

**HEIMSTADEN AB (PUBL)**

**Heimstaden**

**PROSPECTUS REGARDING ADMISSION TO TRADING OF  
EUR 300,000,000  
Subordinated Perpetual Fixed to Reset Rate Callable Capital  
Securities**

**ISIN: SE0016278352**

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**Issuing Agent:**

**Swedbank AB (publ)**

**Joint Bookrunners:**

**J.P. Morgan AG**

**Citigroup Global Markets Europe AG**

**Nordea Bank Abp**

**Arctic Securities AS**

**Swedbank AB (publ)**

*This Prospectus was approved by the Swedish Financial Supervisory Authority on 15 October 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the event of significant new factors, material mistakes or material inaccuracies will not apply when this Prospectus is no longer valid.*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 300,000,000 subordinated perpetual floating rate callable capital securities with ISIN SE0016278352 issued on 15 October 2021 (the “**Capital Securities**” and the “**First Issue Date**”) in accordance with the terms and conditions of the Capital Securities (the “**Terms and Conditions**”).

References to the Company, the Issuer, Heimstaden or the Group refer in this Prospectus to Heimstaden AB (publ) and its subsidiaries, unless otherwise indicated by the context.

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 Capital Securities in any jurisdiction. It has been prepared solely for the purpose of the Capital Securities 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 Capital Securities are therefore required to inform themselves about, and to observe, such restrictions. The Capital Securities 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 Capital Securities 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 Capital Securities under the Securities Act or any U.S. state securities laws or to affect any exchange offer for the Capital Securities in the future. Furthermore, the Company has not registered the Capital Securities under any other country’s securities laws. It is the investor’s obligation to ensure that the offers and sales of Capital Securities comply with all applicable securities laws.

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

Unless otherwise explicitly stated, no information contained in this Prospectus has been audited or reviewed by auditors. Certain financial and other information set forth in this Prospectus has been rounded off and, as a result, the numerical figures shown as totals in this Prospectus may vary slightly from the exact arithmetic aggregation of the figures that precede them.

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

The Capital Securities may not be a suitable investment for all investors and each potential investor in the Capital Securities 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 Capital Securities, the merits and risks of investing in the Capital Securities 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 Capital Securities and the impact other Capital Securities 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 Capital Securities; (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

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*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 Capital Securities. 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 Capital Securities. 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 Capital Securities, 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 Capital Securities 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 valuing 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 the Issuer's and Heimstaden Bostad's long-term credit ratings to pursue its financing strategy***

The Issuer's ability to have access to funding is partly reliant on its long-term credit rating from a major credit rating agency. The Issuer currently has a long-term credit rating of BB+ (outlook stable) by Fitch Ratings Ltd ("**Fitch**"). There is a risk that Fitch will downgrade the Issuer's long-term credit rating, for instance if the Issuer 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 the Issuer to pursue its current financial strategy, which would have an adverse effect on the Group's financial prospects and future opportunities.

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 both S&P Global Ratings Europe Limited ("**S&P**") and Fitch. There is a risk that S&P and/or Fitch 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.

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

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

In addition, a rating agency may change its methodology or its application for rating securities with features similar to the Capital Securities in the future. This may include the relationship between ratings

assigned to an issuer's senior securities and ratings assigned to securities with features similar to the Capital Securities, sometimes called "notching". If a rating agency was to change its practices or their application for rating such securities in the future and the ratings of the Capital Securities were to be subsequently lowered, this may have a negative impact on the trading price of the Capital Securities. If as a consequence of an amendment, clarification or change in the equity credit criteria of a rating agency, the Capital Securities are no longer eligible for the same or higher category of equity credit attributed to the Capital Securities at the date of their issue (or if equity credit is not assigned on the Issue Date, at the date when the equity credit is assigned for the first time), the Issuer may redeem the Capital Securities in whole, but not in part, as further described in the Terms and Conditions.

In general, European regulated investors are restricted under Regulation (EC) No. 1060/2009 (as amended) (the "**CRA Regulation**") from using credit ratings for regulatory purposes in the EEA, unless such ratings are issued by a credit rating agency established in the EEA and registered under the CRA Regulation (and such registration has not been withdrawn or suspended, subject to transitional provisions that apply in certain circumstances). Such general restriction will also apply in the case of credit ratings issued by third country non-EEA credit rating agencies, unless the relevant credit ratings are endorsed by an EEA registered credit rating agency or the relevant third country rating agency is certified in accordance with the CRA Regulation (and such endorsement action or certification, as the case may be, has not been withdrawn or suspended, subject to transitional provisions that apply in certain circumstances). The list of registered and certified rating agencies published by the European Securities and Markets Authority ("**ESMA**") on its website in accordance with the CRA Regulation is not conclusive evidence of the status of the relevant rating agency included in such list, as there may be delays between certain supervisory measures being taken against a relevant rating agency and the publication of the updated ESMA list.

