which could increase the Group's financing costs and thus have an adverse effect on the Group's earnings.

Risks related to climate change could adversely affect the Group's operations

Climate change presents the risk of damage to property caused over time by extreme weather conditions with intense downpours and storms, as well as rising sea levels and other changes in the physical environment that affect properties. As a real estate business, these risks could have a material adverse effect on the Group compared with other businesses as the Group relies on its physical infrastructure to produce its income. For example, the Group owns properties in Denmark (mainly the region of Greater Copenhagen) that are situated near to the sea and changes in the climate may cause damage to those buildings as a consequence of flooding. There is also a risk that certain construction materials may be unable to cope with the stresses that a changed climate involves. As the climate change is ongoing, these risks can be expected to increase in the long term. This could mean a greater need for investments in properties situated in vulnerable areas, which could entail higher operating expenses as well as capital expenditures for the Group. Investments in the wrong type of measures for properties may become unprofitable if risks related to climate change are not appropriately considered, and a possible failure to invest at all in mitigation measures could result in investments being written off. In addition, environmental-political decisions could affect the Group, not least in the form of higher taxes or necessary investments. Moreover, increased climate related requirements imposed by public authorities, investors, tenants and other stakeholders, for example relating to reductions of the Group's gas emissions, could also affect the Group's business. The Group has portfolios concentrated in several cities across Europe (see "*Operations – Real Estate Portfolio*" below) and if climate change detrimentally impacts such cities then the value of such portfolios, and the earnings capacity from such portfolios, could reduce significantly.

Potential illiquidity of the property market could make it difficult for the Group to dispose of properties

In accordance with its strategy, the Group makes selective divestments of properties. Such divestments may be affected by, for example, the availability of bank financing to potential buyers, interest rates and the supply of and demand for properties. A possible lack of liquidity in the property market may limit the Group's ability to sell its properties or modify its property portfolio in a timely manner in response to changes in economic or other conditions. Should the Group be required to divest part of its properties due to, for example, its inability to obtain financing, such divestments may not be profitable or possible at all, in particular if the market functions inadequately or is illiquid. Unsuccessful divestments of properties could have a material adverse effect on the Group's profitability and future prospects.

Technical risks

The Group's operations are dependent on various information and that its IT systems are secure and reliable. Particularly, the Group is dependent on the ability to use its IT systems in its business in an efficient manner, including being able to introduce and implement new technologies and functions in such systems. The Group is also working to digitalise its operations, and has therefore, for example, entered into an agreement regarding the delivery of a product for digital administration of real estate, which gives rise to new technical risks. If any technical problems should arise concerning the Group's IT systems, these could result in loss of data and a failure to provide quality service, which would have an adverse effect on the efficiency in the Group's operating activities and thus also on the Group's earnings.

Consequently, the Group is exposed to risks related to disruptions and malfunctions in its IT systems, which may be caused by, among other things, power cuts, data viruses, defaults by IT suppliers, crime targeted at information systems or major disasters such as fires or natural disasters. If any such risk would materialise, the interruption or failure of the Group's IT systems could impair the Group's operations and may compromise its strategic initiatives. Technology failure or underperformance could also increase the Group's litigation and regulatory exposure or require it to incur higher administrative costs (including remediation costs). Further, an irrecoverable loss of any tenant database would be expensive and time-consuming to endeavour to retrieve or recreate and would have an adverse effect on the Group's operations and financial situation.

Furthermore, any intrusion into the Group's IT systems, for example, from increasingly sophisticated attacks by cybercrime groups, could disrupt its business, result in the disclosure of confidential information and/or create significant financial and/or legal exposure and the risk for damage to the Group's reputation and/or brand. Such an event could be impacted by the EU General Data Protection Regulation 2016/679/EU ("GDPR") (see also "Incorrect or inadequate processing of sensitive information" below). The degree to which IT failures and the materialisation of any cyber risk may affect the Group is uncertain and presents a significant risk to the Group's operations and financial situation.

Legal and regulatory risks

Rental regulations may restrict the group's ability to increase rents

If the residential occupancy ratio or rent levels fall, the Group's earnings will be adversely affected. The Group is dependent on tenants paying agreed rent on time and there is a risk that tenants do not pay their rents (when these become due or at all) or otherwise do not fulfil their obligations. During 2020, the Group's rental income amounted to SEK 6,992 million and, thus, a change by +/- 1 % in the Group's rental income would have an effect on the Group's profit of approximately SEK +70/-70 million.

In the Swedish residential property market, there is restricted pricing for renting residential apartments. The Group is also subject to rent regulations and other restrictions such as the setting of rents in other geographies in which the Group operates. Such restrictions and rent regulations may lead to the Group not being able to increase rents as planned, in time, or at all or to compensate for renovations and other upgrades in the Group's property portfolio, which would have an adverse effect on the Group's earnings. In addition, stricter restrictions and rent regulations could lead to a reduction in the Group's property value which would have a material adverse effect on the Group's growth opportunities and financial position. The Group also has rental properties in geographical markets where the rent is market-based, for example in the geographic markets in Denmark in which the Group operates. There is also a risk that the development of the factors that affect the setting of rent will be negative, which could lead to decrease in rent levels. It could have an adverse effect on the Group's earnings should the rent levels decrease.

Changes in legislation may adversely affect the value of the Group's properties, increase its expenses and/or slow or halt the development of investments

The Group must comply with a wide variety of laws, regulations and provisions, including urban planning regulations, construction and operating permits, building standards, construction codes, health, safety, environmental, competition and labour laws, laws relating to rent levels and the rights of tenants as well as corporate, accounting and tax laws. Changes in such laws, regulations and provisions or their

interpretations could require the Group to adapt its business operations, assets or strategy, potentially leading to a negative impact on the value of its properties or its results, an increase in its expenses and/or slowing or even halting of the development of certain investments. In particular, requirements for energy efficiency have become more stringent in recent years, which results, among other things, in increased construction prices.

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 on an administrative level. There is a risk that the Group in the future may not be granted the permits or decisions necessary to conduct and develop its business as desired. Further, there is always a risk that decisions are challenged by third parties and, as a result thereof, are delayed significantly, or that the established decision making practice or the political will or direction are changed in the future in an adverse manner for the Group.

Materialisation of any of the above risks may adversely affect the value of the Group's properties, increase its expenses and/or slow or halt the development of the Group's investments.

The Group is subject to possible future changes in tax laws and regulations

Tax laws and regulations or their interpretation and application may be subject to change in the countries in which the Group operates. 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, in the future the Group may not 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 would have a material adverse effect on the Group's cash flow.

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. Local legislation in the countries in which the Group operates has been or may be implemented, and may cause the Group's final tax allowance, attributable to interest, to decrease as a result of the reduced allowance cap, which would result in lower profits after tax.

Tax laws and regulations, or their interpretation and application, may also change in other ways in the countries in which the Group operates. It is uncertain to what extent such future changes may affect the Group. Such changes may, among other things, have an adverse effect on the Group's cash flow and profit after tax as well as its business and future prospects.

Legal or regulatory proceedings or claims and/or failures of regulatory compliance or business ethics could adversely affect the Group's reputation and operations

The Group may become involved in, or a subject of, legal or regulatory proceedings or claims relating to its operations. It is inherently difficult to predict the outcome of legal, regulatory and other adversarial proceedings or claims, and the outcome of such proceedings or claims, whether existing or arising in the future, may adversely affect the Group. In the normal course of its business operations, the Group could become involved in legal proceedings relating, for example, to alleged breaches of contract by the Group and employers' liabilities and be subject to tax and administrative audits. Any unfavourable judgment against the Group in relation to any legal or regulatory proceedings or claims, or the settlement

thereof, could have a material adverse effect on the Group's reputation, business, financial condition, results of operations and future prospects.

Furthermore, the Group collaborates with a number of stakeholders (colleagues, customers, shareholders, partners, suppliers and contractors, etc.) and has broad customer and supplier bases. Many participants are involved within the Group's operations and the Group's services and products are procured through subcontractors at several levels. It is difficult for the Group to get an overview of its extended supply chain and there is a risk of activities occurring, either internally in the Group or at suppliers and partners who work on behalf of the Group, that violate the Group's values, breach its Code of Conduct, infringe human rights, involve corruption or breach regulations regarding, for example, health and safety. There is also a risk that employees will commit such violations in their interactions with colleagues, customers and other actors.

Any of the shortcomings described above relating to ethical standards and/or regulatory compliance could result in financial losses, sanctions from supervisory authorities, tarnished reputation and delisting of the Issuer's equity and/or the Group's debt securities.

Incorrect or inadequate processing of sensitive information

The Group processes and stores information and data of various kinds in both electronic and physical form, including data about tenants and, to the extent that it exists, insider information. Among other things, the Group processes personal data relating to employees, consultants and tenants. When the Group processes such data, it is of great importance that the processing takes place in accordance with, among other things, Swedish law and EU regulations, such as GDPR. For example, there are strict requirements for informing people about what personal data the Group processes and that this processing takes place in a manner that is consistent with the purpose for which the personal data was collected. If the Group processes this personal data inadequately, there is a risk that the Group will have to pay penalty fees for violations of, for example GDPR as caused by such events. In addition, there is a risk that the Group will fail in use of confidential or sensitive information or that such information will be disclosed or made available to others as a result of, for example, data breaches or so-called extortion viruses or extortion programs (ransomware). If the Group fails with processing personal data, is the subject for a breach of law, does not comply with provisions in completed agreements or if confidential or sensitive information is disclosed or made available to others, it may have a material adverse effect on the Group's reputation and earnings.

The Group's operations may contaminate the environment

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 the owner of the properties and land, the Group could be held liable for deterioration, damage, encumbrance or other hazardous causes originating from the operation of the properties, which may not be known or recognisable at the time of the purchase or which may occur at a later date.

Under Swedish, Danish, Norwegian, German and Czech legislation, 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 and the party acquiring the property was aware of, or should have discovered the pollution, then the acquirer is responsible for carrying out the treatment. Under

Dutch legislation, the party conducting an activity which has contributed to pollution is responsible for treating it, along with any other person who is competent and actually able to prevent or limit a violation of the Dutch legislation (for example, the owner of a property on which polluting activities were carried out). Under certain circumstances, previous owners and the current owner can also be held liable for pollution.

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 is also a risk that the Group may become liable for material environmental damage or other environmental liabilities in the future. The risks described above may damage the Heimstaden brand and the Group's reputation and could also have a material adverse effect on the Group's financial condition.

The Group could incur losses not covered by, or exceeding the coverage limits of, its insurance

The Group has insurance policies, for example, in respect of property, business interruption and liability for damages. However, it is difficult to obtain insurance policies for property that provide full coverage on various types of disasters, such as terrorist attacks, natural disasters and war. There are also other factors that may affect the chances of getting sufficient insurance compensation to make the Group whole following damage to insured properties, for example inflation, tax, changes in construction regulations and environmental concerns. The actual losses suffered by the Group could exceed its insurance coverage and could be material, which would have a material adverse effect on the Group's financial condition.

Financial risks

The Group may not receive financing at competitive terms or at all and may fail in repaying/refinancing its existing debt

Uncertainty in the financial markets or tightening regulation of banks could mean that the price of financing needed to carry out the Group's business, in particular its growth strategy, will increase and that such financing will be less readily available. As a result of the Group's intentions to raise additional debt from the capital markets, the Group is exposed to future adverse changes in those markets. The level of the Group's leverage may also affect its ability to refinance its existing debt, which, in turn, could also affect its competitiveness and limit its ability to react to market conditions and economic downturns.

From the unaudited figures, as at 30 June 2021, the Group's equity ratio was 50.5% based on the total assets.

As at 30 June 2021, the average period for which the capital is tied up in respect of the Group's interest-bearing liabilities was 11.6 years. The largest proportion of loan maturities within an individual year will occur in 2027 and will correspond to approximately 15% of the total loan portfolio as of 30 June 2021. The Group conducts continual discussions with banks and credit institutions aimed at securing its long-term financing. The Group cooperates closely with a handful of lenders in order to secure its long-term capital requirements. However, there is a risk that the Group may experience difficulties in raising new debt, repaying its existing debt or fulfilling its equity ratio target in the future. Any failure to repay the principal or pay interest in respect of the Group's existing debt, the inability to refinance existing

debt, or to raise new debt at corresponding or more favourable financial and other terms than currently in force, could have a material adverse effect on the Group's business, financial condition, results of operations and future prospects.

Risks posed by the Group's financing model

The Group is financed through equity and interest-bearing debt as well as the cash flows from its operations. A large part of the Group's interest-bearing debt is borrowed by the Group's subsidiaries, which means that the financial risks in the Group is to a large extent attributable to its subsidiaries. A large part of such long- term financing on subsidiaries consists of bilateral credit facilities. There are certain obligations under such credit facilities on maintaining, for example, certain interest cover ratios, equity ratios and certain loan to value ratios. This means that the creditors of the subsidiaries could be entitled to demand repayment in advance of the creditors of the Issuer if the relevant Group subsidiaries do not fulfil such obligations. If such a demand is made, it could adversely affect the relevant Issuer's financial position. A minor portion of the Group's interest bearing debt is in the form of commercial papers, which in contrast to the Group's other more long-dated debt, may be the first to face liquidity constraints in the markets at the times of economic turmoil, which could result in there being no market for the Issuer to issue new commercial papers. If the market for commercial papers is negatively impacted and that coincides with insufficient liquidity in the banking sector to honor the back-up liquidity facilities commitments, the Group may not be able to refinance when due on acceptable terms, or at all.

The Group is dependent on Heimstaden Bostad's long-term credit rating to pursue its financing strategy

Heimstaden Bostad's strategy is to increase its presence on the international capital markets through issuing unsecured bonds and notes and currently the company has a long-term credit rating of BBB (stable outlook) from S&P Global Ratings Europe Limited ("S&P"). There is a risk that S&P will downgrade Heimstaden Bostad's long-term credit rating, for instance if Heimstaden Bostad were to fail to maintain a satisfactory indebtedness and/or liquidity profile. If such a risk were to be realised, it would be difficult for Heimstaden Bostad to pursue its current financial strategy, which would have an adverse effect on the Group's financial prospects and future opportunities.

The Group's financings/insurance arrangements involve counterparty risk

Financial institutions are counterparties to the Group's long-term bank loans and insurance arrangements. During the financial crisis starting in 2007-2008, many banks and insurance companies in the United States and Europe experienced financial difficulties, resulting in numerous mergers, acquisitions and bankruptcies among financial institutions, including government takeovers of certain financial institutions. The Group's principal counterparties in financing transactions are financial institutions which have avoided serious financial problems. However, there is no assurance that the Group's financing or insurance counterparties will not experience any financial difficulties in the future. If the Group's counterparties were to experience financial difficulties it could have a material adverse effect on the Group's business and future prospects and opportunities. A prolongation of the outbreak of Covid-19 would accentuate this risk.

Fluctuations in interest rates may adversely affect the Group's business

Interest costs are one of the Group's largest cost items. Interest rate fluctuations affect the Group's profits through changes in interest expenses and the market values of interest rate hedging. From the

unaudited figures, as at 30 June 2021, approximately 78% of the Group's loans were fixed interest rate loans or floating rate loans hedged with interest rate derivatives. Further, fluctuations in interest rates may affect the Group's rental apartment business and the valuation of its properties. Although a significant increase in interest rates may considerably affect house owners' ability to pay interest on housing loans, it may also affect private consumption and decrease the value of properties. In addition, an increase in the interest rates could have a material adverse effect on the cost of financing and the Group's current financing expenses.

As of 31 December 2020, an increase in EURIBOR, STIBOR, CIBOR or NIBOR of one % at any given time would, all else being equal, increase the Group's interest expenses (adjusted for applicable interest deduction) on an annual basis by approximately SEK 191 million. Should the interest rate instead decrease by one % in such a scenario, the Group's interest expenses would decrease by approximately SEK 70 million. The difference in sensitivity is explained by the fact that several of the Group's credit agreements contain interest rate floors that limit rate fluctuations on the downside by, for example, preventing the base rate from being negative, while the cost of outstanding and purchased interest rate derivatives may increase with negative market rates

The Group uses interest rate derivatives to manage the interest rate risk relating to its floating interest rates risk, but may fail in managing its interest rate risk properly. 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 Issuer's interest rate derivatives decreases if the market interest rates decrease, which in turn has a negative impact on the Issuer's financial condition and results of operations. 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 Issuer.

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

The Group is exposed to indirect foreign exchange translation risk due to its investments in markets outside of Sweden. As of 30 June 2021 the Group owned properties at estimated values in Denmark in the amount of SEK 57.2 billion, in Norway in the amount of SEK 18.8 billion, in Germany in the amount of SEK 16.6 billion, in the Netherlands in the amount of SEK 24.2 billion and in the Czech Republic in the amount of SEK 15.4 billion. The currency rate risk arises primarily when the Group's foreign subsidiaries' balance sheets are consolidated in the Group's balance sheet. The Group reports in SEK and all items in the balance sheet that are not denominated in SEK (including items for foreign properties as well as all income and expenses generated by them and liabilities in currencies other than SEK) are converted to SEK. Thus, it is when converting foreign items to SEK that a currency rate risk arises. Should these risks develop negatively, it could have a material adverse effect on the Group's financial position.

Risks relating to the Bonds

The Bonds represent unsecured obligations of the Issuer

The Group has, as part of its financing, incurred debts to credit institutions. Certain property, shares and other assets in any company within the Group owning property have in connection therewith been

pledged as security. As of 31 December 2020, 54% of the Group's outstanding debt was secured, and the Group intends to continue seeking appropriate financing why further security, as part of such new financings, may be provided. The Bonds represent unsecured obligations of the Issuer. Hence, in the event of bankruptcy, reorganisation or winding-up of the Issuer, the Bondholders will be subordinated in right of payment out of the assets subject to such security. There is a risk that an investor could lose the entire, or parts of, its investment in the event of the Issuer's bankruptcy, reorganisation or winding-up of the Issuer.

Furthermore, there is no restriction under the Terms and Conditions for the subsidiaries of the Issuer to incur debt. The Terms and Conditions allow for the Issuer or any of its subsidiaries to provide security over its assets to secure any of the Issuer's indebtedness, except for such debt securities which can be admitted for trading on a regulated market. If the subsidiaries of the Issuer incur debt, including any secured 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 such debts.

Risks related to the admission to trading

The Issuer has undertaken to ensure that the Bonds are admitted to trading on a regulated market within certain stipulated time periods, as defined in the Terms and Conditions. There is a risk that the Bonds will not be admitted to trading within the intended time frames or at all, which could negatively affect an investor's ability to dispose of its Bonds. Failure to obtain listing in time would provide each Bondholder with a right of prepayment (put option) of its Bonds. There is a risk that the Issuer will not have sufficient funds at the time of such prepayment to make the required prepayment of the Bonds which could adversely affect the Issuer, e.g. by causing insolvency or an event of default under the Terms and Conditions and thus adversely affect all Bondholders and not only those that choose to exercise the put option.

Even if the Bonds are admitted to trading on an exchange market, in accordance with the Terms and Conditions, the Bonds may not always be actively traded. In general, financial instruments with a high nominal value, such as the Bonds, are not traded as frequently as financial instruments with a lower nominal value. Given the high nominal value of the Bonds there is a risk that there will not be a liquid market for trading in the Bonds. This may result in Bondholders being unable to sell their Bonds when they wish to do so or at a price which allows them to make profit comparable to similar investments with an active and functioning secondary market. Lack of liquidity in the market may thus have a negative impact on the market value of the Bonds and presents a significant risk for an investor who wants or needs to divest its Bonds. Furthermore, there is a risk that during a given time period it may be difficult or impossible to sell the Bonds (at all or at reasonable terms) due to, for example, severe price fluctuations, close down of the relevant market or trade restrictions imposed on the market. There is currently significant uncertainty as to how the trading on financial markets may develop if there would be a significant prolongation of the outbreak of Covid-19, and potential consequences thereof include severe price fluctuations and lack of liquidity.

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 Initial Bonds of EUR 400,000,000, with ISIN SE0016589105 and common code 238461979 issued on 6 September 2021.

The Issuer has obtained all necessary resolutions, authorisations and approvals required in conjunction with the Bonds and the performance of its obligations relating thereto. The issuance of the Initial Bonds on 6 September 2021 has been authorised by a resolution of the board of directors of the Issuer on 24 August 2021.

The Prospectus has been approved by the Swedish Financial Supervisory Authority (Sw. *Finansinspektionen*) (the “**SFSA**”) as competent authority under Regulation (EU) 2017/1129. The SFSA only approves this Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by Regulation (EU) 2017/1129. The SFSA’s approval should not be considered as an endorsement of the Issuer that is the subject of this Prospectus, nor should it be considered as an endorsement of the quality of the securities that are subject of this Prospectus. Investors should make their own assessment as to the suitability of investing in the securities.

The Issuer accepts responsibility for the information contained in this Prospectus and declares that, to the best of its knowledge, the information contained in this Prospectus is in accordance with the facts and the Prospectus makes no omission likely to affect its import. The board of directors of the Issuer is, to the extent provided by law, responsible for the information contained in this Prospectus and declares that, to the best of its knowledge, the information contained in this Prospectus is in accordance with the facts and the Prospectus makes no omission likely to affect its import.

The information in the tables on pages 36 and 37 has been sourced from the rating services Standard and Poor’s, Moody’s Investors Service Limited and Fitch Ratings Ltd as compiled by tradingeconomics.com, and from the OECD, Eurostat and Oxford Economics. Furthermore, certain information on page 48, under the heading “*Czech Republic*”, has been sourced from the real estate services and investment firm CBRE. This information has been accurately reproduced and, as far as the Issuer is aware and is able to ascertain from information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading.

Malmö on 6 September 2021

HEIMSTADEN AB (PUBL)

The board of directors

THE BONDS IN BRIEF

This section contains a general and broad description of the Bonds. It does not claim to be comprehensive or cover all details of the Bonds. Potential investors should therefore carefully consider this Prospectus as a whole, including the documents incorporated by reference, and the full Terms and Conditions for the Bonds, before a decision is made to invest in the Bonds.

Concepts and terms defined in Section “*Terms and Conditions for the Bonds*” are used with the same meaning in this section unless otherwise is explicitly understood from the context or otherwise defined in this Prospectus.

General

Issuer	Heimstaden AB (publ), reg. no. 556670-0455, Östra Promenaden 7 A, SE-211 28 Malmö.
Resolutions, authorisations and approvals.....	The Company’s board of directors resolved to issue the Bonds on 24 August 2021.
The Bonds offered.....	Bonds in the amount of EUR 400,000,000.
Nature of the Bonds.....	The Bonds constitute debt instruments (Sw. <i>skuldförbindelser</i>), each of the type set forth in Chapter 1 Section 3 of the Central Securities Depositories and Financial Instruments Accounts Act.
Number of Bonds	4,000 Bonds.
ISIN	SE0016589105.
Common Code.....	238461979.
Issue Date	6 September 2021.
Price.....	All Bonds issued on the Issue Date have been issued at an issue price of 99.397 % of the Nominal Amount.
Interest Rate.....	Interest on the Bonds is paid at a fixed rate of 4.375 % <i>per annum</i> . Interest will accrue from, but excluding, the First Issue Date.
Interest Payment Dates.....	In arrear on 6 March and 6 September each year (with the first Interest Payment Date being on 6 March 2022 and the last Interest Payment Date being the Final Redemption Date, 6 March 2027), provided that if any such day is not a Business Day, the Interest Payment Date shall be 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. Interest will accrue from, 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).
Final Redemption Date.....	6 March 2027.

Nominal Amount.....	The initial nominal amount of each Bond is EUR 100,000 and the minimum permissible investment upon issuance of the Bonds is EUR 100,000.
Denomination	The Bonds are denominated in EUR.
Status of the Bonds.....	The Bonds constitute direct, general, unconditional, unsubordinated and unsecured obligations of the Issuer and shall at all times rank <i>pari passu</i> and without any preference among them and at least <i>pari passu</i> with all direct, general, unconditional, unsubordinated and unsecured obligations of the Issuer, except for obligations mandatorily preferred by regulation applying to companies generally.
Use of Proceeds and estimated net amount of proceeds.....	<p>The purpose of the Bond Issue is general corporate purposes of the Group (including acquisitions and investments).</p> <p>The net proceeds from the offering of the Bonds is EUR 394,788,000 minus the costs incurred by the Issuer in conjunction with the issuance of the Bonds.</p>

Call Option

Call Option	<p>The Company may redeem all, but not some only, of the outstanding Bonds in full on any Business Day prior to the Final Maturity Date at an amount equal to the sum of the Nominal Amount and the amount of all scheduled coupon payments (see further the definition of “Early Redemption Amount” under Clause 1 (<i>Definitions and construction</i>) of the Terms and Conditions) together with accrued but unpaid Interest. The Company may furthermore 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 three month period falling immediately prior to the Final Maturity Date. The Company may finally redeem all, but not some only, of the outstanding Bonds at any time if the aggregate Nominal Amount of the Bonds held by the Company exceeds 80% or more of the Total Nominal Amount (see further Clause 11.3 (<i>Voluntary total redemption (call option)</i>) of the Terms and Conditions).</p>
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Put Option

Put Option.....	<p>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% of the Nominal Amount together with accrued but unpaid Interest (see further Clause 11.4 (<i>Mandatory repurchase (put option)</i>) of the Terms and</p>
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	Conditions). 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.
Change of Control Event.....	A Change of Control Event means an event or series of events where (i) one or more persons (other than Fredensborg AS, reg. no. 943 582 815), acting together gains control of the Issuer or (ii) one or more persons (other than the Issuer or Alecta pensionsförsäkring ömsesidigt), acting together gains control of more than fifty (50) % of the voting rights in Heimstaden Bostad.
Listing Failure Event	A Listing Failure Event shall be deemed to have occurred if (i) the Initial Bonds have 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) or (ii) any Subsequent Bonds have 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 Issue Date in respect of such Subsequent Bonds (although the intention is to list any Subsequent Bonds within thirty (30) days from the relevant Issue Date).

Undertakings

Financial covenants	<p>The issuer shall ensure that the Maintenance Test is met. The Maintenance Test is met if Available Liquidity Reserves at all times are equal to or higher than the aggregate estimated Interest Expenses for the next twelve months. See further Clause 13.2 (<i>Maintenance Test</i>) of the Terms and Conditions.</p> <p>The Issuer shall ensure that the Incurrence Test is met in connection with (i) declaring, making or paying any dividend (whether in cash or in kind) on or in respect of its share capital, repurchasing any of its own shares, redeeming its share capital or other restricted equity with repayment to shareholders or making any other similar distribution or transfers of value to the direct or indirect shareholders of the Issuer (save, in each case, for any transactions in respect of Listed Preference Shares or in respect of Hybrid Securities provided that such securities are issued on normal market terms) (a “Restricted Distribution”) or (ii) incurring any new Interest Bearing Financial Liabilities or providing any parent company guarantee for Interest Bearing Financial Liabilities (in each case calculated <i>pro forma</i> including the relevant Restricted Distribution or the new Interest Bearing Financial Liabilities and the application of the proceeds thereof). The Incurrence Test is met if (i) the Interest Coverage Ratio is equal to or higher than</p>
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	2.00:1; the Loan to Value Ratio is equal to or lower than 30% and (iii) no Event of Default is continuing or would result from the expiry of a grace period, the giving of a notice, the making of any determination (or any combination of the foregoing) or from the relevant incurrence or payment (as applicable). See further Clause 13.3 (<i>Incurrence Test</i>) of the Terms and Conditions.
Certain undertakings.....	<p>The Terms and Conditions contain a number of undertakings that restrict the ability of the Issuer and other Group Companies, including, among others:</p> <ul style="list-style-type: none"> • restrictions on disposals of assets; • restrictions on providing security; • restrictions on mergers and demergers; • restrictions on making any substantial changes to the general nature of the business of the Group taken as a whole; • undertaking to maintaining Properties and customary insurances; • undertaking to at all times meet the Maintenance Test; • undertaking to have the Bonds admitted to trading on a regulated market within twelve (12) months after the First Issue Date; and • undertakings relating to the agency agreement. <p>Each of these covenants is subject to significant exceptions and qualifications. See the Terms and Conditions of the Bonds for more information.</p>

Miscellaneous

Transfer restrictions.....	The Bonds are freely transferable. The Bondholders may be subject to purchase or transfer restrictions with regard to the Bonds under local laws to which such Bondholder may be subject (due to, <i>e.g.</i> , its nationality, its residency, its registered address or its place(s) of business). The Bonds have not been, and will not be, registered under the Securities Act or the securities laws of any other jurisdiction.
Credit rating.....	No credit rating has been assigned to the Bonds.
Admission to trading	Application for admission to trading of the Bonds on the corporate bond list of Nasdaq Stockholm will be filed in connection with the Swedish Financial Supervisory Authority's (Sw. <i>Finansinspektionen</i>) (the "SFSA") approval of this Prospectus. The earliest date for admitting the Bonds to trading on Nasdaq Stockholm is on or about 8 September 2021. The total expenses of the admission to trading of the Bonds are estimated to amount to approximately SEK 150,000.
Representation of the Bondholders.....	Nordic Trustee & Agency AB (publ), Swedish reg. no. 556882-1879, is acting as Agent for the Bondholders in relation to the Bonds and any

other matter within its authority or duty in accordance with the Terms and Conditions.

By acquiring Bonds, each subsequent Bondholder confirms such appointment and authorisation for the Agent to act on its behalf, on the terms, including rights and obligations of the Agent, set out in the Terms and Conditions. The Terms and Conditions are available at the Agent's office address, Norrlandsgatan 23, SE-111 43 Stockholm, Sweden, during normal business hours as well as at the Agent's website, www.nordictrustee.com.

Governing law	The Bonds are governed by Swedish law.
Time-bar	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 3 (three) years from the relevant due date for payment.
Clearing and settlement	The Bonds are connected to the account-based system of Euroclear Sweden AB, Swedish reg. no. 556112-8074, P.O. Box 191, SE-101 23 Stockholm, Sweden. This means that the Bonds are registered on behalf of the Bondholders on a securities account (Sw. <i>VP-konto</i>). No physical Bonds have been or will be issued. Payment of principal, interest and, if applicable, withholding tax will be made through Euroclear Sweden AB's book-entry system.
Risk factors	Investing in the Bonds involves substantial risks and prospective investors should refer to Section " <i>Risk Factors</i> " for a discussion of certain factors that they should carefully consider before deciding to invest in the Bonds.

HEIMSTADEN

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's LEI code is 549300WD2QBD89VBPV88. 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, telephone number +46 (0)770 111 040. The Company's website is heimstaden.com. The information on the website or any other website is not part of this Prospectus and has not been scrutinized or approved by the SFSA unless that information is incorporated by reference into this Prospectus.

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.

Share capital, shares, ownership structure and governance

According to its articles of association, the Company's share capital shall be no less than SEK 60,000,000 and not more than SEK 240,000,000 divided into no less than 60,000,000 shares and not more than 240,000,000 shares. As of the date of this Prospectus, the number of shares in the Company was 190,633,750 shares, divided among 132,040,000 ordinary shares and 58,593,750 preference shares.

The Company's preference shares are listed at Nasdaq First North Premier under the ticker HEIM PREF. All ordinary shares of the Company are owned by the Company's largest shareholder, Fredensborg AS, which is in turn ultimately controlled by Ivar Tollefsen with approximately 98% of the shares and 100% of the votes. Ivar Tollefsen is thereby holding approximately 71% of the share capital and 96% 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.

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.

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. 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.

As at 31 March 2021, the Group, in total, consists of 855 Group Companies (including the Company), of which 404 Group Companies are incorporated in Sweden, 252 Group Companies are incorporated in Denmark, 110 Group Companies are incorporated in Norway, 54 Group Companies are incorporated in the Netherlands, 14 Group Companies are incorporated in Germany, 8 Group Companies are incorporated in Czech Republic, 10 Group Companies are incorporated in Poland and 3 Group Companies are incorporated in the United Kingdom.

Introduction to Heimstaden AB

Heimstaden AB is an industrial investor and owns Heimstaden Bostad AB together with long-term institutional investors who share Heimstaden AB's philosophy for evergreen and sustainable investments. Heimstaden is the investment, asset, property and facility manager of Heimstaden Bostad AB. All employees are employed by Heimstaden AB, with the exception of employees in the Czech Republic, which are employed by Heimstaden Bostad AB. The property companies are fully owned by Heimstaden Bostad AB.

The Company is currently present in several European markets, where Denmark is the largest. Heimstaden is the parent company of the Group. A significant part of the Company's and the Group's operations, assets and income concerns the subsidiary Heimstaden Bostad AB, which is owned by the Company together with various investors, namely Alecta, Folksam Group, Sandvik Pension Fund, Ericsson Pension Fund and the Swedish Pension Agency. As at 30 June 2021, the Company owned approximately 50.3% of the votes and approximately 45.7% of the total number of shares in Heimstaden Bostad AB. The Company has an asset management agreement with Heimstaden Bostad AB, whereby the Company provides Heimstaden Bostad AB with among other things, accounting functions, transaction teams, HR function, and senior executives. Additionally, Heimstaden AB has other holdings, with the largest being a residential property portfolio on Iceland comprising 1,637 units.

In October 2019, a revised shareholders agreement was signed for Heimstaden Bostad AB which enabled the company to bring in several institutional owners. In December 2019, Folksam Group became the second largest institutional owner of Heimstaden Bostad AB through its companies Folksam Sak and Folksam Livs as well as KPA Pension. In March 2021, the Swedish Pension Agency became an institutional investor in Heimstaden Bostad AB. Institutional owners strengthen the capital base and provide a seal of quality for the operations conducted in Heimstaden when value-driven and long-term actors choose to become owners of Heimstaden Bostad AB.

The combination of having a fully committed and knowledgeable industrial owner supported by long-term institutional partners, provides Heimstaden Bostad AB with access to the expertise and financial strength needed to identify and capitalise on attractive investment opportunities.

Selected key performance indicators

Alternative performance measures

Heimstaden applies the European Securities and Markets Authority ("ESMA") Guidelines on the Alternative Performance Measures (issued on 5 October 2015) (the "ESMA guidelines"). Heimstaden presents certain financial measures that are not defined in accordance with International Financial Reporting Standards as adopted in the European Union ("IFRS"). Heimstaden believes that these measures provide valuable additional information to investors and management as they enable assessment of the Group's performance. Since not all companies calculate financial measures in the

same way, these are not always comparable to measurements used by other companies. Accordingly, these financial measures should not be considered as a replacement for measures defined in accordance with IFRS. Further details are provided below in respect of alternative performance measures used in this Prospectus.

*) These specific key data are operational and are not considered to be key data in accordance with the ESMA guidelines.

Heimstaden AB as an isolated entity

Below are key performance indicators viewing Heimstaden AB as an isolated entity, consisting mainly of the shares in Heimstaden Bostad AB and a sole investment property and excluding the properties, debt and cash position of Heimstaden Bostad. This information has been sourced from Heimstaden AB's internal accounting systems.

Share of Heimstaden Bostad's net asset value

Shares of Heimstaden Bostad's net asset value is a measure of the value of the shares in Heimstaden Bostad held by Heimstaden AB. This is relevant to show the value of parts of the assets held by Heimstaden AB as an isolated entity.

Relevant assets

Relevant assets is a measure of the value of the shares in Heimstaden Bostad held by Heimstaden AB, including the investment properties owned by Heimstaden AB. This is relevant to show the value of the assets held by Heimstaden AB as an isolated entity.

Net interest-bearing debt

Net interest-bearing debt is a measure of the indebtedness less the cash position of Heimstaden AB as an isolated entity. Heimstaden considers net interest-bearing debt to be relevant to measure its indebtedness.

Loan-to-Value (%)

The loan-to-value ratio compares net debt against assets and is a key performance measure that Heimstaden considers to be relevant for assessing the indebtedness of Heimstaden AB as an isolated entity in relation to its assets.

Net interest-bearing debt, including hybrid bonds

Net interest-bearing debt, including hybrid bonds is a measure of the indebtedness, including hybrid bonds, less the cash position of Heimstaden AB as an isolated entity. Heimstaden considers net interest-bearing debt, including hybrid bonds to be relevant to measure the indebtedness of Heimstaden AB as an isolated entity if the hybrid bonds were to be viewed as 100% debt.

Loan-to-Value, including hybrid bonds (%)

The loan-to-value ratio, including hybrid bonds compares net debt, including hybrid bonds, against assets and is a key performance measure that Heimstaden considers to be relevant for assessing the indebtedness of Heimstaden AB as an isolated entity in relation to its assets if the hybrid bonds were to be viewed as 100% debt.

Operating profit/loss

The operating profit/loss shows the income for Heimstaden AB as an isolated entity. Operating income minus operating costs. The operating profit/loss is included in adjusted earnings.

Adjusted earnings

Income is a key performance measure that shows the income for Heimstaden AB as an isolated entity used to pay for interest costs and other costs related to the ongoing business of Heimstaden AB as an isolated entity and consists of income from its investment properties, the income from the management of Heimstaden Bostad's assets and the cash dividend from the shares in Heimstaden Bostad, held by Heimstaden AB. Heimstaden considers this to be relevant for assessing the ability of Heimstaden AB as an isolated entity to pay the interest costs on its debt.

Financial costs

Financial costs is a key performance measure that shows the costs related to the indebtedness of Heimstaden AB as an isolated entity including interest-bearing debt and hybrid bonds. Heimstaden considers this key performance measure to be relevant to assess the funding costs related to the assets in Heimstaden AB as an isolated entity.

Interest coverage ratio (rolling 12 months) (multiple)

Adjusted earnings divided by financial costs. Interest coverage ratio is a key performance measure that Heimstaden considers to be relevant for assessing the ability of Heimstaden AB as an isolated entity to pay interest on interest-bearing liabilities, make strategic investments and to fulfil its commitments under financing agreements.

Interest coverage ratio, including hybrid costs (rolling 12 months) (multiple)

Adjusted earnings divided by financial costs including hybrid costs. Interest coverage ratio is a key performance measure that Heimstaden considers to be relevant for assessing the ability of Heimstaden AB as an isolated entity to pay interest on interest-bearing liabilities, make strategic investments and to fulfil its commitments under financing agreements.

	30 June 2021 (unaudited)	30 June 2020 (unaudited)	2020 (audited)	2019 ¹ (audited)
<i>(SEK millions, unless otherwise stated)</i>				
Relevant assets				
Shares of Heimstaden Bostad's net asset value	39,831	28,751	30,402	23,101
Investment properties	611	388	622	388
Relevant assets	40,443	29,139	31,024	23,489

	30 June 2021 (unaudited)	30 June 2020 (unaudited)	2020 (audited)	2019 ¹ (audited)
Net interest-bearing debt				
Interest-bearing secured liabilities.....	317	199	301	200
Interest-bearing unsecured liabilities.....	7,689	3,000	4,000	3,000
Interest-bearing liabilities.....	8,006	3,199	4,301	3,200
Cash and cash equivalents.....	-4,768	-2,383	-3,270	-6,342
Net interest-bearing debt.....	3,238	816	1,049	-3,142
Loan-to-Value (%)				
Net interest-bearing debt.....	3,238	816	1,049	-3,142
Relevant assets.....	40,443	29,139	31,024	23,489
Loan-to-Value (%).....	8.0	2.8	3.4	-13.4
Operating profit/loss				
Operating income.....	317	219	262	147
Operating cost.....	-255	-187	-218	-135
Operating profit/loss.....	61	32	44	12
Adjusted earnings				
Operating profit/loss.....	61	32	44	12
Pref A dividends.....	277	184	184	127
Common dividends.....	1,636	400	400	0
Pref B dividends.....	553	349	349	246
Adjusted earnings.....	2,526	965	977	384
Financial costs				
Interest expenses.....	-192	-101	-113	-97
Hybrid cost.....	-231	-153	-230	-45
Financial costs.....	-423	-254	-343	-142

	30 June 2021 (unaudited)	30 June 2020 (unaudited)	2020 (audited)	2019 ¹ (audited)
Interest Coverage Ratio (rolling 12 months) (multiple)				
Adjusted earnings.....	2,526	965	977	384
Interest expenses	-192	-101	-113	-97
Interest Coverage Ratio (rolling 12 months) (multiple).....	13.1	9.6	8.7	4.0

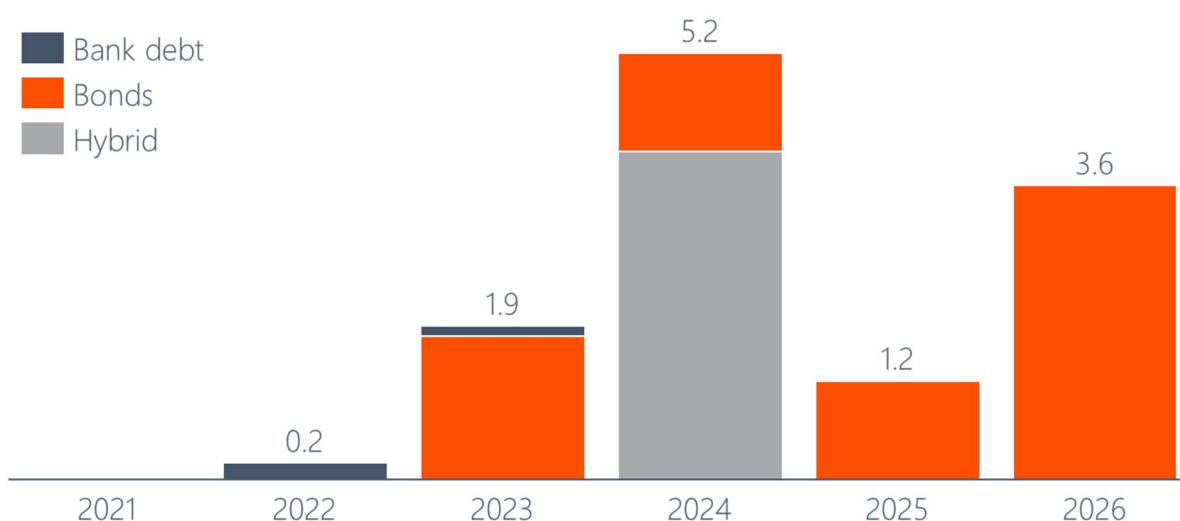
**Interest Coverage Ratio, including hybrid costs
(rolling 12 months) (multiple)**

Adjusted earnings.....	2,526	965	977	38
Financial costs.....	-423	-254	-343	-142
Interest Coverage Ratio, including hybrid costs (rolling 12 months) (multiple).....	6.0	3.8	2.9	2.7

Note: 2019¹ refers to Heimstaden AB as an isolated entity as of 31 December 2019 where the properties sold to Heimstaden Bostad during the year are excluded. Note that there has been no assumption of increased dividend or management fee in Heimstaden AB related to the increased Gross Asset Value in Heimstaden Bostad.

The chart below shows an overview of the isolated entity's debt maturity profile from the unaudited figures as at 30 June 2021.

SEK billion



Recent events, trend information and significant changes

Poland

In December 2020, Heimstaden made its first investment in Poland, with two turnkey newbuild projects for 640 residential units in Warsaw.

In May 2021, Heimstaden acquired a newbuild portfolio with 2,496 homes in Poland for SEK 3.1 billion from leading Polish residential development company, Budimex. The portfolio is located in five of the largest cities in Poland: Warsaw, Krakow, Wroclaw, Poznan and Gdansk, economic hubs in their regions, encompassing Poland's most populated and prosperous areas. The portfolio consists of 13 projects to develop 2,496 apartments (131,806 sqm), 5,202 sqm of retail space, and accompanying parking spaces.

Sweden

On 6 May 2021, Heimstaden agreed to acquire 1,118 residential units in Linköping for SEK 2.5 billion from municipal housing company Stångåstaden. The transaction is expected to close in July 2021 and is expected to be financed through debt and equity.

United Kingdom

On 21 May 2021, Heimstaden announced that it will enter a new market, the United Kingdom, by acquiring the "Soho Wharf" newbuild project in Birmingham for GBP 160 million (SEK 1.9 billion as at 21 May 2021) from Apsley House Capital and Galliard Homes. The project consists of 752 homes, three commercial units and 300 parking spaces. It has a total lettable area of 48,710 square metres. The transaction is structured as a turnkey forward funding project with Galliard Homes as developer and contractor. Heimstaden will fund the development based on construction milestones but does not take on direct development risk. Construction has started on site and is expected to be completed between the first quarter of 2023 and the first quarter of 2024.

Iceland

In July 2021, Heimstaden made its first investment in Iceland by acquiring a residential real estate portfolio comprising 1,637 homes located primarily in and around the capital Reykjavik with a fair value of investment properties of approximately SEK 3.8 billion as at 31 March 2021. The portfolio has an annual gross rental income of SEK 260 million. Most of Heimstaden's investments are made indirectly through its ownership in Heimstaden Bostad, which is the Group's primary holding. Heimstaden made this acquisition directly due to Iceland being outside of Heimstaden Bostad's geographical mandate.

Finland

On 20 July 2021, Heimstaden Bostad announced its entry into Finland with the acquisition of 242 homes in Helsinki for SEK 215 million. Finland is the last of the Nordic markets to have a Heimstaden presence. Heimstaden will establish in-house operations in Helsinki once the portfolio reaches sufficient scale.

Trend information

There has been no material adverse change in the prospects of the Issuer since 31 December 2020, being the end of the last financial period for which an audited financial report has been published.

Significant changes since 30 June 2021

There has been no significant change in the financial performance or financial position of the Group since 30 June 2021, being the end of the last financial period for which financial information has been published.