Investors regulated in the UK are subject to similar restrictions under Regulation (EC) No. 1060/2009 as it forms part of UK domestic law by virtue of the European Union (Withdrawal) Act 2018 ("UK CRA Regulation"). As such, UK regulated investors are required to use for UK regulatory purposes ratings issued by a credit rating agency established in the UK and registered under the UK CRA Regulation. In the case of ratings issued by third country non-UK credit rating agencies, third country credit ratings can either be: (a) endorsed by a UK registered credit rating agency; or (b) issued by a third country credit rating agency that is certified in accordance with the UK CRA Regulation. Note this is subject, in each case, to (a) the relevant UK registration, certification or endorsement, as the case may be, not having been withdrawn or suspended, and (b) transitional provisions that apply in certain circumstances. In the case of third country ratings, for a certain limited period of time, transitional relief accommodates continued use for regulatory purposes in the UK, of existing pre-2021 ratings, provided the relevant conditions are satisfied.

If the status of the rating agency rating the Capital Securities changes for the purposes of the CRA Regulation or the UK CRA Regulation, relevant regulated investors may no longer be able to use the rating for regulatory purposes in the EEA or the UK, as applicable, and the Capital Securities may have a different regulatory treatment, which may impact the value of the Capital Securities and their liquidity in the secondary market.

***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 1% 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 1% 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 Capital Securities**

### ***The Capital Securities are contractually and structurally subordinated to most of the Company's liabilities***

The Capital Securities represent deeply subordinated debt obligations of the Company. This means that if the Company is subject to any liquidation (Sw. *likvidation*), bankruptcy (Sw. *konkurs*), restructuring (Sw. *företagsrekonstruktion*), administrative or other bankruptcy or insolvency proceedings, the investors normally receive payment after all other creditors have been paid in full. Hence, in relation to such liquidation or bankruptcy, restructuring, administrative or other bankruptcy or insolvency proceedings of the Company, investors' claims for the principal amount of their Capital Securities and any accrued and unpaid interest thereon will rank *pari passu* with any present or future claims in respect of obligations of the Company in respect of Parity Securities (as defined in the Terms and Conditions of the Capital Securities). Furthermore, claims will rank junior in right of payment to any present or future claims of all unsubordinated obligations of the Company and all Subordinated Indebtedness (as defined in the Terms and Conditions of the Capital Securities). In relation to a liquidation or bankruptcy, claims will however rank in priority to all present and future claims in respect of the shares of the Company and any other obligation of the Company expressed to rank junior to the Capital Securities or any Parity Securities. As the investors only will have an unsecured claim against the Company, the investors may not recover any or all of their investment.

There is no restriction in the Terms and Conditions of the Capital Securities in relation to incurring, issuing, guaranteeing or securing debt ranking senior to or *pari passu* with the Capital Securities. 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. The Company and its subsidiaries may incur additional indebtedness or issue guarantees in respect of indebtedness or guarantees of third parties. 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.

Furthermore, in the event of insolvency, liquidation or a similar event relating to one of the Company's subsidiaries or joint ventures, all creditors of such company would be entitled to payment in full out of the assets of such subsidiary or joint venture before the Company, as a shareholder, would be entitled to any payments. Thus, the Capital Securities are structurally subordinated to the liabilities of such subsidiaries and joint ventures. Incurring such additional indebtedness may reduce the amount (if any) recoverable by investors if the Company is subject to any dissolution, winding-up, liquidation, restructuring, administrative or other bankruptcy or insolvency proceedings and may increase the likelihood of that interest payments under the Terms and Conditions of the Capital Securities are deferred, at the potential detriment on an investor. Under the Terms and Conditions of the Capital

Securities, there are no restrictions on the amount of such senior ranking debt that the Company may incur.

Any potential investor should therefore be aware of that an investment in the Capital Securities entails a risk that the investor loses all or part of its investment if the Company becomes liquidated, bankrupt, insolvent, carries out a restructuring or is wound-up.