Material contracts

Neither the Issuer nor any other Group Company has concluded any material contracts that are not entered into in the ordinary course of its business which could result in any Group Company being under an obligation or entitlement that is material to the Issuer's ability to meet its obligations to Holders.

Credit rating

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

Legal and arbitration proceedings

The Group has not been party to any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware) during the previous 12 months from the date of this Prospectus which may have, or have had in the recent past, significant effects on the Issuer's and/or the Group's financial position or profitability.

HEIMSTADEN BOSTAD

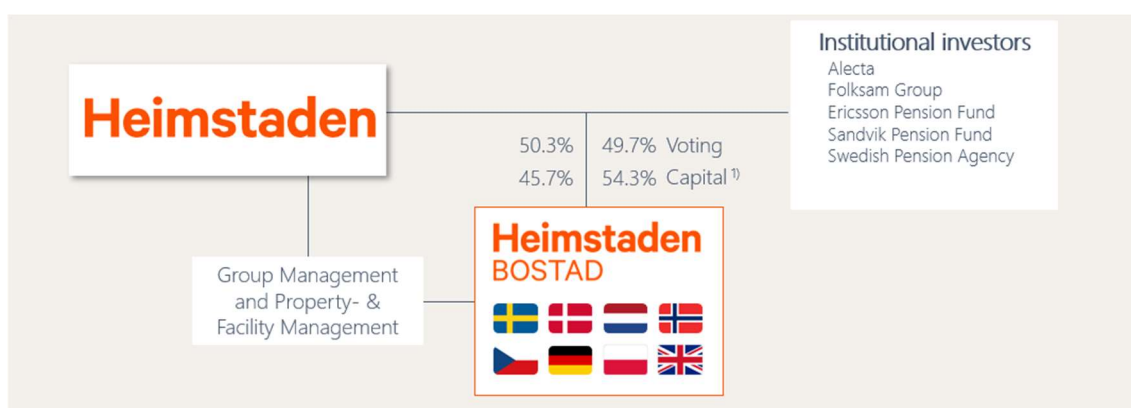
Group structure

Heimstaden Bostad's ownership structure (based on voting rights) is as follows as at 30 June 2021:

- Heimstaden (through subsidiary), 50.3%;
- Alecta, 41.2%;
- Folksam Group, 5.5%;
- Ericsson Pension Fund, 1.7%;
- Sandvik Pension Fund, 0.6%;
- Swedish Pensions Agency, 0.6%; and
- Heimstaden management, 0.1%.

Heimstaden's majority owner is Fredensborg AS, a Norwegian residential real estate group wholly owned by Ivar Tollefsen.

The illustration below provides an overview of the ownership structure of Heimstaden Bostad based on voting rights and total capital as at 30 June 2021.



Note:

⁽¹⁾ Capital means Heimstaden Bostad's net asset value excluding non-controlling interest and hybrid bonds with accrued interest.

Source of financial information

The financial information in this section "Heimstaden Bostad" has, unless otherwise stated, been sourced from Heimstaden Bostad's unaudited financial report for the interim financial periods ended 30 June 2021 and 30 June 2020, the annual audited financial reports for the financial years ended 31 December 2019 and 31 December 2020 and, where not expressed to be sourced from the aforementioned financial reports, internal accounts. The financial information has not, unless stated to the contrary herein, been audited.

Shareholders

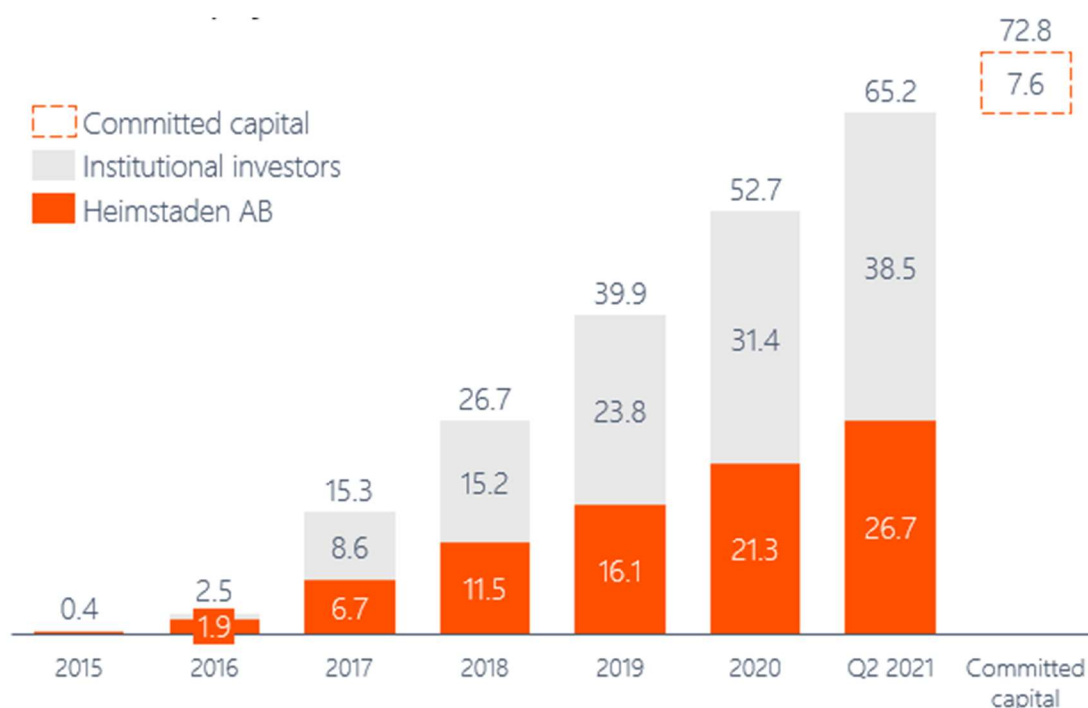
Equity

Heimstaden Bostad's shares are privately held and comprise of three classes of shares (class A preference shares, class B preference shares, and common shares). All shareholders (except management) have holdings in both common shares and class B preference shares. Heimstaden (through its subsidiaries) is the only holder of the class A preference shares.

Heimstaden Bostad also benefits from undrawn capital commitments from Alecta and the Swedish Pensions Agency in an amount of SEK 7.6 billion as at 30 June 2021, which it can utilise for future acquisitions subject to certain conditions.

The graph below shows the unaudited cumulative historical equity investment (in SEK, billions) made by Heimstaden Bostad's institutional investors and Heimstaden from 2015 to 30 June 2021.

Cumulative equity injections and committed capital (2015 – 30 June 2021, unaudited)



Capital distribution

The total capital (unaudited) of Heimstaden Bostad as at 30 June 2021 and its distribution between its shareholders is presented in the table below:

Shareholders	Total capital ⁽¹⁾ (SEK, million)	Proportion of total capital ⁽¹⁾ (%)	Proportion of voting rights (%)
Heimstaden (through subsidiary)	39,831	45.7	50.3
Alecta	39,228	45.0	41.2
Folksam Group.....	5,191	6.0	5.5
Ericsson Pension Fund	1,684	1.9	1.7

Shareholders	Total capital⁽¹⁾ <i>(SEK, million)</i>	Proportion of total capital⁽¹⁾ <i>(%)</i>	Proportion of voting rights <i>(%)</i>
Sandvik Pension Fund.....	589	0.7	0.6
Swedish Pensions Agency.....	552	0.6	0.6
Heimstaden management	48	0.1	0.1
Total	87,124	100	100

Note:

⁽¹⁾ Total capital means Heimstaden Bostad's net asset value excluding non-controlling interest and hybrid bonds with accrued interest.

Dividend distribution model

The shareholders have agreed on certain principles and rules governing the dividend distribution reflected in the shareholders' agreement of Heimstaden Bostad, whereby, in short:

- overarching principle that 100% of Heimstaden Bostad's funds from operations, after any deduction necessary to fulfil agreed liquidity reserve, shall be paid out;
- shareholders representing more than 10% ownership of either Class B preference shares or common shares can demand dividend distribution in accordance with the Distribution Waterfall;
- minimum dividend is Class A preference shares and Class B preference shares, whereby non-executed preferential dividend amounts roll over to following financial year according to the articles of association;
- dividend amounts from Class B preference shares are reinvested by way of subscription of new Class B preference shares if necessary to meet agreed balance between the share classes (see below under "*Rebalancing*"); and
- dividends on common shares are the residual between funds from operations and preferential dividends according to the Distribution Waterfall but are conditional on Heimstaden Bostad maintaining its credit worthiness.

According to the Distribution Waterfall set forth in Heimstaden Bostad's articles of association, 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. Moreover, Class A preference shares have priority over Class B preference shares.

Class A preference shares, of which the Issuer owns 100%, have the highest priority), whereby the dividend for such share is calculated quarterly. Each Class A preference shares is entitled to a *pro rata* share of an aggregate amount equal to 0.05% of the market value of Heimstaden Bostad's properties, whereby such market value is determined based on the annual average market value on the basis of the quarterly reporting during the relevant financial year. When the Class A preference shares have received such average market value, the Class A preference shares shall not be entitled to any further dividends. If the Class A preference shares do not receive dividend in an amount equal to 0,05 of the average market value for a financial year, such dividend shall be distributed during a subsequent financial year before any other dividend is made.

The Class B preference shares are entitled to receive dividend on basis of the following:

- LTV based dividend

- ROE based dividend

The LTV based dividends shall be calculated on the Acquisition Cost per each series of Class B preference shares, as a percentage between 3.5 and 4.5% per year. 3.5% shall be received when LTV is 40% or lower and 4.5% shall be received when LTV is 65% or higher. The LTV based dividend shall be linearly adjusted between 3.5% and 4.5% in relation to LTV. LTV is calculated at the end of each quarter-end and the LTV based dividends are based on an average of such LTV during the relevant financial year. However, shareholders' agreement of Heimstaden Bostad requires the LTV to be below 65% for any dividends to be paid out.

The ROE based dividend shall be calculated on the Acquisition Cost per each series of Class B preference shares and be based on the ROE. In the event the ROE during a financial year (only calculated on an annual basis, based on the annual report) exceeds 5%, the dividend percentage per Class B preference share for such financial year shall be increased with ROE (specified as percentage) less 5 percentage points multiplied with 0.25.

Acquisition Cost: average subscription price for each class of Class B preference share (1-100) plus capitalized dividends in the event of a deficit in dividends.

LTV: aggregate loan-to-value ratios in Heimstaden Bostad's, calculated as the Heimstaden Bostad's external loans by each quarter-end, divided by the aggregate market value of Heimstaden Bostad's properties by each quarter-end.

ROE: the consolidated year-end result of Heimstaden Bostad according to the annual report, divided by the total equity (consolidate) at the end of the relevant financial year (any resolved but unpaid dividends for the current financial year shall be added back).

When the preference return for each financial year attributable to the Class B preference share has been distributed, the Class B preference share shall not be entitled to any further dividends.

Rebalancing

According Heimstaden Bostad's shareholders' agreement, the dividend split between the share classes are subject to a rebalancing mechanism that has the purpose to maintain a maximum of 35% of common shares and a minimum of 65% of preference shares. Therefore, if the adjusted net asset (as defined in the shareholders' agreement) value is greater than 35% of the adjusted equity value (as defined in the shareholders' agreement) as at the end of a financial year or quarter end prior to the date when a general meeting of the shareholders resolves to make a profit distribution in cash on Class B preference shares, the rebalancing mechanism in the shareholders' agreement is triggered.

The rebalancing mechanism entails that the shareholders shall reinvest all or part of (but not more than) the dividend on Class B preference shares by subscription of newly issued Class B preference shares equal to the subscriber's proportionate ownership of Class B preference shares prior to the reinvestment and Heimstaden Bostad shall to the maximum extent permitted by applicable law use the proceeds from the issue of Class B preference shares to redeem common shares in a proportion equal to each subscriber's ownership of common shares prior to the reinvestment for the purpose of achieving desired relations between common shares and preference shares.

Distribution in the event of bankruptcy or liquidation

The distribution model in the event of bankruptcy or liquidation largely mirrors the Distribution Waterfall. Available funds remaining after Heimstaden Bostad's creditors have been paid shall be distributed according to the following.

Firstly, the Class A preference shares shall, *pro rata*, be entitled to distributions until such Class A preference shares in aggregate have received an amount equal to the subscription price for the Class A preference share plus any deficit from previous dividend distributions plus 0.05% of the market value of Heimstaden Bostad's properties, as determined in the respective quarterly report during the latest financial year or the latest accounting period for which dividends have not yet been allocated.

Secondly, the Class B preference share shall, *pro rata*, be entitled to distribution until such Class B preference shares in aggregate have received an amount equal to the Acquisition Cost plus the preference return attributable to such Class B preference share.

Thirdly, the Class C preference shares shall, *pro rata*, be entitled to distribution until such Class C preference shares in aggregate have received an amount equal to the subscription price for each Class C preference share.

Fourthly, to the common shares *pro rata*.

In the event the funds available for distribution are not sufficient for Class B preference shares to receive full payment in accordance with the above, the funds available for distribution shall be allocated between the Class B preference shares in proportion to the Acquisition Cost plus the preference return for the respective series of Class B preference shares.

Acquisition Cost: average subscription price for each class of Class B preference share (1-100) plus capitalised dividends in the event of a deficit in dividends.

Strategy and ambitions

Sustainability strategy

Sustainability is a core strategic pillar, integrated in Heimstaden Bostad's operations. Heimstaden Bostad's sustainable mindset goes beyond creating sustainable homes and neighbourhoods, also addressing society's challenges like climate change, segregation, and housing shortages.

Heimstaden Bostad's sustainability strategy includes environmental, social and governance measures, and guides Heimstaden Bostad in its sustainability work, caring and creating value for people – customers, employees, and society in general.

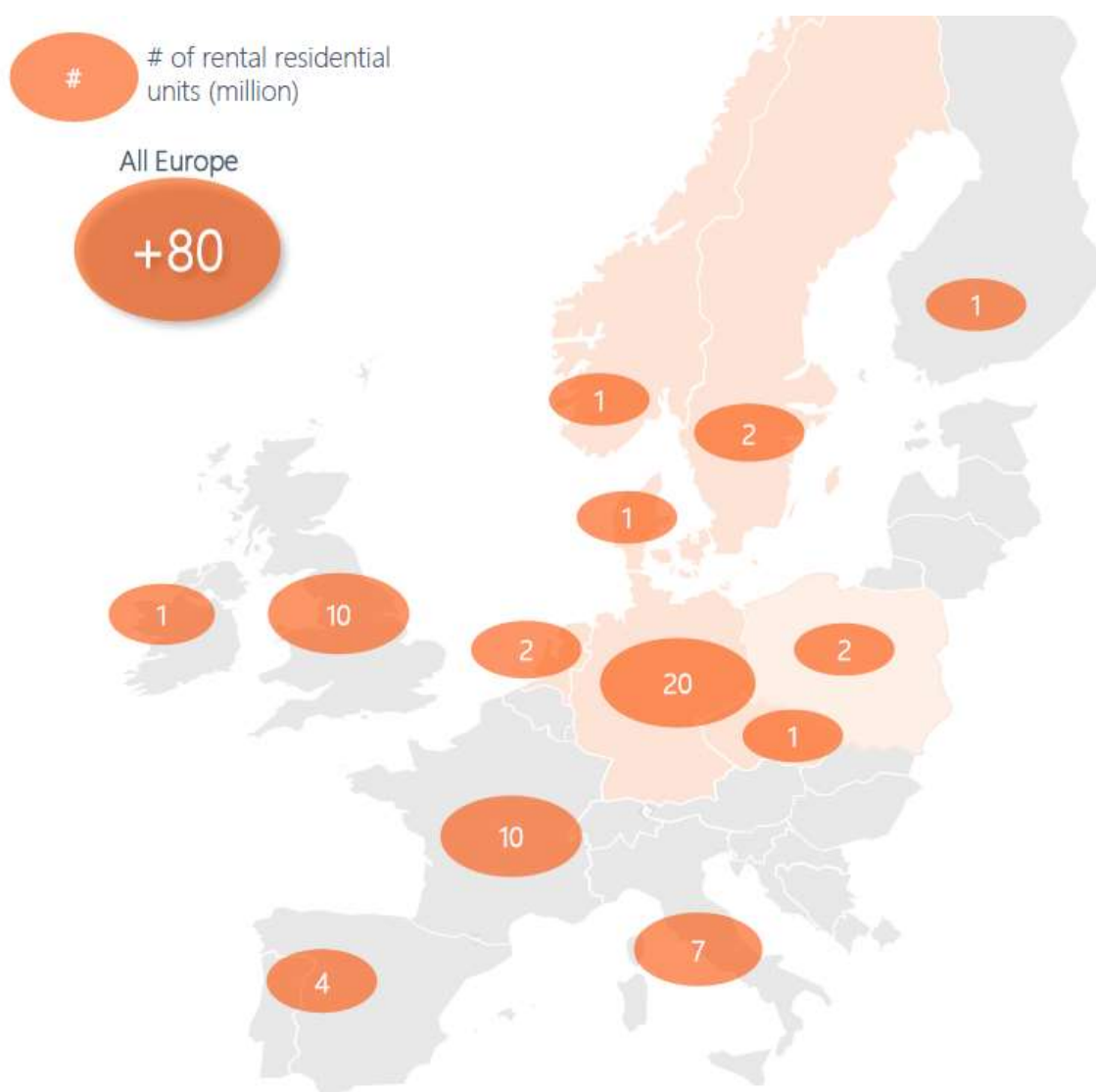
Heimstaden Bostad focuses on sustainability improvements, including:

- to improve Energy Performance Certificates (EPC) at properties owned by Heimstaden Bostad;
- introducing energy-efficiency measures and making optimisations and technical investments at its properties;
- transitioning the energy mix at its properties to fossil-free energy solutions;
- investing in photovoltaics and e-mobility provision;

- taking measures to improve biodiversity at its properties and in the societies in which Heimstaden Bostad operates;
- partnering with tenant groups, government and suppliers to create and implement sustainability projects; and
- creating customer nudging projects to encourage customers to make changes in their lifestyles and use of Heimstaden Bostad's properties to achieve sustainability outcomes.

Market overview

The charts and tables below have been sourced from the OECD, Eurostat and Oxford Economics.



- *The information in the chart above has been sourced from Eurostat
https://ec.europa.eu/eurostat/databrowser/view/ilc_lvho02/default/table?lang=en*

Strong markets

	S&P Global Ratings	MOODY'S	FitchRatings
	AAA	Aaa	AAA
	AAA	Aaa	AAA
	AAA	Aaa	AAA
	AAA	Aaa	AAA
	AAA	Aaa	AAA
	AA	Aa3	AA-
	AA-	Aa3	AA-
	A-	A2	A-

The information in the chart above (Strong markets) has been sourced from Standard & Poor's Rating Services, Moody's Investors Service Limited and Fitch Ratings Ltd via Trading Economics as per the links below. The ratings refer to long-term debt liabilities for the respective countries.

<https://tradingeconomics.com/sweden/rating>

<https://tradingeconomics.com/denmark/rating>

<https://tradingeconomics.com/poland/rating>

<https://tradingeconomics.com/germany/rating>

<https://tradingeconomics.com/norway/rating>

<https://tradingeconomics.com/netherlands/rating>

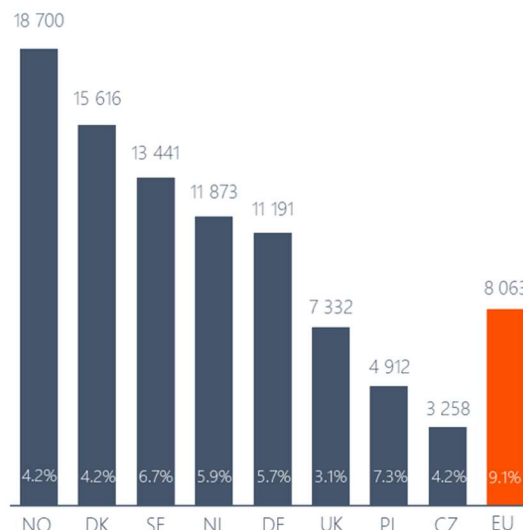
<https://tradingeconomics.com/czech-republic/rating>

The information in the chart to the right (Housing cost burden) has been sourced from OECD, <https://www.oecd.org/els/family/HCI-2-Housing-costs-over-income.pdf>

Considerable social support

Social benefits spending, EUR per capita, 2017

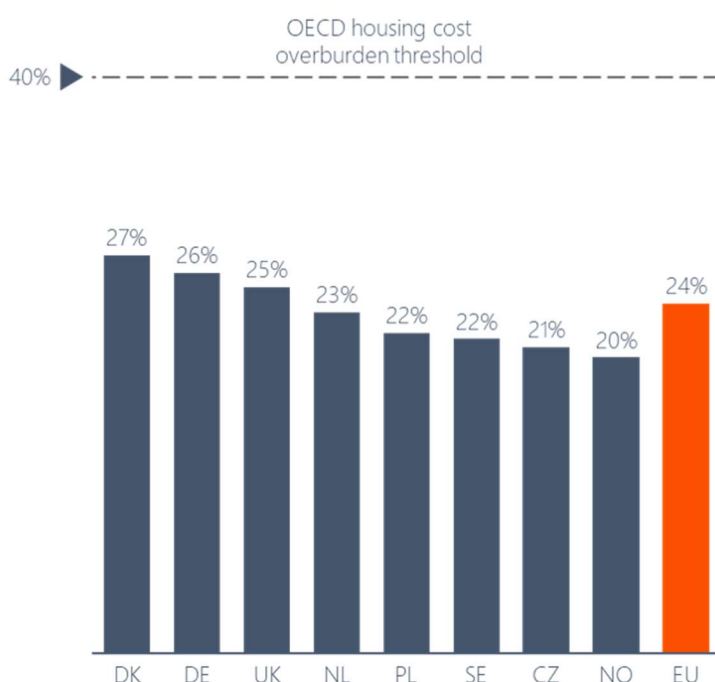
% Unemployment rate



The information in the chart above (Considerable social support) has been sourced from Eurostat via Oxford Economics (2017)

Housing cost burden

Share of disposable income spent on housing, 2018



Property Portfolio

Heimstaden Bostad's property portfolio is diversified across several European markets with strong economies and favourable demographics. Heimstaden Bostad's property portfolio is exposed to both regulated and unregulated rental markets, which provides Heimstaden Bostad with generally stable cash flows as well as potential upside from positive market developments.

As at 30 June 2021, Heimstaden Bostad was present in Denmark, Sweden, the Netherlands, Norway, the Czech Republic, Germany, Poland, and the UK.

2021

From the unaudited figures as at 30 June 2021, the fair value of investment properties was SEK 186 million, split between SEK 57 million in Denmark, SEK 54 million in Sweden, SEK 24 million in the Netherlands, SEK 19 million in Norway, SEK 17 million in Germany and SEK 15 million in the Czech Republic.