***Investors in the Capital Securities have very limited rights in relation to the enforcement of payments on the Capital Securities***

If a default is made by the Company for a period of 30 days or more in relation to the payment of any interest, principal or premium in respect of the Capital Securities which is due and payable, the rights of the investors in respect of the Capital Securities are limited to instituting proceedings for an Issuer Winding-up, and the investors may prove and/or claim in respect of the Capital Securities in an Issuer Winding-up.

Whilst the claims of the investors in an Issuer Winding-up are for the principal amount of their Capital Securities together with any Deferred Interest and any other accrued and unpaid interest, such claims will be subordinated as stated above under “*The Capital Securities are contractually and structurally subordinated to most of the Company’s liabilities*”, accordingly, claims in respect of the Capital Securities would rank junior to claims in respect of unsubordinated obligations of the Issuer in the event of an Issuer Winding-up. The investors shall not be entitled to accelerate payments of interest or principal under the Capital Securities in any circumstances outside an Issuer Winding-up.

Furthermore, whilst the investors may institute other proceedings against the Company to enforce the terms of the Capital Securities, the Company shall not, by virtue of such proceedings, be obliged to pay any sum or sums sooner than the same would otherwise have been payable by it. Accordingly, the investors’ rights of enforcement in respect of payments under the Capital Securities are very limited.

***The Capital Securities constitute perpetual obligations***

The Capital Securities are perpetual meaning that the Capital Securities have no specified maturity date. The Company is not obliged to redeem the Capital Securities at any time and investors have no option to redeem the Capital Securities at any time. The Company may only redeem the Capital Securities under certain circumstances.

Any potential investor should be aware that it may be required to bear financial risks of the investment in the Capital Securities for a long period of time and may not recover their investment before a redemption of the Capital Securities (if any) at the discretion of the Company (in particular if there is no active trading on the secondary market). Each potential investor should therefore be aware that there is a risk that it may lose the whole, or parts of, its investment in the event the Issuer chooses to not redeem the Capital Securities.

***The current IFRS accounting classification of financial instruments such as the Capital Securities as equity instruments may change, which may result in the occurrence of an Accounting Event***

In June 2018, the IASB (International Accounting Standards Board) published the discussion paper DP/2018/1 on “Financial Instruments with Characteristics of Equity” (the “**DP/2018/1 Paper**”). The IASB met on 21-23 April 2020 to discuss the direction of the project. In December 2020, the IASB decided to add the project to its standard setting programme. On 28 April 2021, the IASB met again to continue its discussions on potential refinements to disclosure proposals explored in the DP/2018/1

Paper, namely, proposals for disclosure of information about terms and conditions, priority on liquidation and potential dilution. These disclosure proposals relate to financial instruments an entity issues and, if finalised, would be incorporated into “IFRS 7 Financial Instruments: Disclosures”.

While the final timing and outcome are uncertain, if the proposals set out in the DP/2018/1 Paper are implemented in their current form, the current IFRS accounting classification of financial instruments such as the Capital Securities as equity instruments may change and this may result in the occurrence of an Accounting Event. In such an event, the Issuer may have the option to redeem, in whole but not in part, the Capital Securities (pursuant to Clause 13.4 (*Make-whole redemption by the Issuer*)). The implementation of any of the proposals set out in the DP/2018/1 Paper or any other similar such proposals that may be made in the future, including the extent and timing of any such implementation, if at all, is uncertain. Accordingly, no assurance can be given as to the future classification of the Capital Securities from an accounting perspective or whether any such change may result in the occurrence of an Accounting Event, thereby providing the Issuer with the option to redeem the Capital Securities, or to substitute or vary the terms of the Capital Securities pursuant to the Terms and Conditions.

***Substitution or variation of the Capital Securities***

There is a risk that, after the issue of the Capital Securities, a Tax Event, a Rating Event, an Accounting Event or a Withholding Tax Event may occur which would entitle the Issuer, without any requirement for the consent or approval of the Holders, to substitute all, but not some only, of the Capital Securities for, or vary the terms of the Capital Securities so that they become or remain, Qualifying Capital Securities. Whilst Qualifying Capital Securities are required to have terms which are not materially less favourable to Holders than the terms of the Capital Securities (as reasonably determined by the Issuer in consultation with an independent investment bank, independent financial adviser or legal counsel of international standing), there can be no assurance that the Qualifying Capital Securities will not have a significant adverse impact on the price of, and/or the market for, the Capital Securities, nor that there will not be any adverse tax consequences for any Holders of the Capital Securities arising from such substitution or variation.