From the unaudited figures as at 30 June 2021, Heimstaden Bostad's property portfolio comprised 116,083 units with a lettable area of 8,247,886 square metres, of which 7,548,809 square metres (92%) were residential.

Several projects in the UK and Poland were acquired during 2021, consisting of units under construction with expected completion between 2022 and 2024.

As at 30 June 2021, Heimstaden Bostad's fair value of investment property portfolio comprised 93% residential value.

In the six months ending 30 June 2021, the real economic occupancy ratio for residential units was 97.6%.

From the unaudited figures, during the six months ending 30 June 2021, properties were acquired at a cost of SEK 28,744 million.

2020

As at 31 December 2020, Heimstaden Bostad's property portfolio had a fair value of investment properties of SEK 143,806 million, split between SEK 49,690 million in Sweden, SEK 36,200 million in Denmark, SEK 3,716 million in Germany, SEK 23,365 million in the Netherlands, SEK 13,826 million in the Czech Republic and SEK 17,008 million in Norway.

As at 31 December 2020, 93.0% of Heimstaden Bostad's fair value of investment properties was comprised of residential units.

The real economic occupancy ratio for existing residential premises amounted to 97.5% at 31 December 2020.

During the year ending 31 December 2020, properties were acquired at a cost of SEK 25,445 million.

2019

As at 31 December 2019, Heimstaden Bostad's property portfolio had a fair value of investment properties of SEK 113,331 million, split between Sweden SEK 41,241 million, Denmark SEK 34,645 million and Norway SEK 17,373 million, Germany SEK 2,292 million and the Netherlands SEK 17,781 million.

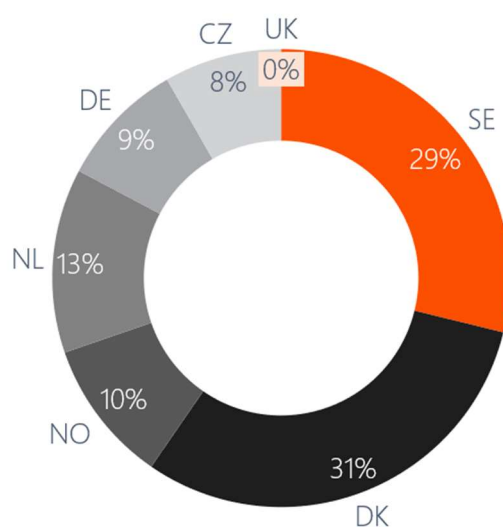
The real economic occupancy ratio for existing residential premises amounted to 98.8% as at 31 December 2019.

During the year ending 31 December 2019, properties were acquired at a cost of SEK 33,261 million.

Fair Value of Investment Properties

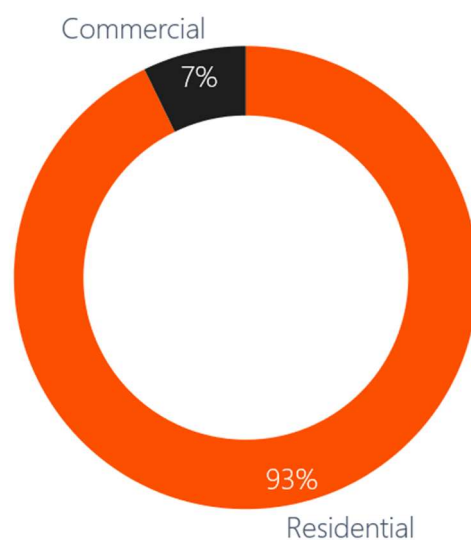
The chart below shows the unaudited fair value of investment properties of Heimstaden Bostad in the markets in which Heimstaden Bostad operates as a percentage of the unaudited total fair value of investment properties of Heimstaden Bostad as at 30 June 2021.

Geographic distribution of fair value of investment properties (SEK 186,068 million) as at 30 June 2021 (unaudited) (%)



Residential and commercial distribution as at 30 June 2021 (unaudited) (by fair value of investment properties)

The chart below shows the distribution of Heimstaden Bostad's property portfolio between commercial and residential properties by fair value of investment properties.

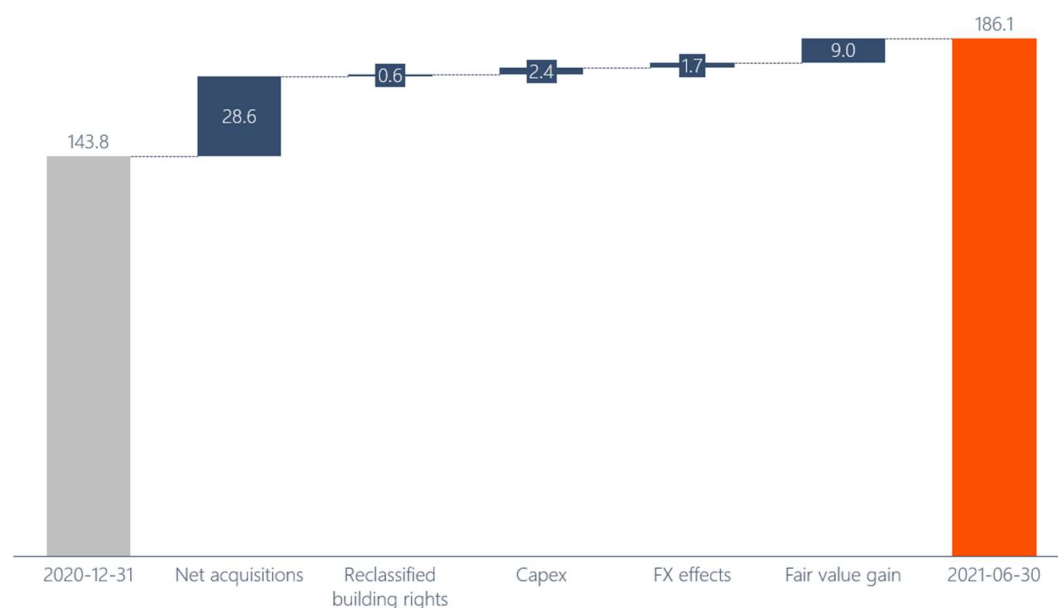


Investment Property Portfolio

The table below shows Heimstaden Bostad's property portfolio as at 30 June 2021 (unaudited).

Country	Fair Value of investment properties		Homes	Residential	Regulated income	Real economic occupancy (three months ending 30 June 2021)
	(SEK million)	(SEK per square metre)	(No. of residential units)	(%)	(%)	(%)
Denmark	57,156	34,435	16,359	94.5	10.9	97.6
Sweden	53,503	24,789	31,639	91.7	100.0	99.2
The Netherlands	24,184	22,945	13,330	97.9	68.0	99.6
Norway	18,842	84,350	4,593	86.4	0.0	92.9
Germany	16,595	31,701	7,258	89.4	100.0	99.2
Czech Republic	15,428	5,896	42,904	94.0	33.9	94.8
The United Kingdom	360	-	-	-	-	-
Total	186,068	22,560	116,083	92.8	52.4	97.6

The chart show the fair value of investment properties development from the twelve months ending 31 December 2020 to the six months ending 30 June 2021 in SEK billion.



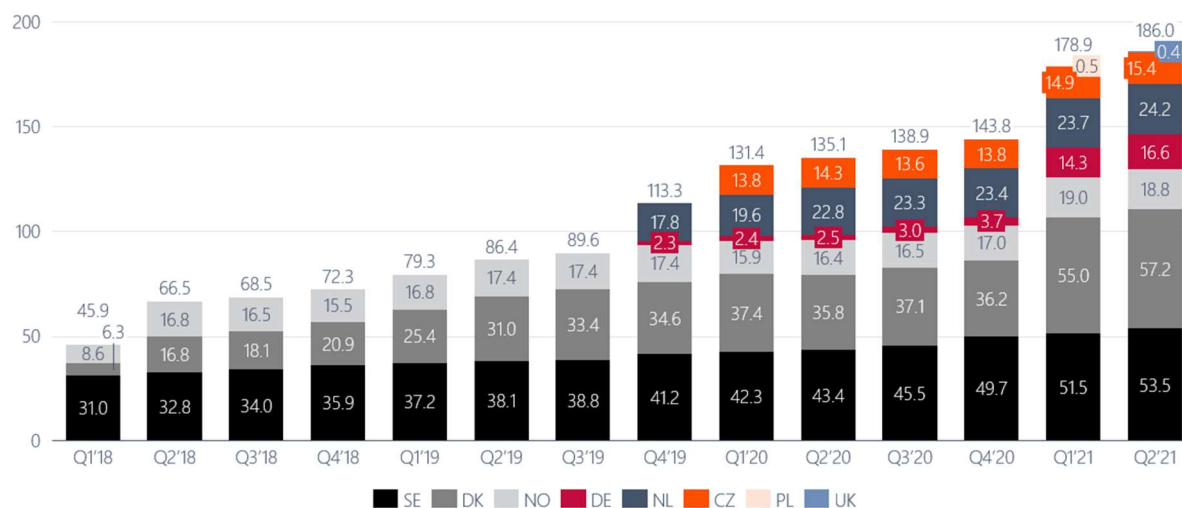
The table below shows the change in fair value of investment properties as at 30 June 2021 (compared to as at 31 December 2020) in % and SEK million. Unrealised value changes show the increase in market valuation as determined by external property valuation firms (see "*Valuation of Investment Properties*" below).

Country	Change in fair value of investment properties	
	(%)	(SEK Million)
Denmark	7.0	3,763
Sweden	4.6	2,396
Netherlands	1.7	398
Norway	2.9	527
Germany	8.1	1,243
Czech Republic	4.6	672
Total.....	5.1	8,998

The table below shows a comparison of the value and income measures of Heimstaden Bostad's property portfolio across the geographic segments in which Heimstaden Bostad operates for the six months ending 30 June 2021.

	Six months ending 30 June 2021						Total
	Denmark	Sweden	Netherlands	Norway	Germany	Czech Rep.	
Rental income (SEK million)	1,204	1,317	562	330	187	551	4,066
Net operating income (SEK million)	819	662	342	239	114	394	2,560
Net operating income margin (%)	68.0	50.3	60.9	72.6	60.7	71.6	63.0
Like-for-like rental income growth (%)	0.7	2.6	3.7	-0.2	-3.8	n/a	1.9
Economic occupancy ratio (%)	95.9	97.8	97.0	91.8	97.8	92.2	95.9
Capital expenditure (SEK million)	803	984	283	119	16	184	2,388
Average valuation yield requirement (%)	3.8	3.3	3.3	2.8	2.4	5.1	3.5

The stacked column chart below shows the unaudited development in the fair value of investment properties over time from as at 30 June 2018 until as at 30 June 2021.



Income

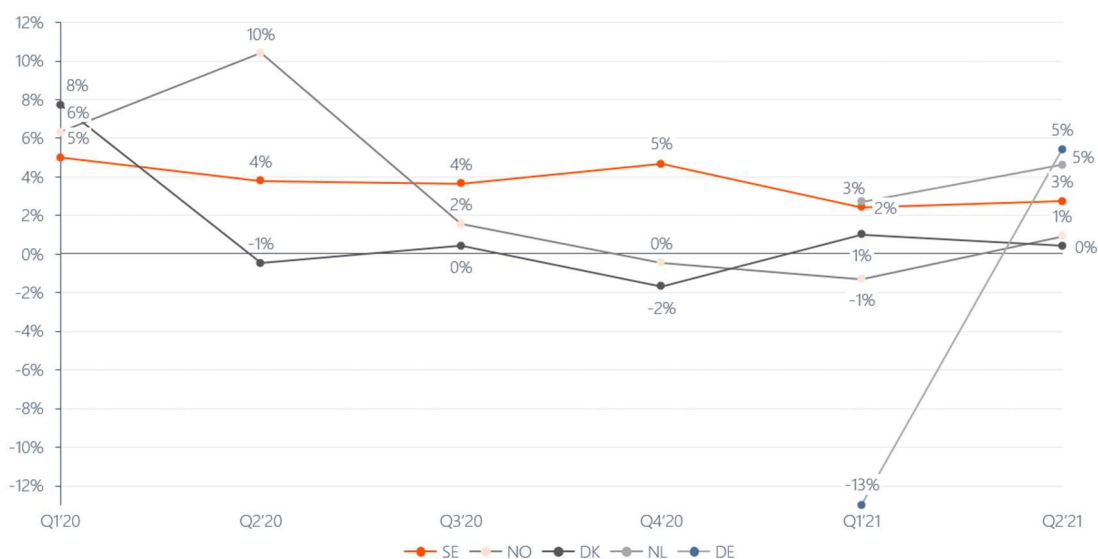
The table below shows Heimstaden Bostad's rental income by property type for the years ending 31 December 2019 and 31 December 2020 and for the six months ending 30 June 2020 and 30 June 2021.

Rental income	Six months ending 30 June	
	2021 (unaudited)	2020 (unaudited)
Residential	3,775	2,854
Commercial.....	247	138
Parking.....	45	37
Total	4,066	3,028

Service income	Six months ending 30 June	
	2021 (unaudited)	2020 (unaudited)
	<i>(SEK million)</i>	
Residential	288	169
Commercial.....	17	9
Total	306	178

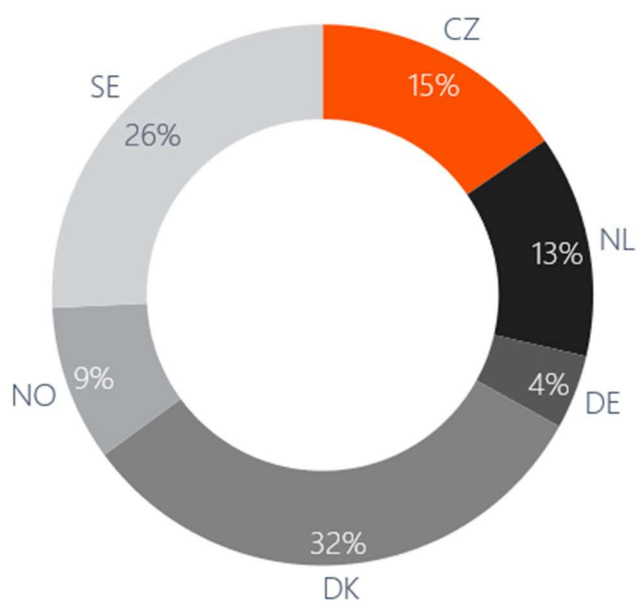
The line chart below shows the historical quarterly like-for-like rental growth by geographic segment for the period between 30 June 2020 and 30 June 2021.

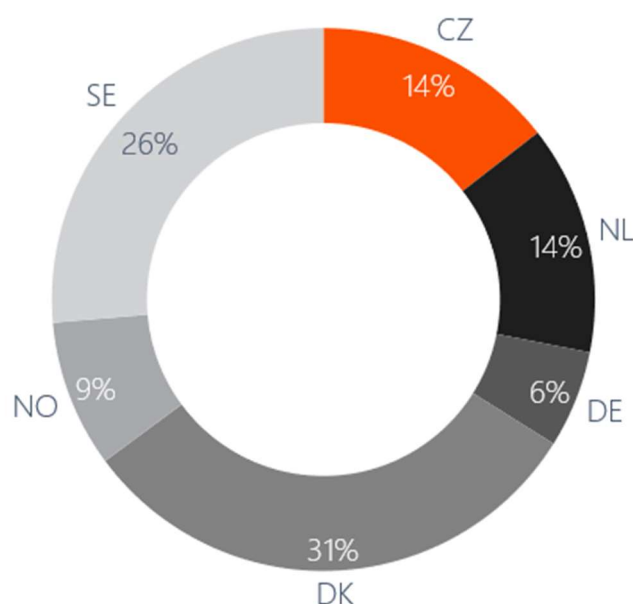
Like-for-like rental growth by geographic segment (%)



The first chart below shows Heimstaden Bostad's unaudited actual net operating income by geographic segment as a share of total actual net operating income for the six months ending 30 June 2021. The second chart below shows Heimstaden Bostad's unaudited earning capacity net operating income by geographic segment as a share of net operating income (according to total earnings capacity) as at 30 June 2021.

Net operating income distribution, actual (SEK 2,560 million) for the six months ending 30 June 2021, unaudited)

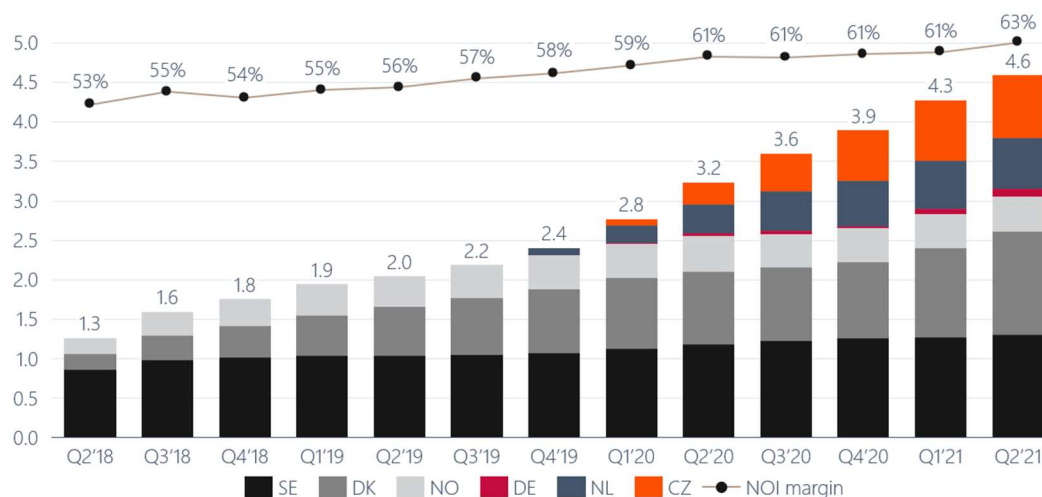




Net operating income distribution, earnings capacity (SEK 5,475 million) as at 30 June 2021

Net operating income

The column chart below shows the unaudited twelve months rolling net operating income over the period from the twelve months ending 30 June 2018 until the twelve months ending 30 June 2021. In addition, the line value shows Heimstaden Bostad's total unaudited twelve months rolling net operating income margin from the twelve months ending 30 June 2018 until the twelve months ending 30 June 2021.



Operational Data

Potential Earnings Capacity

The earnings capacity represents annualised earnings calculated on the basis of the contracted rental income, current property expenses and administrative expenses of the property portfolio as of 30 June 2021. Announced property acquisitions that closed after the balance sheet date are not included in the calculation. The earnings capacity does not include any adjustment for development trends in rent

levels, vacancy rates, property expenses or interest rates, nor does the earnings capacity provide any adjustment for expected changes in the fair value of properties, foreign exchange rates, acquisitions or disposals. The earnings capacity should not be considered a forecast for the current year or for the next 12-month period. There can be no assurance that such figures will not change in the future and therefore it is not a forecast of actual future earnings.

The following table sets out the unaudited earnings capacity as at 30 June 2021.

Earnings capacity	As at 30 June 2021
	(unaudited)
	<i>(SEK million, unless otherwise stated)</i>
Current earning capacity	
Rental income	8,575
Service income	613
Property expenses	-3,713
Net operating income	5,475
Corporate administrative expenses	-465
Profit before financial items	5,010
Financial costs – interest-bearing liabilities	-1,091
Profit	3,919
Key data	
Net operating income margin (%)	63.8
Interest coverage ratio (ICR), (multiple)	4.6

Property Expenses

The following table sets out the property expenses for Heimstaden Bostad's portfolio in the six months ending

30 June 2020 (unaudited) and the six months ending 30 June 2021 (unaudited).

	Six months ending 30 June	
	2021	2020
	<i>(unaudited)</i>	
	<i>(SEK million)</i>	
Property expenses		
Utilities	-552	-366
Repair and maintenance	-272	-268
Property tax	-169	-128
Other	-200	-103
Property management	-619	-433
Total property expenses	-1,812	-1,299

Valuation of Investment Properties

Heimstaden Bostad's investment properties in Denmark, Sweden, the Netherlands, Germany and the Czech Republic are valued by external valuers on a quarterly basis, with the last valuation taking place as of 30 June 2021. For all of these valuations Heimstaden Bostad instructs a real estate advisory company with professional qualifications, experience and the capacity to carry out the valuation in accordance with the required international standards. As of 30 June 2021, external valuations were conducted by CBRE for Denmark, Newsec (part of portfolio) and Forum (part of portfolio) for Sweden,

Cushman & Wakefield for the Netherlands, CBRE for Germany and JLL (Jones Long LaSalle) in the Czech Republic.

Heimstaden Bostad's investment properties in Norway, are valued by external valuers on an annual basis for the residential part of the portfolio and on a quarterly basis for the commercial, parking and development potential part of the portfolio, with the last annual valuation taking place as of 31 December 2020 and the last quarterly valuation taking place as of 30 June 2021.

In addition, Heimstaden Bostad uses a dedicated competent in-house valuation team provided by Heimstaden ensuring quality control of all external valuations and setting up standardised structures and processes across markets.

The valuation methodology is based on best market practice in each respective country. In Denmark, Sweden, the Netherlands, Germany and the Czech Republic the valuation is performed using cash flow analysis based on each property's net operating income, with an assumption of re-letting the units at market terms upon tenant fluctuation. Based on the estimated net operating income, a simulation is performed for the ensuing budget periods earnings capacity. Based on the stabilised net operating income at the end of the cash flow period a terminal value is calculated. The present value is calculated using a discounted cash flow model (DCF), where the discount rate and exit return requirement are based on local yield analysis of completed transactions, as well as individual assessments of the risk level and the property's market position. The sum of the calculated net present values represents the estimated market value of the property. The values are verified, by comparing the valuations with capital values on other similar transactions in the market. For Denmark and the Netherlands, in addition to the re-letting scenario a divestment scenario is also considered. In the divestment scenario the market value is based on a cash flow generated by successfully divesting the property units as owner-occupied units upon tenant fluctuation. The valuations are hereafter based on "highest-and-best use" based on the highest value from the re-letting and divestment scenario. In Norway the properties are valued using a sum of all parts method. In the valuation each unit is valued separately. The residential units are valued on a vacant possession value basis by Aktiv Eiendomsmegling, Nyverdi AS, Eie Eiendomsmegling and Heimstaden – the average of those four valuations are used. Cushman & Wakefield values the commercial areas, parking spots and development potential. The sum of all these valuations is equivalent to the market value. Quarter-by-quarter, Cushman & Wakefield provides Heimstaden Bostad with updated valuations of the commercial, parking and development part or all properties. Residential valuations are adjusted with the NEF-index (a residential real estate price index provided by the Norwegian Association of Real Estate Agents (*Norges Eiendomsmeglerforbund*)) each quarter during the year.

Tenants

Heimstaden Bostad has a diversified tenant group. Heimstaden Bostad does not hold any properties that are exclusively for commercial use, and most of the commercial tenants are businesses (such as restaurants, offices and related) located on the ground floor of residential buildings. Heimstaden Bostad's ten largest tenants account for less than 1% of Heimstaden Bostad's total rental income.