***Deferral of interest payment***

The Company may, at its sole discretion by giving notice to the Holders, the Agent and the Issuing Agent before the relevant Interest Payment Date, elect to defer any interest payment, in whole or in part, which would otherwise be due on any Interest Payment Date. If interest is deferred in accordance with the Terms and Conditions of the Capital Securities, the Company has no obligation to make such payment on the relevant Interest Payment Date and any such non-payment of interest does not constitute a default or any other breach of obligations under the Capital Securities.

As the Capital Securities carry no voting rights with respect to general meetings of the Company, the investors cannot influence any decisions by the Company to defer payments or to optionally settle outstanding payments. As the Capital Securities are perpetual, the lack of availability to influence deferral of interest payments could impact investors’ position and Capital Securities during a prolonged period of time and in a manner that would be undesirable for them.

Deferral of interest payments may have an adverse effect on the market price for the Capital Securities. In addition, the availability to defer interest may result in that the market price for the Capital Securities is more volatile than otherwise would be the case for market prices of other securities in respect of which interest accrues over pre-determined interest periods. Furthermore, the possibility to defer interest

payments may expose the investors to fluctuations in the Company's financial position and may result in that the yields from the Capital Securities are less foreseeable.

***Risks related to the admission to trading***

The Issuer has undertaken to ensure that the Capital Securities 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 Capital Securities 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 Capital Securities. Failure to obtain listing in time would provide each Holder with a right of prepayment (put option) of its Capital Securities. 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 Capital Securities 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 Holders and not only those that choose to exercise the put option.

Even if the Capital Securities are admitted to trading on an exchange market, in accordance with the Terms and Conditions, the Capital Securities may not always be actively traded. In general, financial instruments with a high nominal value, such as the Capital Securities, are not traded as frequently as financial instruments with a lower nominal value. Given the high nominal value of the Capital Securities there is a risk that there will not be a liquid market for trading in the Capital Securities. This may result in Holders being unable to sell their Capital Securities 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 Capital Securities and presents a significant risk for an investor who wants or needs to divest its Capital Securities. Furthermore, there is a risk that during a given time period it may be difficult or impossible to sell the Capital Securities (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.

***Credit risks***

An investment in the Capital Securities carries a credit risk relating to the Issuer and the Group. An investor's opportunity to obtain payment under the Terms and Conditions is therefore dependent on the Issuer's and the Group's ability and willingness to meet its payment obligations, which in turn is dependent upon the performance of the Group's operations and its financial position.

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

***Fluctuations in interest rates could adversely affect the value of the Capital Securities***

Investment in the Capital Securities involves the risk that subsequent changes in market interest rates may adversely affect the value of the Capital Securities, since the Capital Securities have a fixed rate of interest and prevailing interest rates in the future may be higher than such fixed rate of interest. Since the market rate of interest is largely dependent on macroeconomic development, this is a risk factor which the Issuer cannot control.

## RESPONSIBILITY FOR THE INFORMATION IN THE PROSPECTUS

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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 Capital Securities of EUR 300,000,000, with ISIN SE0016278352 and common code 239919723, issued on 15 October 2021.

The Issuer has obtained all necessary resolutions, authorisations and approvals required in conjunction with the Capital Securities and the performance of its obligations relating thereto. The issuance of the Initial Capital Securities on 15 October 2021 has been authorised by resolutions by the board of directors of the Issuer on 20 July 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.

Without prejudice to the Issuer’s responsibility for the information contained in this Prospectus as set forth above, Heimstaden Bostad AB (publ) is responsible, on the same basis as the Issuer, for the pro forma financial information and the notes thereto included under sections “*Pro forma financial information – Heimstaden Bostad - Balance sheet*” on page 86 and “*Pro forma financial information – Heimstaden Bostad – Income statement*” on page 88 of this Prospectus.

The information in the tables on pages 42 and 43 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 54, 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 15 October 2021

**HEIMSTADEN AB (PUBL)**

*The board of directors*



## THE CAPITAL SECURITIES IN BRIEF

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This section contains a general and broad description of the Capital Securities. It does not claim to be comprehensive or cover all details of the Capital Securities. 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 Capital Securities, before a decision is made to invest in the Capital Securities.

Concepts and terms defined in Section “*Terms and Conditions for the Capital Securities*” 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 Capital Securities on 20 July 2021.
The Capital Securities offered .....	Capital Securities in the amount of EUR 300,000,000.
Nature of the Capital Securities .....	The Capital Securities constitute debt instruments ( <i>Sw. 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 Capital Securities	3,000 Capital Securities.
ISIN .....	SE0016278352.
Common Code .....	239919723.
Issue Date .....	15 October 2021.
Price.....	All Capital Securities issued on the Issue Date have been issued at an issue price of 99.505% of the Nominal Amount.
No maturity .....	The Capital Securities are perpetual and have no specified maturity date. The Issuer may only redeem the Capital Securities in the circumstances described in Clause 13.2 ( <i>Group Companies may purchase Capital Securities</i> ), Clause 13.3 ( <i>Voluntary redemption by the Issuer (call option)</i> ), Clause 13.4 ( <i>Make-whole redemption by the Issuer</i> ), Clause 13.5 ( <i>Voluntary redemption due to a Special Event</i> ), Clause 13.6 ( <i>Voluntary Redemption due to a Change of Control Event</i> ) and Clause 13.7 ( <i>Cancellation of Capital Securities</i> ) under the Terms and Conditions.
Initial Nominal Amount .....	Each Capital Security has a nominal amount of EUR 100,000 and the minimum permissible investment is EUR 100,000.
Denomination.....	The Capital Securities are denominated in EUR.

Status of the Capital Securities .....	<p>The Capital Securities, including the obligation to pay interest thereon, constitute direct, general, unconditional, unsecured and subordinated obligations of the Issuer. The rights and claims of the Holders in respect of the Capital Securities against the Issuer are subordinated as described below.</p> <p>In the event of a voluntary or involuntary liquidation (Sw. <i>likvidation</i>) or bankruptcy (Sw. <i>konkurs</i>) of the Issuer (each an “<b>Issuer Winding-up</b>”), the Holders shall have a claim for the principal amount of their Capital Securities and any accrued and unpaid interest (including any Deferred Interest) thereon and such claims will rank (i) <i>pari passu</i> without any preference among themselves and with any present or future claims in respect of obligations of the Issuer in respect of Parity Securities, (ii) in priority to all present and future claims in respect of the ordinary shares of the Issuer and any other obligation of the Issuer expressed by its terms as at its original issue date to rank junior to the Capital Securities or any Parity Securities, and (iii) junior in right of payment to any present or future claims of all unsubordinated obligations of the Issuer and all Subordinated Indebtedness.</p> <p>In the event of a company re-construction (Sw. <i>företagsrekonstruktion</i>) of the Issuer under the Swedish Company Reorganisation Act (Sw. <i>lag (1996:764) om företagsrekonstruktion</i>) the Holders shall have a claim for the principal amount of their Capital Securities and any accrued and unpaid interest (including any Deferred Interest) thereon and such claims will rank (i) <i>pari passu</i> without any preference among themselves and with any present or future claims in respect of obligations of the Issuer in respect of Parity Securities and (ii) junior in right of payment to any present or future claims of all unsubordinated obligations of the Issuer and all Subordinated Indebtedness.</p>
Use of Proceeds .....	<p>The Net Proceeds from the Capital Securities shall be applied by the Issuer towards (i) prepayment and cancellation of SEK 7 billion bridge financing facility provided by J.P. Morgan AG in respect of the acquisition of certain property portfolios from Akelius and (ii) general corporate purposes of the Group, including investments and financing acquisitions.</p>
<b>Interest Rate</b>	
Interest Rate .....	<p>The Initial Interest Rate or the relevant Reset Interest Rate, as the case may be.</p>
Initial Interest Rate .....	<p>The Interest Rate in respect of each Interest Period commencing prior to the First Reset Date is 6.750% <i>per annum</i>.</p>