Lease Activities

Denmark

Denmark has two different rental regimes depending on the construction year of the property.

Properties built before 31 December 1991 have regulated rent, but increases in respect of modernisation are permitted. Regulated rents can, in general, only be increased based on increases in operating costs.

Properties built after 31 December 1991 fall under a regime with market based rents, which are increased annually by the CPI.

Through investments, the rent can be increased as follows:

- Small investment: Increase by a theoretical financing cost for funding the investment
- Large investment: Increase to a utility value-based rent

Residential contracts run without a fixed maturity.

Sweden

In Sweden the rent of each apartment is negotiated between the property owner and the Swedish Union of Tenants on an annual basis based on the Swedish rental system of utility value.

The utility value principle implies that apartments in the same micro location with the same characteristics such as standard, size, appliances and certain property specific characteristics such as quality of common areas shall have the same rent.

Since 2006, to stimulate new developments, there is an option to deviate from the utility value principle and to charge "*presumtionshyra*". This is a negotiated rent between the property owner and the Swedish Union of Tenants but taking the construction costs into account which allows for rent levels above the general utility value.

Residential contracts run without a fixed maturity.

The Netherlands

In the Netherlands all rental properties fall under the "housing evaluation system", which determines if a unit is classified as "liberalised" (free market rent) or "regulated" (rent control).

If a unit is classified as liberalised or regulated depends on the number of WWS points (Dutch: *Woningwaarderingstelsel*) the unit has scored. Each unit gets points based on various factors such as size, energy label, appliances and standard.

The number of WWS points determines the maximum amount of rent that can be charged. If a unit has 143 or more points, it is classified as a liberalised unit, meaning the landlord can let out the unit at market rents. If a unit has below 143 points the rent is pre-determined by the points system.

Regulated contracts are generally linked to CPI and each year the authorities determine a catch up for rents that can be utilised if the rent is below the maximum allowed point system rent, while liberalised contracts can be increased in accordance with rental contract provisions. In the Netherlands, a customary rent increase clause is CPI plus 5% but for the years 2021, 2022 and 2023 the Dutch government has introduced legislation that caps this at CPI plus 1%.

Norway

Norway has free market rent.

The market practice in Norway comprise residential contracts with a three-year lease duration, where the contracts can be renewed at market rent after three years.

In 2021, Heimstaden Bostad implemented open-ended contracts as a standard. The objective is to enable its customers to plan long-term when renting a Heimstaden Bostad home, lower the churn in the portfolio and contribute to a more predictable and stable rental market.

Germany

Germany first introduced a rent regulation system, the so-called "rental break" in 2015. Though initially set to expire after five years, the law has been prolonged until 2025 and Heimstaden Bostad expects it to be made permanent in some form after the next federal elections which occur in autumn 2021.

As a federal law, the "rental break" has nationwide applicability. However, it is up to the 16 state governments to decide which municipalities the law is triggered for. As at the date of this Prospectus, it is in force in most larger German cities of 200,000 inhabitants upwards.

Similar to Sweden and Denmark, re-letting rents are anchored to comparables as defined by year of construction, standard, equipment, location, etc. Most municipalities publish a biennial rental survey with a lookback period of six years to create transparency around this process and to slow the pace of rent inflation.

The "rental break" allows for two important exceptions:

- Buildings completed after October 2014 are generally exempt
- The first re-letting upon extensive refurbishment (> 650 EUR/square metre) is exempt

In general, residential contracts must have an indefinite lease term. CPI indexation can be contractually agreed upon but is rarely used by landlords in practice.

Czech Republic

In the Czech Republic the rent regulation system in most municipalities ended on 31 December 2010. After this the market was fully liberalised and landlords have contractual freedom to negotiate with tenants on the length of tenancy and rental rate.

The new civil code in 2014 contained rules for rent increases driven by market trends in case that no rental uplift is agreed in the contract (in such cases the rent increase cannot exceed 20% over three consecutive years). The rules apply a fixed 4% annual increase for a three year lease contract (therefore a 12% increase over three years) and, in the event inflation is higher than 4%, the rent increases by the same rate as inflation.

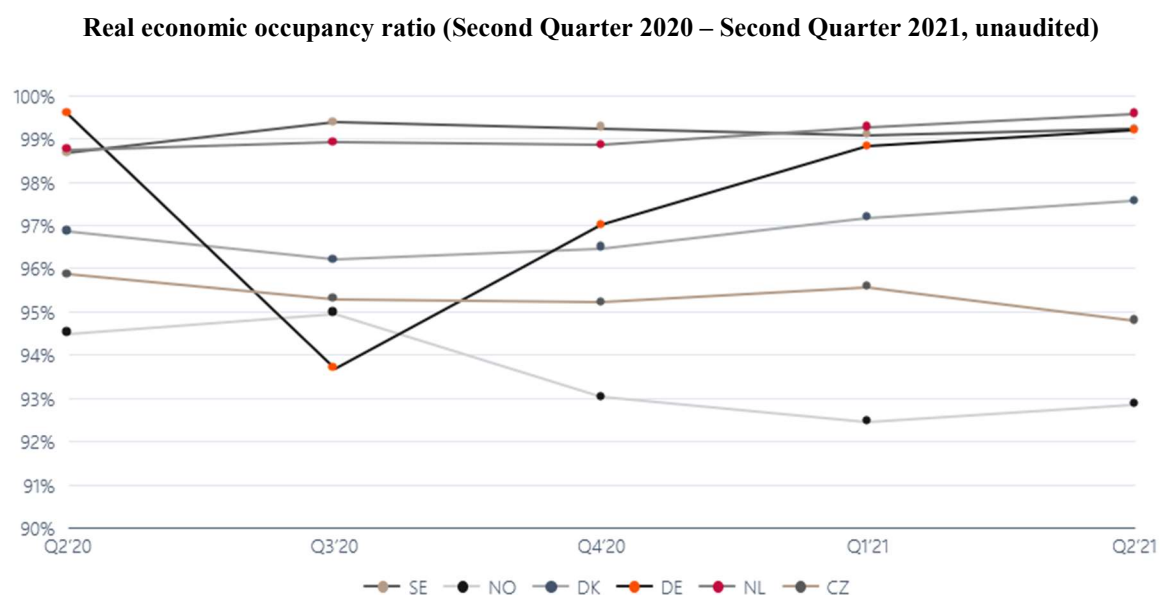
There are still legacy tenancy agreements that were signed prior to deregulation (before 2010) with typically indefinite terms and lower rental rates. In such cases, the landlord and the tenant have to agree on a new rental rate or ask a court to set a new rental rate for them based on a location benchmark.

Market rent increases (usually annual) are based on market pricing developments in the relevant location in addition to the % amount equal to rent prices according to market pricing map for each location.

Most tenants are generally required to provide a deposit amounting to 1 month rent plus services related to apartment.

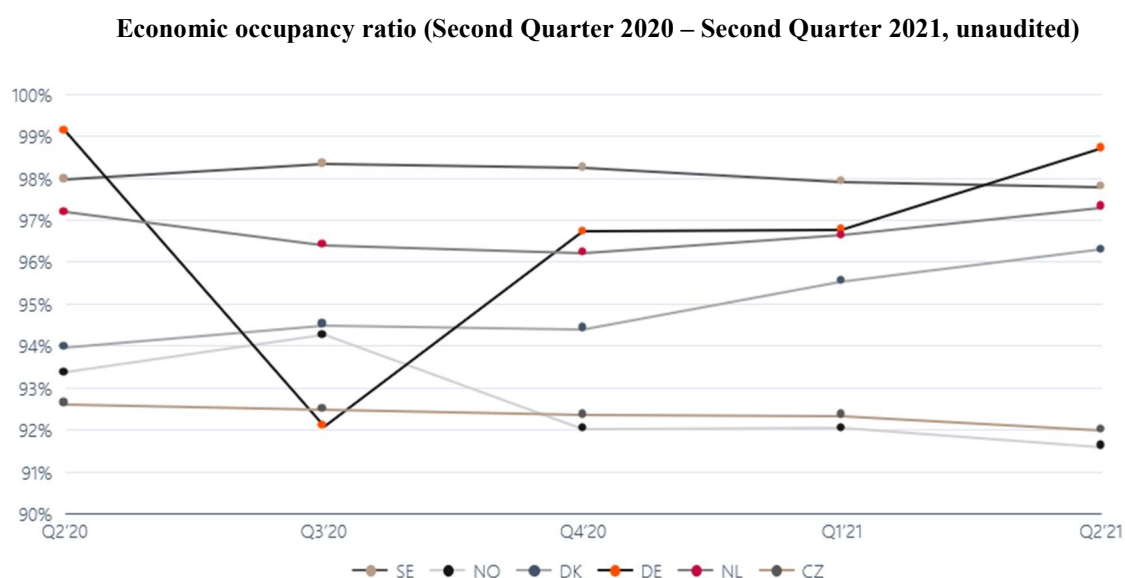
Real economic occupancy, residential

The chart below shows Heimstaden Bostad's unaudited real economic occupancy by geographic segment for the period between the three months ending 30 June 2020 and the three months ending 30 June 2021.



Economic occupancy, residential

The chart below shows Heimstaden Bostad's unaudited economic occupancy by geographic segment for the period between the three months ending 30 June 2020 and the three months ending 30 June 2021.



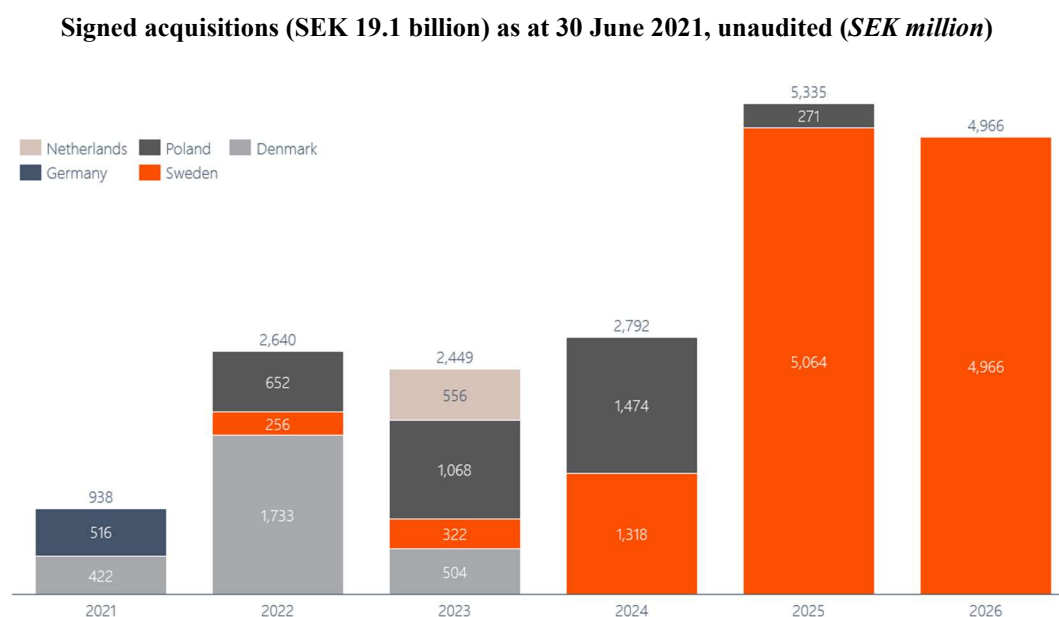
Signed Acquisitions

Heimstaden Bostad expands and improves its portfolio through acquisitions of standing assets and newbuilds. As at 30 June 2021, the pipeline of signed acquisitions that have not yet been completed was SEK 19.1 billion and comprised 11,212 residential units. Newbuild investments are structured either as forward purchase or forward funding.

Heimstaden Bostad had forward funding contracts with a total capital expenditure commitment of SEK 6.1 billion as at 30 June 2021.

Signed acquisitions have not yet closed and are subject to conditions precedent, for example, developers meeting development targets. Therefore, such acquisitions are not guaranteed to complete on schedule or at all if conditions precedent are not met.

The graph below shows the signed acquisitions by Heimstaden Bostad by scheduled closing date in SEK million as at 30 June 2021.



Heimstaden Bostad is investigating the possibilities of making larger acquisitions, and alongside signed acquisitions, additional material acquisitions may be made by Heimstaden Bostad in the future. Heimstaden Bostad constantly looks for opportunities for potential acquisitions of residential properties and portfolios that fit with its existing business activities. Such acquisitions may in the future be purchased using a combination of available cash, equity injections from shareholders and future debt financing. Heimstaden Bostad is also considering viable investment opportunities in countries outside of its current portfolio and may in the future place bids to acquire properties and portfolios that fit with its existing business activities. Such bids are typically competitive in nature and there can be no assurance that Heimstaden Bostad's bids will be accepted, or that acquisitions will be available at a price that is attractive to Heimstaden Bostad. Furthermore, any bids or acquisitions are the subject of due diligence and may not be completed on time or at all. In order to continue to grow through acquisitions Heimstaden Bostad will need to fund its activities through a combination of equity injections and debt raising. The ability of Heimstaden Bostad to complete any acquisitions will therefore be dependent on the ability to attract and raise additional finance at commercially attractive rates, that maintain compliance with Heimstaden Bostad's financial covenants.

Capital expenditure, repair and maintenance

Heimstaden Bostad invests in refurbishments and the construction of new investment properties. During the six months ending 30 June 2021 total expenditure for standing assets increased to SEK 1,060 million (compared to the SEK 801 million for the six months ending 30 June 2020).

Capital expenditure, repair and maintenance	Six months ending 30 June	
	2021 (unaudited)	2020 (unaudited)
	<i>(SEK million)</i>	
Income statement items		
Expenses for repair and maintenance ⁽¹⁾	356	341
Balance sheet items		
Capitalised repair and maintenance	1,010	411
Tenant improvements	495	284
Investment properties under construction	883	454
Capital expenditures	<u>2,388</u>	<u>1,149</u>

Note:

⁽¹⁾ Excluding group eliminations, see note 3 to the financial statements in the Interim Report of Heimstaden Bostad for the six months ending 30 June 2021.

Investments in Associates and Joint Ventures

The table below shows investment in associates and joint ventures by Heimstaden Bostad as at and for the six months ending 30 June 2021.

Investment in Associates and Joint Ventures ⁽¹⁾	Share	Rental income	Property expenses	Financial items, net	Changes in value	Profit for the period	Profit for Heimstaden Bostad's holding for the period
	(%)				<i>(SEK million)</i>		
Fastighets AB Rosengård	25%	37	-29	-2	0	4	1
Gamblebro AB	50%	8	-8	-2	0	-2	-1
Upplands Bro Brogråds etapp 2	50%	0	-1	-10	10	-3	-2
A Place To A/S	50%	1	0	-3	0	-2	-1
Magnolia Projekt 5222 AB	50%	0	0	0	0	0	0
Byggrätt Norr AB	19%	0	0	0	0	0	0
Total		46	-38	-17	10	-3	-3

Note:

⁽¹⁾ Amounts shown for joint ventures reflect the total estimated cost for the joint venture and the element Heimstaden Bostad is responsible for is up to 50% of the committed amount.

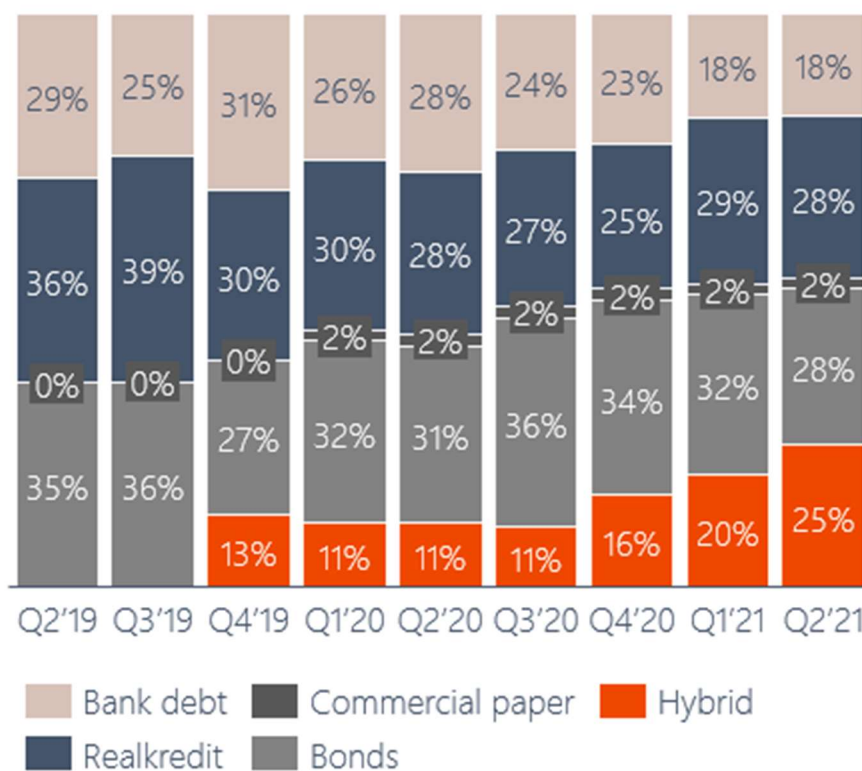
Finance and Capital Structure**Funding Strategy**

Owning and operating residential real estate requires stable and favourable access to capital. Heimstaden Bostad adheres to conservative financial policies that support Heimstaden Bostad's long-term strategy and aims to maintain a diversified financing structure with a robust balance sheet and strong credit metrics. Operations are funded using a combination of shareholders' equity, interest-bearing liabilities and other liabilities and cash flow.

Funding

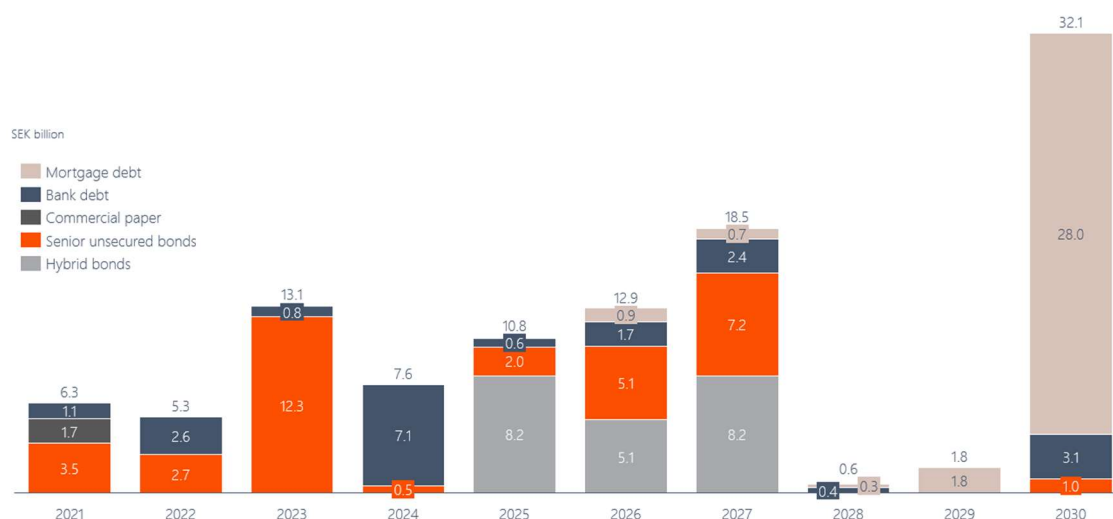
The chart below shows an overview of Heimstaden Bostad's funding distribution from the three months ending 30 June 2019 to the three months ending 30 June 2021.

Funding distribution, % (Second Quarter 2019 – Second Quarter 2021, unaudited)



The chart below shows an overview of Heimstaden Bostad's funding maturity profile from the unaudited figures as at 30 June 2021.

Funding Maturity Profile (as at 30 June 2021, unaudited)

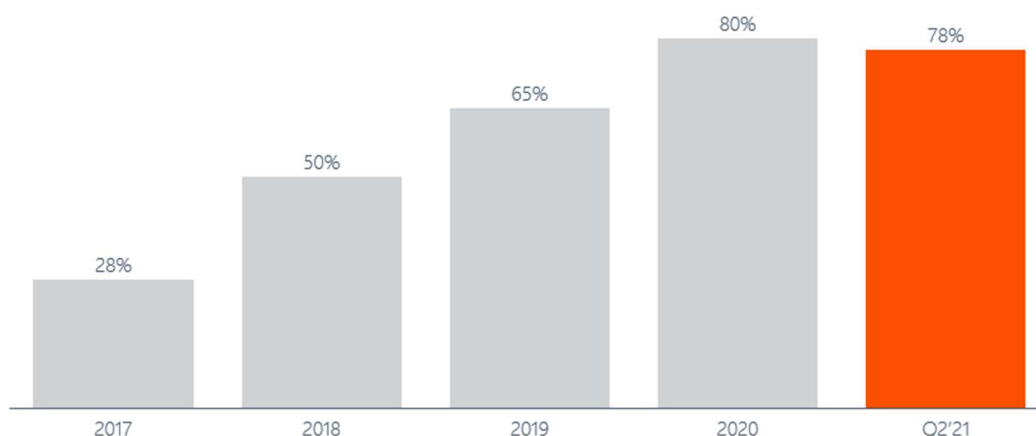


The chart below shows an overview of Heimstaden Bostad's average interest rate and average loan tenor (years) from the unaudited figures from the year ending 31 December 2017 to the six months ending 30 June 2021.



Average interest rate and average loan tenor (years) (2017 – Half Year 2021, unaudited)

The chart below shows an overview of Heimstaden Bostad's interest rate hedge ("hedge ratio") from the unaudited figures from the year ending 31 December 2017 to the six months ending 30 June 2021.



Hedge ratio (2017 – Half Year 2021, unaudited)

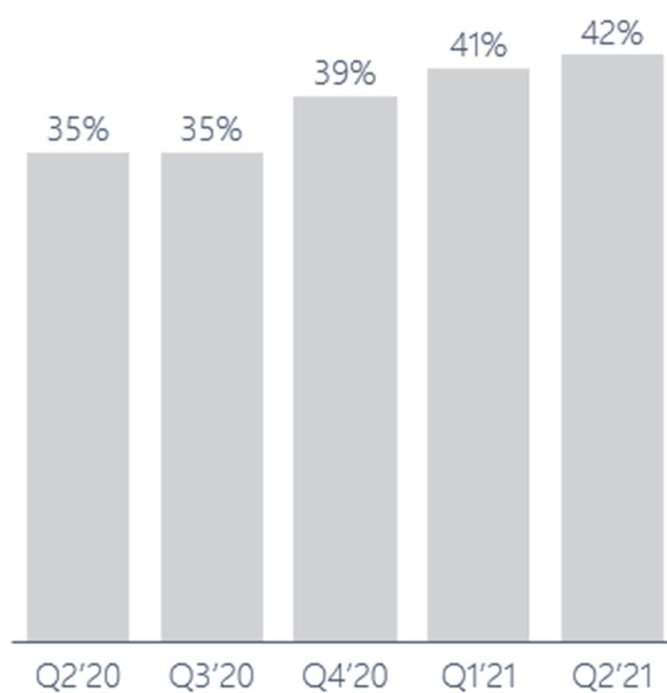
The table below shows Heimstaden Bostad's interest-bearing liabilities and whether the financing is secured by Heimstaden Bostad's assets as at 30 June 2021.