Reset Date .....	Means the First Reset Date and each fifth (5 <sup>th</sup> ) anniversary thereof.
First Reset Date .....	15 January 2027, being the date falling five (5) years and three (3) months after the Issue Date.
Reset Interest Rate.....	The Reset Interest Rate is the aggregate of the applicable Margin and the applicable 5 Year EUR Mid-Swap Rate (as defined in the Terms and Conditions) for such Reset Period.
Margin .....	Means, in respect of any Interest Period falling after the First Reset Date: <ul style="list-style-type: none"> <li>a) from (but excluding) the First Reset Date up to (and including) the Step-up Date, 700.1 basis points <i>per annum</i>; and</li> <li>b) from (but excluding) the Step-up Date up to (and including) the Redemption Date, 800.1 basis points <i>per annum</i>,</li> </ul> in each case as increased pursuant to Clause 10.7 ( <i>Step-up after a Change of Control Event</i> ) (if applicable).
Step-up Date.....	15 January 2032, being the date falling five (5) years after the First Reset Date.
Step-up after a Change of Control Event .....	If the Issuer does not elect to redeem the Capital Securities in accordance with Clause 13.6 ( <i>Voluntary redemption due to a Change of Control Event</i> ) following the occurrence of the first Change of Control Event to occur after the Issue Date, the then prevailing Interest Rate, and each subsequent Interest Rate, on the Capital Securities shall be increased by five hundred (500) basis points <i>per annum</i> with effect from (but excluding) the Change of Control Step up Date (as defined in the Terms and Conditions).
Default Interest.....	If the Issuer fails to pay any amount payable by it pursuant to certain provisions in the Terms and Conditions, 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 of two (2) % <i>per annum</i> . See further Clause 10.8 ( <i>Default Interest</i> ) of the Terms and Conditions.
Interest Payment Dates.....	Subject to any optional interest deferral, Interest shall be payable on the Capital Securities annually in arrear on 15 January each year (each an “ <b>Interest Payment Date</b> ”) from (and including) 15 January 2022. The first payment of interest will be made on 15 January 2022 and thereafter in arrear on 15 January each year (short first coupon).  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, if the Capital Securities are

	redeemed prior to such Interest Payment Date, the relevant Redemption Date).
Deferral of Interest Payments	The Issuer may, at any time and at its sole discretion, elect to defer any Interest Payment, in whole or in part, which is otherwise scheduled to be paid on an Interest Payment Date by giving notice of such election to the Holders, the Issuing Agent and the Agent not less than seven (7) Business Days prior to the relevant Interest Payment Date. Such deferral shall not constitute a default according to the Terms and Conditions. See further Clause 11.1 ( <i>Deferral of Interest Payments</i> ) of the Terms and Conditions.
Optional settlement of deferred Interest.....	Deferred Interest may be paid, in whole or in part, at any time at the option of the Issuer following delivery of a notice to such effect given by the Issuer to the Holders, the Issuing Agent and the Agent not less than seven (7) Business Days prior to the date on which the Issuer will pay such Deferred Interest. See further Clause 11.2 ( <i>Optional settlement of Deferred Interest</i> ) of the Terms and Conditions.
Mandatory settlement of deferred Interest.....	The Issuer shall pay any Deferred Interest, in whole but not in part, on the first date to occur of: (a) the tenth (10 <sup>th</sup> ) Business Day following the date on which a Deferred Interest Payment Event occurs, (b) any Interest Payment Date in respect of which the Issuer does not elect to defer all of the interest accrued in respect of the relevant Interest Period, and (c) the date on which the Capital Securities are redeemed or repaid in accordance with Clause 13 ( <i>Redemption and repurchase of the Capital Securities</i> ) or Clause 17 ( <i>Default and Enforcement</i> ) of the Terms and Conditions. See further Clause 11.3 ( <i>Mandatory settlement of Deferred Interest</i> ) of the Terms and Conditions.
<b>Redemption and repurchase</b>	
No maturity .....	The Capital Securities are perpetual and have no specified maturity date. The Issuer may only redeem the Capital Securities in the circumstances described in Clause 13.2 ( <i>Group Companies may purchase Capital Securities</i> ), Clause 13.3 ( <i>Voluntary redemption by the Issuer (call option)</i> ), Clause 13.5 ( <i>Voluntary redemption due to a Special Event</i> ) and Clause 13.7 ( <i>Cancellation of Capital Securities</i> ) under the Terms and Conditions.
Group Companies may purchase Capital Securities ...	The Issuer or any other Group Company may, subject to applicable law, at any time and at any price purchase Capital Securities in the market or in any other way. See further Clause 13.2 ( <i>Group Companies may purchase Capital Securities</i> ) of the Terms and Conditions.