Interest-bearing liabilities	Interest-bearing liabilities (SEK million)	Secured loans (%)	Share (%)	Unutilised credit commitments (%)
Corporate bonds	32,217	0%	39%	-
Mortgages	31,285	100%	38%	-
Bank loans.....	19,697	93%	24%	17,653
Total	83,199	60%	100%	17,653
Deferred charges	-250			
Total	82,949			

The table below shows Heimstaden Bostad's unencumbered properties ratio by country as at 30 June 2021.

Country	Unencumbered properties ratio (%)
Denmark.....	3.8
Sweden.....	61.8
The Netherlands.....	7.0
Germany.....	53.2
Czech Republic.....	100.0
Norway.....	94.4
The United Kingdom.....	100.0
Total	42.5

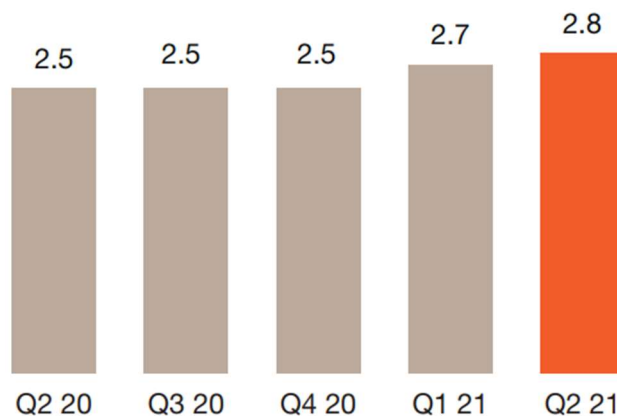
The chart below shows Heimstaden Bostad's unencumbered properties ratio from the three months ending 30 June 2020 to the three months ending 30 June 2021.



Unencumbered properties ratio (Second Quarter 2020 – Second Quarter 2021, unaudited)

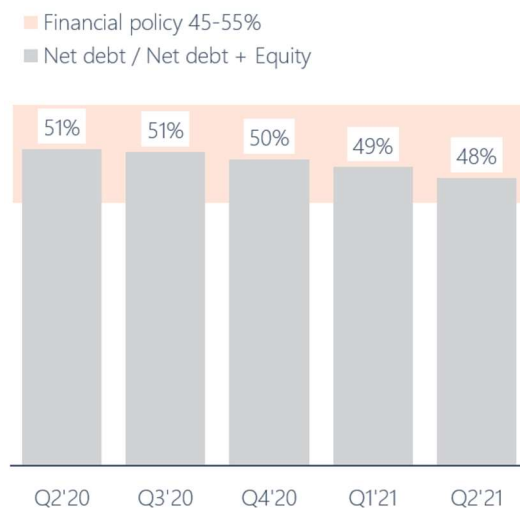
The chart below shows Heimstaden Bostad's interest coverage ratio (S&P method) from the three months ending 30 June 2020 to the three months ending 30 June 2021.

Interest coverage ratio (S&P method) (Second Quarter 2020 – Second Quarter 2021, unaudited)



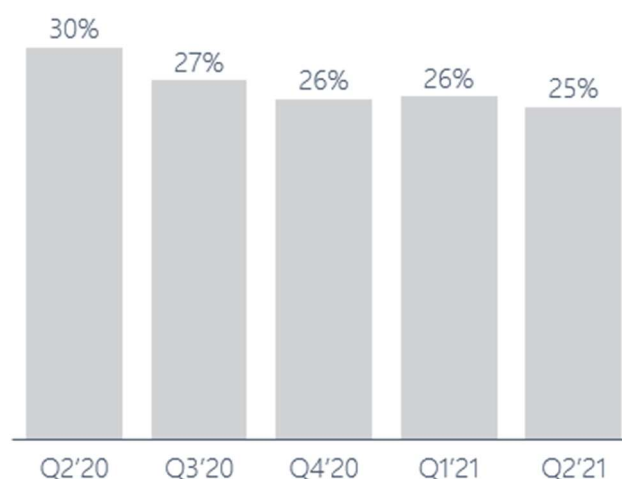
The chart below shows Heimstaden Bostad's net debt / net debt + equity (S&P method) in relation to Heimstaden Bostad's financial policy from the three months ending 30 June 2020 to the three months ending 30 June 2021.

Net debt / Net debt + Equity (S&P method) (Second Quarter 2020 – Second Quarter 2021, unaudited)



The chart below shows Heimstaden Bostad's secured loan-to-value ratio from the three months ending 30 June 2020 to the three months ending 30 June 2021.

Secured loan-to-value ratio (Second Quarter 2020 – Second Quarter 2021, unaudited)



Selected key performance indicators for Heimstaden Bostad

Alternative performance measures

Heimstaden Bostad applies the European Securities and Markets Authority (“ESMA”) Guidelines on the Alternative Performance Measures (issued on 5 October 2015) (the “ESMA guidelines”). Heimstaden Bostad presents certain financial measures that are not defined in accordance with International Financial Reporting Standards as adopted in the European Union (“IFRS”). Heimstaden Bostad believes that these measures provide valuable additional information to investors and management as they enable assessment of Heimstaden Bostad’s performance. Since not all companies calculate financial measures in the same way, these are not always comparable to measurements used by other companies. Accordingly, these financial measures should not be considered as a replacement for measures defined in accordance with IFRS. Further details are provided below in respect of alternative performance measures used in this Prospectus.

*) These specific key performance indicators are operational and are not considered to be key data in accordance with the ESMA guidelines.

Net operating income margin (%)

Net operating income for the period as a percentage of rental and service income for the period. This key performance indicator shows the profitability of the properties.

Interest coverage ratio (rolling 12 months) (multiple)

Profit before financial items plus financial income divided by financial costs attributable to interest-bearing liabilities. The interest coverage ratio is an industry standard ratio used to determine the extent to which Heimstaden Bostad's interest and debt servicing expenses are covered by operating profits. In addition, this ratio provides additional transparency on cash flow that is available after servicing debt obligations.

Interest coverage ratio, (S&P method) (rolling 12 months) (multiple)

EBITDA (adjusted) divided by Interest Expense (adjusted). EBITDA (adjusted) means operating profit before inventory properties and fair value adjustments, plus depreciation and amortisation and less share of net profits of associates and joint ventures. Interest Expense (adjusted) means interest expenses on interest-bearing liabilities and 50% of the accrued (scheduled) dividend payments in respect of Heimstaden Bostad's outstanding hybrid capital as financial costs. The inclusion of 50% of the hybrid dividend payments reflects S&P's classification of Heimstaden Bostad's outstanding hybrid capital as being 50% debt and 50% equity (rather than the IFRS classification of the same instrument being 100% equity).

Net loan-to-value ratio (%)

Net loan-to-value ratio is interest-bearing secured liabilities and interest-bearing unsecured liabilities minus cash and cash equivalents as a percentage of fair value of investment properties. Loan-to-value is an acknowledged measure of leverage and risk in the real estate industry. This ratio highlights Heimstaden Bostad's ability to manage financial liabilities given its fair value real estate portfolio.

Secured loan-to-value ratio (%)

Interest-bearing secured liabilities as a percentage of total assets.

Net interest-bearing liabilities (SEK million)

Interest-bearing liabilities less financial assets, cash and cash equivalents.

Net debt to total assets (%)

Net interest-bearing liabilities as a percentage of total assets.

Net debt / Net debt + Equity (S&P method) (%)

Equity (adjusted) is computed as equity plus 50% of principal amount of hybrid liabilities. Net debt is computed as the sum of total interest-bearing liabilities plus 50% of principal amount of hybrid liabilities and right-of-use liabilities less financial assets, cash and cash equivalents (with a 10% decrease for cash and cash equivalents to reflect S&P methodology). Net debt / (Net debt + Equity) is computed as net debt divided by net debt plus equity (adjusted). This metric is calculated according to S&P's rating methodology, with 50% of the principal amount of hybrid bonds classified as debt and 50% classified as equity (rather than the IFRS classification of the same instrument being 100% equity).

Equity ratio (%)

Equity as a percentage of total assets. This key performance indicator shows financial risk.

Average interest rate (%)*

Average interest on the balance sheet date for interest-bearing liabilities with interest rate derivatives taken into account.

The average remaining term of fixed interest in the loan portfolio, including derivatives (years)*

Average remaining maturity on the interest settlement date of all credits and derivatives in the debt portfolio.

Average loan tenor (years)*

Average remaining period until final maturity of all credits in the debt portfolio.

Net asset value on the balance sheet date (SEK million)

Equity plus deferred tax liability.

Long-term asset value (EPRA NAV) on the balance sheet date (SEK million)

Equity with deferred tax liability and interest rate derivatives reversed.

Debt / EBITDA (rolling 12 months) (multiple)

Time-weighted interest-bearing liabilities divided by profit before financial items with reversal of depreciation. Due to seasonality in EBITDA, this key performance indicator is calculated using the last 12 months' rolling data.

Economic occupancy ratio, residential (%)

Rental income from residential units divided by rental income including estimated rent for vacant apartments. Rent is estimated for a vacant apartment based on the most recent contracted rent for such apartment.

Real economic occupancy ratio, residential (%)

Rental income from residential units divided by rental income including estimated rent for vacant apartments adjusted for voluntary vacancies due to standard improvements.

Operating profit before inventory properties and fair value adjustments (SEK millions)

Profit excluding changes in value and tax. Operating profit before inventory properties and fair value adjustments is a key performance measure that Heimstaden Bostad considers to be relevant for assessing the earnings generation of the underlying operations.

Proportion residential fair value on balance sheet date (%)*

This is calculated as the fair value of residential units as share of total fair value of investment properties.

Net financial items (SEK million)

This is the net sum of income and costs relating to financial activities.

The table below lists each of the above Key Performance Indicators for Heimstaden Bostad as at year end 2019 and 2020, and as at and for the six months ending 30 June 2020 and 30 June 2021 (unaudited).

Key performance indicators

	Six months ending 30 June		Year ending 31 December	
	2021 (unaudited)	2020 (unaudited)	2020	2019
Property-related key data				
Net operating income margin (%)	63.0	63.0	61.3	58.1
Economic occupancy, residential (%)	95.9	95.9	95.8	96.9

	Six months ending 30 June		Year ending 31 December	
	2021	2020	2020	2019
	(unaudited)	(unaudited)		
Real economic occupancy, residential (%).....	97.6	97.7	97.5	99.3
Proportion residential fair value on balance sheet date (%).....	92.8	93.0	93.1	91.2

Financial key data

Cash flow from operating activities before changes in working capital (SEK million).....	1,536	885	1,924	1,032
Interest coverage ratio (rolling 12 months) (multiple).....	3.5	2.8	2.9	2.5
Interest coverage ratio, (S&P method) (rolling 12 months) (multiple).....	2.8	2.5	2.5	2.3
Net loan-to-value ratio (%).....	39.6	46.3	43.9	48.0
Secured loan-to-value ratio (%).....	25.2	29.7	25.8	33.5
Net debt / Net debt + Equity (S&P method) (%).....	48.2	50.8	50.1	52.9
Net debt to total assets (%).....	36.4	42.9	40.2	44.8
Equity ratio (%).....	53.9	48.2	49.5	47.3
Average interest rate (%).....	1.3	1.7	1.7	1.9
The average remaining term of fixed interest in the loan portfolio, including derivatives (years).....	2.9	2.3	3.0	2.7
Average loan tenor (years).....	12.4	10.2	10.5	10.5
Net asset value on the balance sheet date (SEK million).....	115,162	73,513	81,953	60,074
Debt / EBITDA (rolling 12 month) (multiple).....	18.8	20.5	19.4	22.2
Operating profit before inventory properties and fair value adjustments ⁽¹⁾ (SEK million).....	4,153	3,004	3,589	2,263

Notes:

⁽¹⁾ Prior to 31 March 2021, reported as profit from property management

Financial Policy	Financial Policy Targets	As at 30 June		As at 31 December	
		2021	2020	2020	2019
		(unaudited)	(unaudited)		
Interest coverage ratio, rolling 12 months.....	≥ 1.5	3.5	2.8	2.9	2.5
Equity ratio (%).....	≥ 30	54	48	49	47
Average loan tenor.....	≥ 15	149	122	126	125
Loan maturity in individual year (%).....	≤ 40	17	24	13	16
Share of loans from individual lender (%).....	≤ 40	14	12	12	14
Interest rate hedge (%).....	≥ 75 ⁽¹⁾	78	76	80	69
Net Debt / Net Debt + Equity, S&P Method (%) ⁽²⁾	45-55	48	51	50	45
Quick ratio ⁽³⁾	≥ 125	415	193	149	197

Notes:

⁽¹⁾ On 31 March 2020 Heimstaden Bostad implemented a target of ≥75%.

⁽²⁾ The Net debt to net debt + equity ratio is calculated on the basis of the S&P classification of Heimstaden Bostad's outstanding hybrid capital as being 50% debt and 50% equity, rather than the IFRS classification of the same instrument as being 100% equity.

⁽³⁾ The quick ratio is calculated as cash and bank balance, including available credit facilities divided by forecast net liquidity needs over the ensuing 12 months, in accordance with S&P's guidelines.

The table above sets out the financial guidelines that are relevant to Heimstaden Bostad, as contained in internal guidelines and financial agreements with third parties.

The table below sets out the ways in which certain key data, which is considered "alternative" according to the ESMA guidelines, is derived.

Derivation of key data considered alternative according to the ESMA guidelines

	As at for the six months ending (unless otherwise stated) 30 June 2021		As at for the year ending 31 December	
	2021	2020	2020	2019
	(unaudited)	(unaudited)		
	<i>(SEK million unless otherwise stated)</i>			
Economic occupancy (%)				
Rental income from residential units	3,822	3,016	6,322	4,107
Theoretical rental income on vacant units.....	165	123	269	126
Theoretical rental income on residential units	3,988	3,139	6,590	4,233
Economic occupancy (%).....	95.9	95.9	95.8	96.9
Real economic occupancy ratio, residential (%)				
Theoretical rental income on residential units	3,988	3,139	6,590	4,233
Adjusted for non-market vacancy	-95	-72	-113	-97
Adjusted theoretical rental income.....	3,892	3,066	6,477	4,137
Real economic occupancy ratio, residential (%)	97.6	97.7	97.5	99.3
Net operating income margin (%)				
Net operating income.....	2,560	1,907	3,893	2,403
Rental income	4,066	3,028	6,721	4,135
Net operating income margin (%).....	63.0	63.0	61.3	58.1
Profit before financial items plus financial income (rolling 12 months)				
Profit before financial items.....	4,153	3,004	3,589	2,263
Financial income.....	72	69	81	35
Profit before financial items plus financial income (rolling 12 months).....	4,225	3,073	3,670	2,298
Interest coverage ratio (rolling 12 months) (multiple)				
Profit before financial items plus financial income (rolling 12 months).....	4,225	3,073	3,670	2,298
Financial costs – Interest-bearing liabilities.....	1,222	1,099	1,269	923
Interest coverage ratio (rolling 12 months) (multiple).....	3.5	2.8	2.9	2.5
Interest coverage ratio, (S&P method) (rolling 12 months) (multiple)				
Operating profit before inventory properties and fair value adjustments.....	4,247	3,004	3,589	2,263
Depreciation and amortisation	16	1	11	0
Share of net profits of associates and joint ventures (reflecting S&P methodology).....	33	85	32	88
EBITDA, adjusted.	4,136	2,920	3,567	2,174
Interest expenses on interest-bearing liabilities.....	1,222	1,099	1,269	923
50% hybrid dividend (reflecting S&P methodology)	243	69	157	19
Interest expense, adjusted.	1,465	1,168	1,425	942
Interest coverage ratio, (S&P method) (rolling 12 months) (multiple)	2.8	2.5	2.5	2.3
Equity ratio (%)				
Total equity.....	109,084	70,256	77,741	57,548
Total assets	202,417	145,638	156,926	121,564
Equity ratio (%).....	53.9	48.2	49.5	47.3
Net interest-bearing liabilities				
Interest-bearing secured liabilities	50,985	43,265	40,463	40,680
Interest-bearing unsecured liabilities	31,964	25,756	30,317	18,066
Cash and cash equivalents	-9,244	-6,494	-7,636	-4,345
Net interest-bearing liabilities.....	73,705	62,528	63,143	54,401
Net debt to total assets (%)				
Net interest-bearing liabilities.....	73,705	62,528	63,143	54,401
Total assets	202,417	145,638	156,926	121,564
Net debt to total assets (%)	36.4	42.9	40.2	44.8
Net loan-to-value (LTV) (%)				

	As at for the six months ending (unless otherwise stated) 30 June 2021		As at for the year ending 31 December	
	2021	2020	2020	2019
	(unaudited)	(unaudited)		
Net interest-bearing liabilities.....	73,705	62,528	63,143	54,401
Fair value of investment properties.....	186,068	135,074	143,806	113,331
Net loan-to-value (LTV) (%)	39.6	46.3	43.9	48.0
Secured loan-to-value (%)				
Interest-bearing secured liabilities.....	50,985	43,265	40,463	40,680
Total assets.....	202,417	145,638	156,926	121,564
Secured loan-to-value (%)	25.2	29.7	25.8	33.5
Net debt / Net debt + Equity (S&P method) (%)				
Equity.....	109,084	70,256	77,741	57,548
50% of hybrid equity as debt (S&P adjusted).....	13,618	4,250	6,818	4,257
Equity adjusted.....	95,466	66,007	70,923	53,291
Total interest-bearing liabilities.....	82,949	69,021	70,780	58,746
Right-of-use-liabilities.....	646	655	531	818
Cash and cash equivalents.....	-9,244	-6,494	-7,636	-4,345
10% decrease for cash and cash equivalents (S&P adjusted).....	924	649	764	434
50% of hybrid equity as debt (S&P adjusted).....	13,618	4,250	6,818	4,257
Net interest-bearing liabilities, adjusted (Net debt).....	88,894	68,082	71,256	59,911
Net debt + Equity.....	184,360	134,089	142,179	113,202
Net debt / Net debt + Equity (S&P method) (%)	48.2	50.8	50.1	52.9
Net asset value on the balance sheet date				
Equity.....	109,084	70,256	77,741	57,548
Deferred tax liability.....	6,078	3,257	4,212	2,526
Net asset value on the balance sheet date	115,162	73,513	81,953	60,074
Debt (rolling 12 months)				
interest-bearing liabilities (<i>rolling 12 months</i>).....	78,281	61,724	69,954	50,281
Debt (rolling 12 months)	78,281	61,724	69,954	50,281
EBITDA (rolling 12 months)				
Operating profit before inventory properties and fair value adjustments.....	4,153	3,004	3,589	2,263
Amortisation and depreciation.....	16	1	11	0
EBITDA (rolling 12 months)	4,168	3,005	3,599	2,263
Debt/EBITDA (multiple)				
Debt (rolling 12 months).....	78,281	61,724	69,954	50,281
EBITDA.....	4,168	3,005	3,599	2,263
Debt/EBITDA (multiple)	18.8	20.5	19.4	22.2

Derivation of certain key data by geographic segment

	Six months ending 30 June 2021						
	Denmark	Sweden	Netherlands	Norway	Czech Rep.	Germany	Total
Rental income, comparing period (<i>SEK million</i>).....	708	1,205	426	347		11	2,696
Rental income, reporting period (<i>SEK million</i>).....	713	1,237	441	346		10	2,747
Like-for-like rental income growth (%)	0.7	2.6	3.7	-0.2	n/a	-3.8	1.9
Six months ending 30 June 2021							
	Denmark	Sweden	Netherlands	Norway	Czech Rep.	Germany	Total
Rental income, from residential units (<i>SEK million</i>).....	1,111	1,159	549	284	539	182	3,822
Theoretical rental income on vacant units (<i>SEK million</i>).....	47	26	17	25	46	4	165

Theoretical rental income on residential units (<i>SEK million</i>).....	1,158	1,184	566	309	584	186	3,988
Economic occupancy ratio (%)	95.9	97.8	97.0	91.8	92.2	97.8	95.9

Six months ending 30 June 2021

	Denmark	Sweden	Netherlands	Norway	Czech Rep.	Germany	Total
Theoretical rental income on residential units (<i>SEK million</i>).....	1,158	1,184	566	309	584	186	3,988
Adjusted for non-market vacancy (<i>SEK million</i>)	30	10	3	23	28	2	95
Adjusted theoretical rental income (<i>SEK million</i>)	1,127	1,174	563	286	556	184	3,892
Real economic occupancy ratio (%)	97.4	99.2	99.4	92.6	95.2	99.0	97.6

BOARD OF DIRECTORS, MANAGEMENT AND AUDITOR

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.

Name	Position	Board Member of Heimstaden since
Ivar Tollefsen	Chairman of the Board	2005
John Giverholt	Board Member	2018
Fredrik Reinfeldt	Board Member	2021
Vibeke Krag	Board Member	2021

Information is presented below about Board Members regarding date of birth, position and what year they were elected onto the Board of Directors for the first time, main education, previous assignments in the last five years and shareholding in Heimstaden. Assignments in subsidiaries within the Group have been excluded. All members' shareholdings relate to holdings as of the date of the Prospectus.



Ivar Tollefsen

- **Born:** 1961
- **Position:** Chairman of the Board (since 2005).
- **Main education:** -
- **Current assignments:** Owner and Chairman of the Board of Fredensborg 1994 AS as well as Chairman of the Board or Board member of subsidiaries of Fredensborg 1994 AS. Board member of Båtgutta AS. Part-owner with full responsibility of Dacapo Eiendom ANS and Rosenlundkvartalet 1 ANS. Holding by Ivar Tollefsen.
- **Previous assignments in the last five years:** Chairman, Board member or signatory of Fredensborg 1994 AS (as well as subsidiaries of Fredensborg 1994 AS).
- **Shareholding in Heimstaden:** Indirect via company 13,204,000 ordinary shares and 200,000 Preference Shares.



John Giverholt

- **Born:** 1952
- **Position:** Board member (since 2018).
- **Main education:** BSc in Business Administration, University of Manchester. State authorised auditor, NHH Norwegian School of Economics.
- **Current assignments:** Chairman of the Board of Gammel Nok Holding AS (with assignments in Group companies) and Ortomedic AS. Board member of Formica Capital AB, Awilhelmsen AS, Fredensborg 1994 AS and Fredensborg AS, Carucel AS, Scatec ASA, Aars AS and Ferd Sosiale Entreprenører AS. Deputy Board member of Søylen Næringseiendom AS, Søylen Eiendom AS and Bogstadveien Invest AS.
- **Previous assignments in the last five years:** Board-member of Gjensidige Forsikring ASA, Ferd AS and Elopak AS.
- **Shareholding in Heimstaden:** -



Fredrik Reinfeldt

- **Born:** 1965
- **Position:** Board member (since 2021).
- **Main education:** BSc in Business and Economics, Stockholm University.
- **Current assignments:** Owner of Fredrik Reinfeldt AB. Chairman of the Board of Centrum for AMP. Political advisor to Nordic Capital. Advisor to Mastercard.
- **Previous assignments in last five years:** Chairman of the Board of EITI. Board member of Max Matthiessen. Senior advisor to Bank of America Merrill Lynch.
- **Shareholding in Heimstaden:** -



Vibeke Krag

- **Born:** 1962
- **Position:** Board member (since 2021).
- **Main education:** Candidate of Law, University of Copenhagen.
- **Current assignments:** Board Member of Nykredit A/S, Nykredit Realkredit A/S, Gjensidige ASA, ATP and Konkurrence og Forbrugerstyrelsen. Editor of Karnov, Erhvervsjuridisk Tidsskrift. Nomination Committee member at University of Copenhagen.
- **Previous assignments in the last five years:** Board Member of Norlys Energi A/S (and subsidiaries of Norlys Energi A/S) and Forenet Kredit.
- **Shareholding in Heimstaden:** -

Executive Management

Heimstaden's Executive Management currently consist of 14 people. Information is presented below on the Executive Management regarding year of birth, position, the year when the position was taken up and year of employment, main education, current assignments, previous assignments in the last five years and shareholding in Heimstaden. Assignments in subsidiaries within the Group have been excluded. All Executive Management's shareholdings relate to current holdings on the date of the Prospectus.



Patrik Hall

- **Born:** 1965
- **Position:** Chief Executive Officer (since 2003; employed since 2001).
- **Main education:** Army Officer – Lieutenant, Swedish Military Academy, Skövde and Stockholm.
- **Current assignments:** Owner and Chairman of the Board of Halwad Invest AB.
- **Previous assignments in the last five years:** -
- **Shareholding in Heimstaden:** 900 Preference Shares.



Magnus Nordholm

- **Born:** 1974
- **Position:** Deputy Chief Executive Officer (since 2018; employed since 2008).
- **Main education:** MSc in Economics, School of Business, Economics and Law, University of Gothenburg.
- **Current assignments:** CEO and Board member of Fredensborg Investment AS. Owner and Board Member of North Island Reim AB. Chairman of the Board of Udviklingsselskabet as of 31 Oktober 2017 A/S, A Place to A/S (and subsidiaries of A Place to A/S), Fjellhvil Utvikling AS, Estatia Resort Holding AS, Estatia Resort Nor AS and Romania Invest AS. Board member of Storsand Utvikling AS, Probond AS, Nordic Depository Services (Sweden) AB and Atriet A/S. Deputy Board member of Norefjell Arena AS and Estatia Resort Hotels AS.
- **Previous assignments in last five years:** Diverse board positions, etc. of Fredensborg 1994 AS (and subsidiaries of Fredensborg 1994 AS).
- **Shareholding in Heimstaden:** -



Helge Krogsbøl

- **Born:** 1968
- **Position:** Chief Operating Officer (since 2018; employed since 2018).
- **Main education:** BSc in Marketing, The Norwegian School of Marketing, Oslo.
- **Current assignments:** Owner and Chairman of the Board of Krøg Forvaltning AS. Chairman of the Board of Grefsenveien 55 AS. Board member of Bankveien 10 Borettslag, Sjømannsveien 1 Tomteselskap AS and Sjømannsveien 1 Utvikling AS.

Previous assignments in last five years:
Senior VP Business area of Padox AB.
Partner/part-owner of Room2Room.

Shareholding in Heimstaden: -



Arve Regland

- **Born:** 1972
- **Position:** Chief Financial Officer (since 2019; employed since 2019).
- **Main education:** MSc in Economics, BI Norwegian Business School, and MBA, Norwegian School of Economics.
- **Current assignments:** Chairman of the Board of Taxus Holding AS, Bjerke Eiendom AS, Simsan AS and K9 Invest AS. Chief Financial Officer of Fredensborg AS.
- **Previous assignments in the last five years:** CEO of Entra ASA and Chairman of the Board or Board member of subsidiaries of Entra ASA.
- **Shareholding in Heimstaden:** -



Karmen Mandic

- **Born:** 1971
- **Position:** Chief Marketing & Communications Officer (since 2015; employed since 2015).
Main education: BSc in Business Administration, Lund University.
- **Current assignments:** -
- **Previous assignments in the last five years:** -
- **Shareholding in Heimstaden:** -



Suzanna Malmgren

- **Born:** 1971
- **Position:** Chief Human Resources Officer (since 2017; employed since 2017).
- **Main education:** MSc in Business Administration, Uppsala University.
- **Current assignments:** Deputy Board member of Kortirion 2 AB.
Previous assignments in the last five years: -
- **Shareholding in Heimstaden:** -



Katarina Skalare

- **Born:** 1963
- **Position:** Chief Sustainability Officer (since 2018; employed since 2018).
- **Main education:** BA in Social Sciences, Malmö University.
- **Current assignments:** Board Member of Brf Östbo. Owner and Board Member of Hållbart by Skalare AB. Chairman of the Steering Group for Sustainability Forum, Lund University
- **Previous assignments in the last five years:** Sustainability Manager/Strategist, Krafringen AB. Participant in reference group research programme Women on

Boards and Measures for Energy & Climate Efficiency, KTH. Member of Committee on Corporate Responsibility & Anti-Corruption, ICC Sweden. Member of Swedish Red Cross – Malmö district.

- **Shareholding in Heimstaden:** -



Christian Winther Fladeland

- **Born:** 1986
- **Position:** Co-chief Investment Officer (since 2020; employed since 2019).
- **Main education:** MSC in Economics, University of Copenhagen.
- **Current assignments:** Chief Executive Officer of Fladeland Invest ApS. Chairman of the Board of Atriet A/S, Udviklingselskabet af 31. oktober 2017 A/S and Hvidovre Bolig ApS. Board member of Core Advise AS and A Place to A/S (and subsidiaries of A Place to A/S).
- **Previous assignments in the last five years:** -
- **Shareholding in Heimstaden:** -



Søren Vendelbo Jacobsen

- **Born:** 1980
- **Position:** Co-Chief Investment Officer (since 2020; employed since 2020).
- **Main education:** MSc in Economics, University of Copenhagen.
- **Current assignments:** Board Member of Ventec Invest Aps and Hvidovre Bolig ApS.
- **Previous assignments in the last five years:** Chairman of the Board of Sampension Student Housing II A/S (with assignments in group companies), Komplementarselskabet Opp Vejle ApS, Bernstorffsvej 135 ApS, Opp vildbjerg skole A/S, Opp Hobro tinglysningsret A/S, Opp Ørstedskolen A/S, Opp Randers p-hus A/A, Lyngby Søpark ApS, Opp Vejle P/S,

Komplementarselskabet Opp Retten i Svendborg ApS, Opp Retten i Svendborg P/S, Komplementarselskabet Slagelse Sygehus ApS, Opp Slagelse Sygehus P/S, K/S Strømmen, Aalborg, Ejendomsselskabet Frederiksholms Kanal 6 P/S, Ejendomsselskabet Hedeager Holding P/S, Ejendomsselskabet Hedeager 42 P/S, Ejendomsselskabet Hedeager 44 P/S, K/S Kristensen Partners V and K/S Teknikerbyen, Virum. Chief Executive Officer and Board Member of Arkitekternes Ejendomsselskab P/S, Sorte Hest Ejendomspartnerselskab. Chief Executive Officer of Bondön Wind ApS, Ulvemosen Wind Park ApS, Sampension Renewables GP ApS, Board member of K/S Kristensen Partners, Britannia Invest A/S, Deas Invest I Holding A/S, Deas Invest I A/S, Core German Residential II Kommanditaktieselskab, Ejendomsselskabet Vodroffsvej 26 P/S and NGF Denmark Holding ApS (with assignments in group companies).

- **Shareholding in Heimstaden:** -



Roger Reksten Stølsnes

- **Born:** 1974
- **Position:** Chief Risk Officer (since 2021; employed since 2021).
- **Main education:** PhD in Risk Assessment and Crisis Management and MSc in Offshore Technology, Stavanger University. BSc in Building and Construction, Bergen University
- **Current assignments:** Owner and Board member of Risklite AS. Owner, Board member and CEO of Stølsnes Eiendom AS. Deputy Board member of Brødrene Stølsnes Byggmesterforretning AS.
- **Previous assignments in the last five years:** VP and Head of Group Risk Management at Telenor AS.

- **Shareholding in Heimstaden:** -



Christian Vammervold Dreyer

- **Born:** 1974
- **Position:** Chief Communications Officer (since 2020; employed since 2020).
- **Main education:** Economy and real estate, BI Norwegian Business School.
- **Current assignments:** Chief Communications Officer of Fredensborg AS. Owner and Chairman of the Board of Vammervold Holding AS.
- **Previous assignments in the last five years:** Chief Executive Officer for Real Estate Norway. Board member of Eiendomsmeglerskolen AS and Reklamasjonsnemnda for Eiendomsmeglingstjenester.
- **Shareholding in Heimstaden:** -

**Anders Thorsson**

- **Born:** 1967
- **Position:** Chief Procurement Officer (since 2020; employed since 2019).
- **Main education:** MSc in Civil Engineering, Road and Water, Lund University.
- **Current assignments:** -
- **Previous assignments in last five years:** Chief Procurement Officer, Lindab AB.
- **Shareholding in Heimstaden:** 125 Preference Shares.

**Rodin Lie**

- **Born:** 1970
- **Position:** Chief Technology Officer (since 2020; employed since 2020).
- **Main education:** MSc in Computer Science, University of Bergen.
- **Current assignments:** Owner and Chief Executive Officer and Chairman of the Board of Rodin Lie Invest.
- **Previous assignments in the last five years:** Chief Digital Officer, Innovation Norway. Chief Digital Officer, Advokatselskapet Selmer.
- **Shareholding in Heimstaden:** -



Paul Spina

- **Born:** 1987
- **Position:** Chief Asset Management & Development Officer (since 2020; employed since 2020).
- **Main education:** BA in Economics, Fordham University.
- **Current assignments:** -
- **Previous assignments in the last five years:** Head of Project Delivery at WeWork International. Development Director, Tri-State at WeWork.
- **Shareholding in Heimstaden:** -

Auditor

The Company's auditors are, since 8 April 2021, Jonas Svensson at the auditing company Ernst & Young Aktiebolag and, since 15 April 2015, the auditing company Ernst & Young Aktiebolag, with Peter von Knorring as Chief Auditor since 15 April 2015. Jonas Svensson was elected and the auditing company Ernst & Young Aktiebolag was re-elected at the Annual General Meeting of 2021 for the period until the end of the Annual General Meeting of 2022. The address to Ernst & Young AB is Hamngatan 26, våning 11, 111 47 Stockholm. Jonas Svensson and Peter von Knorring are authorised auditors and members of the professional association FAR. The auditing company Ernst & Young Aktiebolag is a registered auditing company. Ingemar Rindstig of the auditing company Ernst & Young Aktiebolag was one of the Company's two auditors during the period of 15 April 2015–8 April 2021. Unless otherwise explicitly stated, no information contained in this Prospectus has been audited or reviewed by the Company's auditor.

Conflicts of interest

As described above in section "*Share capital, shares, ownership structure and governance*", all ordinary shares of the Company are owned by the Company's largest shareholder, Fredensborg AS, which is in turn ultimately controlled by Ivar Tollefsen with approximately 98% of the shares and 100% of the votes. Ivar Tollefsen is thereby holding approximately 71% of the share capital and 96% of the votes in the Company. Such indirect ownership may entail conflict of interests.

Furthermore, Magnus Nordholm and Patrik Hall are direct shareholders in Heimstaden Bostad and John Giverholt is a board member of Fredensborg AS.

Apart from the above, there are no potential conflicts of interests between any duties to the issuer and the private interests or other duties of the members of the Company's board of directors and management.

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.

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 2020 and 31 December 2019 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 2019 and 31 December 2020 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.

Reference	Document	Page(s)
Financial information regarding Heimstaden and its business for the financial year ended 31 December 2019	Heimstaden's annual and consolidated annual report for the financial year ended 31 December 2019	<ul style="list-style-type: none"> - 98 (Group's consolidated statement of comprehensive income) - 100 and 102 (Group's consolidated statements of financial position) - 102 (Group's consolidated statement of changes in equity) - 104 (Group's consolidated cash flow statement) - 106–129 (Group's accounting principles and notes) - 130 (Company's income statement) - 131 and 132 (Company's balance sheet) - 132 (Company's statement of changes in equity) - 133 (Company's cash flow statement) - 134–139 (Company's accounting principles and notes)
Auditor's report for the financial year ended 31 December 2019	Auditor's report for the financial year ended 31 December 2019	<ul style="list-style-type: none"> - 142–145 (Auditor's report)
Financial information regarding Heimstaden and its business for the financial year ended 31 December 2020	Heimstaden's annual and consolidated annual report for the financial year ended 31 December 2020	<ul style="list-style-type: none"> - 90 (Group's consolidated statement of comprehensive income) - 92 and 94 (Group's consolidated statements of financial position) - 95 (Group's consolidated statement of changes in equity) - 97 (Group's consolidated cash flow statement) - 99–130 (Group's accounting principles and notes)

Auditor's report for the financial year ended 31 December 2020	<u>Auditor's report for the financial year ended 31 December 2020</u>	<ul style="list-style-type: none"> - 131 (Company's income statement) - 132 and 133 (Company's balance sheet) - 134 (Company's statement of changes in equity) - 135 (Company's cash flow statement) - 136–141 (Company's accounting principles and notes) - 145–147 (Auditor's report)
Financial information regarding Heimstaden and its business for the interim financial period ended 30 June 2021	<u>Financial information regarding Heimstaden and its business for the interim financial period ended 30 June 2021</u>	<ul style="list-style-type: none"> - 23 (Group's consolidated statement of comprehensive income) - 24 (Group's consolidated balance sheet) - 25 (Group's consolidated statement of changes in equity) - 26 (Group's consolidated cash flow statement) - 27-35 (Group's accounting principles and notes) - 36 (Company's income statement) - 36 (Company's comprehensive income statement) - 37 (Company's balance sheet) - 38 (Company's statement of changes in equity) - 39 (Company's statement of cash flows) - 40 (Auditor's report)
Auditor's report for the interim financial period ended 30 June 2021	<u>Auditor's report for the interim financial period ended 30 June 2021</u>	

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 not relevant for the investors in the Bonds or covered elsewhere in this Prospectus.

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:

- the Company's articles of association as of the date of this Prospectus;
- the certificate of registration of the Company.

The above documents are also available on the Company's website, www.heimstaden.com.

TERMS AND CONDITIONS

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 18 (*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.

“**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 an event or series of events where:

- (a) one or more persons (other than Fredensborg AS, reg. no. 943 582 815), acting together gains control of the Issuer; or
- (b) one or more persons (other than the Issuer or Alecta pensionsförsäkring ömsesidigt), acting together gains control of more than fifty (50) % of the voting rights in Heimstaden Bostad.

For the purpose of this definition:

- (a) “**control of the Issuer**” means:
 - (i) the power (whether by way of ownership of shares, proxy, contract, agency or otherwise) to directly or indirectly:
 - (A) cast, or control the casting of, more than fifty (50) % of the maximum number of votes that may be cast at a general meeting of the shareholders of the Issuer; or
 - (B) having the right to appoint or remove all, or the majority, of the directors or other equivalent officers of the Issuer; or
 - (ii) the holding of more than fifty (50) % of the issued share capital of the Issuer (excluding any part of that issued share capital that carries no right to participate beyond a specific amount in a distribution of either profits or capital); and
- (b) “**person**” means any individual, corporation, partnership, limited liability company, joint venture, association, joint-stock company, trust, unincorporated organisation, government, or any agency or political subdivision thereof, or any other entity, whether or not having a separate legal personality.

“**Compliance Certificate**” means a certificate signed by the CFO, CEO or another authorised signatory substantially in the form set out in Schedule 1 (*Form of Compliance Certificate*) unless otherwise agreed between the Agent and the Issuer.

“**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.

“**Early Redemption Amount**” means a price equivalent to the sum of:

- (a) the Nominal Amount; and
- (b) the amount of all remaining scheduled coupon payments (assuming that the Interest Rate for the remaining Interest Periods until the Final Maturity Date shall be the applicable Interest Rate in effect on the date on which the applicable notice of redemption is given to the Bondholders pursuant to Clause 11.3.4), less any accrued but unpaid interest, to and including the Final Maturity Date.

“**Event of Default**” means an event or circumstance specified in Clause 15 (*Events of Default*).

“**Euro**” and “**EUR**” means the single currency of the participating member states in accordance with the legislation of the European Community relating to Economic and Monetary Union.

“**Final Maturity Date**” means 6 March 2027.

“**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 report, including audited consolidated and unconsolidated financial statements of the Issuer or Heimstaden Bostad (as applicable) or the quarterly interim reports, including unaudited and/or unconsolidated consolidated reports of the Issuer or Heimstaden Bostad (as applicable), delivered (or required to be delivered) pursuant to Clause 12.1.1.

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

“**First Issue Date**” means 6 September 2021.

“**Force Majeure Event**” has the meaning set forth in Clause 27.1.

“**Group**” means the Issuer and its Subsidiaries from time to time.

“**Group Company**” means each member of the Group.

“**Heimstaden Bostad**” means Heimstaden Bostad AB (publ), a public limited liability company incorporated under the laws of Sweden with reg. no. 556864-0873.

“**Incurrence Test**” has the meaning set forth in Clause 13.3 (*Incurrence Test*).

“**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 Bearing Financial Liabilities**” has the meaning set forth in Clause 13.1 (*Financial Definitions*).

“**Interest Coverage Ratio**” has the meaning set forth in Clause 13.1 (*Financial Definitions*).

“**Interest Payment Date**” means 6 March and 6 September each year or, to the extent such day is not a Business Day, the following day that is a Business Day. The first Interest Payment Date for the Bonds shall be 6 March 2022 and the last Interest Payment Date shall be the Final Maturity Date (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), and not subject to adjustment by any business day convention.

“**Interest Rate**” means a fixed rate of 4.375 %, *per annum*.

“**Issue Date**” means:

- (a) in relation to the Initial Bonds, the First Issue Date; and
- (b) in relation to any Subsequent Bonds, the date when such Subsequent Bonds are issued pursuant to these Terms and Conditions.

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

“**Issuing Agent**” means, initially Swedbank AB (publ), Swedish reg. no. 502017-7753, and thereafter any other party appointed as Issuing Agent, in each case in accordance with these Terms and Conditions and the CSD’s applicable regulation.

“**Listing Failure Event**” shall be deemed to have occurred if:

- (a) the Initial Bonds have 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); or

- (b) any Subsequent Bonds have 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 Issue Date in respect of such Subsequent Bonds (although the intention is to list any Subsequent Bonds within thirty (30) days from the relevant Issue Date).

“**Loan to Value Ratio**” has the meaning set forth in Clause 13.1 (*Financial Definitions*).

“**Maintenance Test**” has the meaning set forth in Clause 13.2 (*Maintenance Test*).

“**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.

“**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.

“**Record Date**” means the fifth (5th) 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 16 (*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 2014/65/EU on markets in financial instruments).

“**Restricted Distribution**” has the meaning set forth in Clause 13.3.1.

“**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 (a) an owner of such security is directly registered or (b) 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.

“**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, (a) owns shares or ownership rights representing more than fifty (50.00) % of the total number of votes held by the owners, (b) otherwise controls more than fifty (50.00) % of the total number of votes held by the owners, (c) has the power to appoint and remove all, or the majority of, the members of the board of directors or other governing body, or (d) exercises control as determined in accordance with the Accounting Principles.

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

“**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 19 (*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) a provision of law is a reference to that provision as amended or re-enacted; and
- (e) a time of day is a reference to Stockholm time.

1.2.2 An Event of Default is continuing if it has not been remedied or waived.

1.2.3 When ascertaining whether a limit or threshold specified in Euro 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 Euro for the previous Business Day, as published by the European Central

Bank on its website (www.ecb.europa.eu). If no such rate is available, the most recently published rate shall be used instead.

- 1.2.4 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.
- 1.2.5 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.
- 1.2.6 The selling and distribution restrictions and the privacy statement contained in this document before the table of contents do not form part of the Terms and Conditions and may be updated without the consent of the Bondholders and the Agent (save for the privacy statement insofar it relates to the Agent).

2. THE AMOUNT OF THE BONDS AND UNDERTAKING TO MAKE PAYMENTS

- 2.1 The Bonds are denominated in Euro 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 EUR 100,000 (the “**Nominal Amount**”). All Initial Bonds are issued on a fully paid basis at an issue price of 99.397 % of the Nominal Amount. The Total Nominal Amount of the Initial Bonds is EUR 400,000,000.
- 2.4 The Issuer may, at one or several occasions, issue Subsequent Bonds always provided that the Incurrence Test is met (calculated *pro forma* including the Subsequent Bond Issue) and no Event of Default is continuing or would result from the expiry of a grace period, the giving of a notice, the making of any determination (or any combination of the foregoing) or from the incurrence of the Subsequent Bonds.
- 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 10, 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 EUR 700,000,000 unless consent from the Bondholders is obtained in accordance with Clause 17.5.

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 Bonds, less the costs and expenses incurred by the Issuer in connection with the issue of the Bonds, for the purchase of equity in Heimstaden Bostad 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 The Issuer shall provide to the Agent, as soon as possible but no later than 11.00 a.m. one (1) Business Days prior to the First Issue Date, the following, in form and substance satisfactory to the Agent (acting reasonably):

- (a) copies of constitutional documents of the Issuer;
- (b) duly executed copies of these Terms and Conditions and the Agency Agreement;
and
- (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.
- 6.2 The Issuer shall provide to the Agent, no later than 9.00 a.m. two (2) Business Days prior to any Issue Date in respect of Subsequent Bonds, the following, in form and substance satisfactory to the Agent (acting reasonably):
 - (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 Clause 6.1 or Clause 6.2 (as applicable) have been fulfilled (or amended or waived in accordance with Clause 20 (*Amendments and waivers*)) and, in any case, no later than 9.00 a.m. one (1) Business Day prior to the relevant Issue Date (or later, if the Issuing Agent so agrees).

- 6.5 Following receipt by the Issuing Agent of the confirmation in accordance with Clause 6.4, the Issuing Agent shall settle the issuance of the Initial Bonds and pay the proceeds of the Initial Bonds to the Issuer on the First Issue Date.

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.

- 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 or the Agent has actual knowledge to the contrary.

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. 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 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 Bonds Issue or any Subsequent Bonds 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 a 360-day year comprised of twelve (12) months of thirty (30) days each and, in case of an incomplete month, the actual number of days elapsed (30/360-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 (2.00) 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 following day that is a 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 some only, of the outstanding Bonds in full on any Business Day prior to the Final Maturity Date. If the Bonds are redeemed pursuant to this Clause 11.3.1, the Bonds shall be redeemed at the Early Redemption Amount together with accrued but unpaid interest.
- 11.3.2 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; or
 - (b) during the three (3) months period falling immediately prior to the Final Maturity Date, in connection with a refinancing of the Bonds in full or in part with a new bond issue or other similar capital markets issues.

- 11.3.3 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) if the aggregate Nominal Amount of the Bonds held by the Issuer exceeds eighty (80.00) % 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 11.3.4; 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.
- 11.3.4 Redemption in accordance with Clauses 11.3.1, 11.3.2 and 11.3.3 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 Early Redemption Amount or the redemption price determined in accordance with Clause 11.3.3 (as applicable) 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% 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 or Heimstaden Bostad, 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:
 - (i) its audited consolidated financial statements for that Financial Year; and
 - (ii) the audited consolidated financial statements of Heimstaden Bostad 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:
 - (i) its unaudited consolidated financial statements or the year-end report (Sw. *bokslutskommuniké*) (as applicable) for such period; and

- (ii) the unaudited consolidated financial statements or the year-end report (Sw. *bokslutskommuniké*) (as applicable) of Heimstaden Bostad 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; 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.
- 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 **Compliance Certificate**
- 12.2.1 The Issuer shall issue a Compliance Certificate to the Agent signed by the Issuer:
 - (a) when Financial Reports are made available to the Agent in accordance with paragraph (b) of Clause 12.1.1; and
 - (b) at the Agent's reasonable request, within twenty (20) calendar days from such request.
- 12.2.2 In each Compliance Certificate, the Issuer shall:
 - (a) so far as it is aware, certify that no Event of Default is continuing or, if it is aware that such event is continuing, specify the event and steps, if any, being taken to remedy it; and

- (b) if provided in connection with Financial Reports being made available, certify that:
- (i) the Maintenance Test has been met at all times during the financial quarter ending on the Test Date to which the Compliance Certificate refers to, including calculations and figures in respect of the Maintenance Test as of that Test Date; and
 - (ii) the Incurrence Test has been met in respect of each incurrence of Interest Bearing Financial Liabilities and any Restricted Distribution which required that the Incurrence Test was met made during the financial quarter ending on the Test Date to which the Compliance Certificate refers to including calculations and figures in respect of the last Incurrence Test made during that financial quarter, calculated *pro forma* including the relevant incurrence of Interest Bearing Financial Liabilities or Restricted Distribution (as applicable).

12.3 **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.

12.4 **Publication of Finance Documents**

12.4.1 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.

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

13. **Financial Covenants**

13.1 **Financial Definitions**

In this Agreement:

“**Adjusted Earnings**” means in respect of a Reference Period:

- (a) the unconsolidated operating profit or loss of the Issuer in respect of that Reference Period,
plus
- (b) the amount of any dividends or other profit distributions directly or indirectly paid or made by Heimstaden Bostad to the Issuer Group during that Reference Period.

“Available Liquidity Reserves” means, at any time, the aggregate of:

- (a) the unconsolidated cash and cash equivalents of the Issuer,
plus
- (b) the aggregate commitments under any revolving credit, overdraft or back-up facility available to be utilised by the Issuer for the purpose of payments of Interest Expenses.

“Heimstaden Bostad’s NAV” means the consolidated net asset value of Heimstaden Bostad on the balance sheet date less the equity value attributable to Hybrid Securities issued by Heimstaden Bostad and any non-controlling interests.

“Hybrid Securities” means any subordinated (according to its terms) debt instruments issued by the Issuer which are, entirely or partly permitted to be accounted for as equity in accordance with the Accounting Principles at the date of issuance of the relevant subordinated debt instrument(s).

“Interest Bearing Financial Liabilities” means any Financial Indebtedness accounted for as interest bearing liabilities in accordance with the Accounting Principles (but excluding pension liabilities and, for the avoidance of doubt, any Hybrid Securities).

“Interest Coverage Ratio” means the ratio of Adjusted Earnings to Interest Expenses in respect of any Reference Period.

“Interest Expenses” means, in respect of a Reference Period, the aggregate interest expenses of the Issuer in respect of Interest Bearing Financial Liabilities.

“Issuer Group” means the Issuer and its Subsidiaries from time to time, excluding Heimstaden Bostad and its Subsidiaries from time to time.

“Listed Preference Shares” means any preference shares issued by the Issuer which is or will be admitted to trading where the Issuer’s aggregate gross proceeds from such issuances less any amount redeemed (calculated at the time of the relevant Incurrence Test) represents thirty (30) % or less of the Relevant Assets.

“Loan to Value Ratio” means the ratio of Net Interest Bearing Debt to Relevant Assets.

“Net Interest Bearing Debt” means:

- (a) the difference between the consolidated Interest Bearing Financial Liabilities of the Issuer and Heimstaden Bostad,
less
- (b) the difference between the consolidated cash and cash equivalents of the Issuer and Heimstaden Bostad.

“**Reference Period**” means each period of twelve (12) consecutive calendar months ending on a Test Date.

“**Relevant Assets**” means:

- (a) Heimstaden Bostad’s NAV, multiplied by the Issuer’s portion, direct or indirect, of the share of capital of Heimstaden Bostad,
plus
- (b) the difference between the consolidated book value of the investment properties and financial assets (excluding cash and cash equivalents) of the Issuer and Heimstaden Bostad.

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

13.2 **Maintenance Test**

The Issuer shall procure that Available Liquidity Reserves at all times are equal to or higher than the aggregate estimated Interest Expenses for the next twelve (12) months.

13.3 **Incurrence Test**

Restriction: Distributions

- 13.3.1 The Issuer shall not declare, make or pay any dividend (whether in cash or in kind) on or in respect of its share capital, repurchase any of its own shares, redeem its share capital or other restricted equity with repayment to shareholders or make any other similar distribution or transfers of value to the direct or indirect shareholders of the Issuer (save, in each case, for any transactions in respect of Listed Preference Shares or in respect of Hybrid Securities, provided that such securities are issued on normal market terms) (a “**Restricted Distribution**”), provided however that any such Restricted Distribution can be made by the Issuer, if such Restricted Distribution is permitted by law and the Incurrence Test (calculated *pro forma* including the relevant Restricted Distribution) is met.

Restriction: Interest Bearing Financial Liabilities

- 13.3.2 The Issuer shall not incur any new Interest Bearing Financial Liabilities or provide any parent company guarantee for Interest Bearing Financial Liabilities (excluding in each case, for the avoidance of doubt, any extension of existing Interest Bearing Financial Liabilities or any refinancing or replacement of Interest Bearing Financial Liabilities provided that the nominal amount does not increase as a result of such extension, refinancing or replacement, in which case the incurrence of the incremental amount shall be subject to the Incurrence Test), unless the Incurrence Test (calculated *pro forma* including the new Interest Bearing Financial Liabilities and the application of the proceeds thereof) is met.

- 13.3.3 The Incurrence Test is met if:

- (a) the Interest Coverage Ratio is equal to or higher than 2.00:1;

- (b) the Loan to Value Ratio is equal to or lower than thirty (30) %; and
 - (c) no Event of Default is continuing or would result from the expiry of a grace period, the giving of a notice, the making of any determination (or any combination of the foregoing) or from the relevant incurrence or payment (as applicable).
- 13.3.4 Each Incurrence Test shall include the relevant incurrence or distribution on a *pro forma* basis (including the application of the proceeds thereof).
- 13.3.5 Entities acquired or disposed of during a Reference Period will be included or excluded (as applicable) for the entirety of the Reference Period on a *pro forma* basis.

14. GENERAL UNDERTAKINGS

14.1 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.

14.2 Negative pledge

- 14.2.1 Notwithstanding anything to the contrary herein, the Issuer shall not create or permit to subsist any Security for any Financial Indebtedness in respect of the Group's shares in Heimstaden Bostad.
- 14.2.2 Except as permitted under Clauses 14.2.3 and/or 14.2.4 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.
- 14.2.3 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.
- 14.2.4 Clause 14.2.2 above does not apply to any Security securing any Market Loan of any Subsidiary of the Issuer acquired after the First Issue Date, so long as such Security was outstanding on the date on which the relevant entity became a Subsidiary of the Issuer, was not created in contemplation of such entity becoming a Subsidiary of the Issuer and the principal amount of the Market Loan so secured was not increased in contemplation of such entity becoming a Subsidiary of the Issuer or since such entity became a Subsidiary of the Issuer.

14.3 **Merger**

14.3.1 The Issuer shall not enter into any amalgamation, demerger, merger or consolidation, unless the Issuer is the surviving entity of such amalgamation, demerger, merger or consolidation.

14.3.2 The Issuer shall ensure that no other Group Company will enter into any amalgamation, demerger, merger or consolidation where such amalgamation, demerger, merger or consolidation is reasonably likely to have an adverse effect on the ability of the Issuer to perform its obligations under the Finance Documents.

14.4 **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.

14.5 **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.

14.6 **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 relevant market with one or more reputable insurers. The insurance cover shall *inter alia* include full value insurance and third party liability insurances.

14.7 **Maintenance test**

The Issuer shall ensure that the Maintenance Test is met on each Test Date.

14.8 **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 admissions 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) any Subsequent Bonds are admitted to trading on the corporate bond list of Nasdaq Stockholm or, if such admissions to trading is not possible to obtain or maintain, admitted to trading on another Regulated Market within twelve (12) months after the Issue Date in respect of such Subsequent Bonds; and

- (c) 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).

14.9 **Undertakings relating to the Agency Agreement**

14.9.1 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.

14.9.2 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.

15. **EVENTS OF DEFAULT**

Each of the events or circumstances set out in Clauses 15.1 to 15.9 is an Event of Default.

15.1 **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.

15.2 **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 15.1 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.

15.3 **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.

15.4 **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.

15.5 **Insolvency**

15.5.1 The Issuer is, or is deemed for the purposes of any applicable law to be, Insolvent.

15.5.2 Any Group Company (other than the Issuer) is, or is deemed for the purposes of any applicable law to be, Insolvent where such event or circumstance is reasonably likely to have an adverse effect on the ability of the Issuer to perform its obligations under the Finance Documents.

15.6 **Insolvency proceedings**

15.6.1 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 the Issuer or any other Group Company;
- (b) the appointment of a liquidator, receiver, administrative receiver, administrator or other similar officer in respect of the Issuer or any other Group Company or any of its assets; or
- (c) enforcement of any Security over any assets of the Issuer or any other Group Company,

or any analogous procedure or step is taken in any jurisdiction.

15.6.2 Clause 15.6.1 shall not apply to any:

- (a) 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; or
- (b) corporate action, legal proceedings or other procedure or step referred to in Clause 15.6.1 related to a Group Company (other than the Issuer) unless such corporate action, legal proceedings or other procedure or step is reasonably likely to have an adverse effect on the ability of the Issuer to perform its obligations under the Finance Documents.

15.7 **Creditors' process**

Any attachment, sequestration, distress or execution, or any analogous process in any jurisdiction, which affects:

- (a) any asset or assets of a Group Company (other than Heimstaden Bostad and any of its Subsidiaries) having an aggregate value of SEK 100,000,000 or more; or
- (b) any asset or assets of Heimstaden Bostad or any of its Subsidiaries having an aggregate value of one (1) % or more of the consolidated total assets of Heimstaden Bostad and its Subsidiaries calculated in accordance with the Accounting Principles and in line with the principles for Heimstaden Bostad's most recent annual or interim, as the case may be, financial report,

and, in each case, is not discharged within sixty (60) days.

15.8 **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 15.8 if the aggregate amount of Financial Indebtedness referred to herein is:

- (a) in relation to a Group Company (other than Heimstaden Bostad and any of its Subsidiaries), less than SEK 100,000,000; or
- (b) in relation to Heimstaden Bostad and any of its Subsidiaries, less than an amount equivalent to one (1) % of the consolidated total assets of Heimstaden Bostad and its Subsidiaries calculated in accordance with the Accounting Principles and in line with the principles for Heimstaden Bostad's most recent audited annual or interim, as the case may be, financial report.

15.9 **Cessation of business**

15.9.1 The Issuer 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 14.1 (*Disposals*) or as a result of a solvent liquidation.

15.9.2 Any Group Company (other than the Issuer) 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 14.1 (*Disposals*) or as a result of a solvent liquidation, where such event or circumstance is reasonably likely to have an adverse effect on the ability of the Issuer to perform its obligations under the Finance Documents.

15.10 Acceleration of the Bonds

- 15.10.1 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 (50.00) % 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 15.10.4, on behalf of the Bondholders (a) 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 (b) exercise any or all of its rights, remedies, powers and discretions under the Finance Documents.
- 15.10.2 The Agent may not accelerate the Bonds in accordance with Clause 15.10.1 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).
- 15.10.3 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 17 (*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.
- 15.10.4 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.
- 15.10.5 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.
- 15.10.6 If the Bonds are declared due and payable in accordance with this Clause 15.10, the Issuer shall redeem all Bonds with an amount per Bond equal to 101.00% of the Nominal Amount together with accrued but unpaid Interest.

16. DISTRIBUTION OF PROCEEDS

- 16.1 All payments by the Issuer relating to the Bonds and the Finance Documents following an acceleration of the Bonds in accordance with Clause 15.10 (*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 21.2.8, 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 17.13;
- (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.

- 16.2 If a Bondholder or another party has paid any fees, costs, expenses or indemnities referred to in Clause 16.1(a) such Bondholder or other party shall be entitled to reimbursement by way of a corresponding distribution in accordance with Clause 16.1(a).
- 16.3 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 Funds Accounting 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 16 as soon as reasonably practicable.
- 16.4 If the Issuer or the Agent shall make any payment under this Clause 16, 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.

17. DECISIONS BY BONDHOLDERS

- 17.1 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.
- 17.2 Any request from the Issuer or a Bondholder (or Bondholders) representing at least ten (10.00) % 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.
- 17.3 The Agent may refrain from convening a Bondholders' Meeting or instigating a Written Procedure if (a) 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 (b) the suggested decision is not in accordance with applicable regulations.
- 17.4 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 19.3, 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.
- 17.5 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 19.3:
- (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, EUR 700,000,000 (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 13.3.1, Clause 13.3.2 or Clause 14 (*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 17.5.
- 17.6 Any matter not covered by Clause 17.5 shall require the consent of Bondholders representing more than fifty (50.00) % 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 19.3. 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 20.1(a) or 20.1(b)) or an acceleration of the Bonds.
- 17.7 Quorum at a Bondholders' Meeting or in respect of a Written Procedure only exists if a Bondholder (or Bondholders) representing at least fifty (50) % of the Adjusted Nominal Amount in case of a matter pursuant to Clause 17.5, and otherwise twenty (20.00) % 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.
- 17.8 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 18.1) or initiate a second Written Procedure (in accordance with Clause 19.1), 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 17.7 shall not apply to such second Bondholders' Meeting or Written Procedure.
- 17.9 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.
- 17.10 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.

- 17.11 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.
- 17.12 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.
- 17.13 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.
- 17.14 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.
- 17.15 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.

18. BONDHOLDERS' MEETING

- 18.1 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.
- 18.2 Should the Issuer want to replace the Agent, it may convene a Bondholders' Meeting in accordance with Clause 18.1 with a copy to the Agent. After a request from the Bondholders pursuant to Clause 21.4.3, 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 18.1.
- 18.3 The notice pursuant to Clause 18.1 shall include (a) time for the meeting, (b) place for the meeting, (c) 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 18.1) (d) agenda for the meeting (including each request for a decision by the Bondholders) and (e) 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.
- 18.4 The Bondholders' Meeting shall be held no earlier than ten (10) Business Days and no later than twenty (20) Business Days after the effective date of the notice.
- 18.5 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.
- 18.6 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.
- 18.7 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.

19. WRITTEN PROCEDURE

- 19.1 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.
- 19.2 Should the Issuer want to replace the Agent, it may send a communication in accordance with Clause 19.1 to each Bondholder with a copy to the Agent.
- 19.3 A communication pursuant to Clause 19.1 shall include (a) each request for a decision by the Bondholders, (b) a description of the reasons for each request, (c) 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 19.1), (d) 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 (e) 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 19.1). If the voting shall be made electronically, instructions for such voting shall be included in the communication.
- 19.4 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.
- 19.5 When the requisite majority consents of the total Adjusted Nominal Amount pursuant to Clauses 17.5 and 17.6 have been received in a Written Procedure, the relevant decision shall be deemed to be adopted pursuant to Clause 17.5 or 17.6, as the case may be, even if the time period for replies in the Written Procedure has not yet expired.

20. AMENDMENTS AND WAIVERS

- 20.1 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 prejudicial 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 17 (*Decisions by Bondholders*).
- 20.2 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.
- 20.3 The Agent shall promptly notify the Bondholders of any amendments or waivers made in accordance with Clause 20.1, 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 12.4 (*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.
- 20.4 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.

21. APPOINTMENT AND REPLACEMENT OF THE AGENT

21.1 Appointment of Agent

- 21.1.1 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.
- 21.1.2 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.
- 21.1.3 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.
- 21.1.4 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.

21.1.5 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.

21.2 Duties of the Agent

21.2.1 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.

21.2.2 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.

21.2.3 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.

21.2.4 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.

21.2.5 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.

21.2.6 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.

21.2.7 The Agent shall, subject to Clause 26.2.2, 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.

- 21.2.8 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 (a) an event which the Agent reasonably believes is or may lead to an Event of Default (b) a matter relating to the Issuer which the Agent reasonably believes may be detrimental to the interests of the Bondholders under the Finance Documents (c) when the Agent is to make a determination under the Finance Documents or (d) 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 16 (*Distribution of proceeds*).
- 21.2.9 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.
- 21.2.10 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.
- 21.2.11 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.
- 21.2.12 The Agent shall give a notice to the Bondholders (a) 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 (b) if it refrains from acting for any reason described in Clause 21.2.11.
- 21.2.13 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.
- 21.3 **Limited liability for the Agent**
- 21.3.1 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.

- 21.3.2 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.
- 21.3.3 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.
- 21.3.4 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 17 (*Decisions by Bondholders*) or a demand by Bondholders given pursuant to Clause 15.10.1.
- 21.3.5 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.
- 21.3.6 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.

21.4 **Replacement of the Agent**

- 21.4.1 Subject to Clause 21.4.6, 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.
- 21.4.2 Subject to Clause 21.4.6, 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.
- 21.4.3 A Bondholder (or Bondholders) representing at least ten (10.00)% 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.

- 21.4.4 If the Bondholders have not appointed a successor Agent within ninety (90) days after (a) the earlier of the notice of resignation was given or the resignation otherwise took place or (b) 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.
- 21.4.5 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.
- 21.4.6 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.
- 21.4.7 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.
- 21.4.8 In the event that there is a change of the Agent in accordance with this Clause 21.4, 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.

22. APPOINTMENT AND REPLACING OF THE ISSUING AGENT

- 22.1 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.
- 22.2 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.

- 22.3 The Issuing 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 Issuing Agent shall never be responsible for indirect or consequential loss.

23. APPOINTMENT AND REPLACEMENT OF THE CSD

- 23.1 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.
- 23.2 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 Regulation (EU) No 909/2014 and be authorised as a central securities depository in accordance with the Central Securities Depositories and Financial Instruments Accounts Act.

24. NO DIRECT ACTIONS BY BONDHOLDERS

- 24.1 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.
- 24.2 Clause 24.1 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 21.1.2), 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 21.2.11, such failure must continue for at least forty (40) Business Days after notice pursuant to Clause 21.2.12 before a Bondholder may take any action referred to in Clause 24.1.
- 24.3 The provisions of Clause 24.1 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.

25. TIME-BAR

- 25.1 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.
- 25.2 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.

26. NOTICES AND PRESS RELEASES**26.1 Notices**

- 26.1.1 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 websites of the Group and the Agent.
- 26.1.2 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 26.1.1 or, in case of letter, three (3) Business Days after being deposited postage prepaid in an envelope

addressed to the address specified in Clause 26.1.1 or, in case of email to the Agent or the Issuer, when received in legible form by the email address specified in Clause 26.1.1.

- 26.1.3 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.

26.2 **Press releases**

- 26.2.1 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, 15.10.3, 16.4, 17.15, 18.1, 19.1, 20.3, 21.2.12 and 21.4.1 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.

- 26.2.2 In addition to Clause 26.2.1, 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.

27. **FORCE MAJEURE AND LIMITATION OF LIABILITY**

- 27.1 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.
- 27.2 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.
- 27.3 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.
- 27.4 The provisions in this Clause 27 apply unless they are inconsistent with the provisions of the Central Securities Depositories and Financial Instruments Accounts Act which provisions shall take precedence.

28. **GOVERNING LAW AND JURISDICTION**

- 28.1 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.

- 28.2 Any dispute or claim arising in relation to these Terms and Conditions shall, subject to Clause 28.3, be determined by Swedish courts and the District Court of Stockholm shall be the court of first instance.
- 28.3 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.

* * *

**SCHEDULE 1
FORM OF COMPLIANCE CERTIFICATE**

To: [●] as Agent
From: Heimstaden AB (publ)
Dated: [●]

Dear Sirs,

Heimstaden AB (publ)
Maximum EUR 700,000,000 Senior Unsecured Fixed Rate Bonds
ISIN: SE0016589105
(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 **[Maintenance Test**

We confirm that:

- (a) the Maintenance Test has been met at all times during the financial quarter ending on the Test Date falling on [*relevant Test Date*]; and
- (b) as of the Test Date falling on [*relevant Test Date*], the aggregate estimated Interest Expenses for the next twelve (12) months were [●] and Available Liquidity Reserves were [●].

Computations as to compliance with the Maintenance Test as of [*Test Date*] are attached hereto.

3 **[Incurrence Test**

We confirm that:

- (a) the Incurrence Test has been met in respect of each incurrence of Interest Bearing Financial Liabilities and any Restricted Distribution which required that the Incurrence Test was met made during the financial quarter ending on [*relevant Test Date*]; and

- (b) in respect of the last Incurrence Test made during the financial quarter ending on [relevant Test Date], the Interest Coverage Ratio was [●] and the Loan to Value Ratio was [●], in each case calculated *pro forma* including the relevant incurrence of Interest Bearing Financial Liabilities or Restricted Distribution (as applicable).

Computations as to compliance with the last Incurrence Test during the Reference Period ending on [relevant Test Date] are attached hereto.]

4 We confirm that no Event of Default is continuing.¹

Heimstaden AB (publ)

Name:

¹ 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.

ADDRESSES

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