Voluntary redemption by the Issuer (call option).....	The Issuer may redeem all, but not only some, of the Capital Securities on (a) any date from (and including) 15 October 2026 up to (and including) the First Reset Date or (b) on any Interest Payment Date falling thereafter (each such date a “ <b>Par Call Date</b> ”) at a price per Capital Security equal to one hundred (100.00) % of the Nominal Amount together with any Deferred Interest and any interest accrued from (but excluding) the immediately preceding Interest Payment Date to (and including) the Redemption Date.
Make-whole redemption by the Issuer .....	The Issuer may redeem all, but not some only, of the Capital Securities then outstanding on any date other than a Par Call Date at the Make-whole Redemption Amount. See further Clause 13.4 ( <i>Make-whole redemption by the Issuer</i> ) of the Terms and Conditions.
Voluntary redemption due to a Special Event.....	Upon a Special Event (as defined in the Terms and Conditions) occurring, the Issuer may redeem all, but not some only, of its Capital Securities at any time at a price per Capital Security equal to (a) in relation to an Accounting Event, Rating Event or Tax Event, if the Redemption Date falls prior to 15 October 2026, one hundred and one (101.00) % of the Nominal Amount, and (ii) if the Redemption Date falls on or after 15 October 2026, one hundred (100.00) % of the Nominal Amount or (b) in relation to a Substantial Repurchase Event or a Withholding Tax Event, one hundred (100.00) % of the Nominal Amount, in each case together with any Deferred Interest and any interest accrued from (but excluding) the immediately preceding Interest Payment Date to (and including) the Redemption Date. See further Clause 13.5 ( <i>Voluntary redemption due to a Special Event</i> ) of the Terms and Conditions.
Voluntary redemption due to a Change of Control Event....	Upon the occurrence of a Change of Control Event, the Issuer may, no later than the Change of Control Step-up Date, redeem all, but not some only, of its Capital Securities at an amount equal to one hundred (100.00) % of the Nominal Amount together with any Deferred Interest and any interest accrued from (but excluding) the immediately preceding Interest Payment Date to (and including) the Redemption Date. See further Clause 13.6 ( <i>Voluntary redemption due to a Change of Control Event</i> ) of the Terms and Conditions.
Change of Control .....	Change of Control means an event or series of events where one or more persons (other than Fredensborg AS, reg. no. 943 582 815) acting together gains 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.

Change of Control Event..... A Change of Control Event will be deemed to occur if:

- (a) a Change of Control occurs; and
- (b) on the date that is the earlier of (1) the date of the earliest Potential Change of Control Announcement (as defined in the Terms and Conditions) (if any) and (2) the date of the first public announcement of the relevant Change of Control, the Issuer's long-term senior unsecured debt obligations carry:
  - (i) an investment grade credit rating (Baa3/BBB-/BBB-, or equivalent, or better) (an "**Investment Grade Rating**") from any Rating Agency providing a solicited rating at the invitation of the or with the consent of the Issuer, either directly or via a publication by such Rating Agency and, within the Change of Control Period, any such Rating Agency downgrades its rating of the Issuer's long-term senior unsecured debt obligations to a non-investment grade credit rating (Ba1/BB+/BB+ or equivalent, or worse) or withdraws its rating of the Issuer's long-term senior unsecured debt obligations and such rating is not within the Change of Control Period (in the case of a downgrade) upgraded or (in the case of a withdrawal) reinstated to an Investment Grade Rating by such Rating Agency; or
  - (ii) a non-investment grade credit rating (Ba1/BB+/BB+ or equivalent or worse) from any Rating Agency (provided by such Rating Agency at the invitation or with the consent of the Issuer) and such rating from any Rating Agency is within the Change of Control Period downgraded by one or more notches (for illustration, Ba1/BB+/BB+ to Ba2/BB/BB being one notch) or withdrawn and is not within the Change of Control Period subsequently (in the case of a downgrade) upgraded or (in the case of a withdrawal) reinstated to its

earlier credit rating or better by such Rating Agency; and

- (c) in making the relevant decision(s) referred to in paragraph (b) above, the relevant Rating Agency announces publicly or confirms in writing to the Issuer or the Agent that such downgrading and/or withdrawal resulted, directly or indirectly, from the Change of Control or the Potential Change of Control Announcement (whether or not the Change of Control shall have occurred at the time such rating is downgraded and/or withdrawn).

Cancellation of Capital Securities..... All Capital Securities which are redeemed pursuant to Clauses 13.3 to 13.6 and all Capital Securities purchased and elected to be cancelled pursuant to Clause 13.2 (*Group Companies may purchase Capital Securities*) will be cancelled and may not be reissued or resold.

#### **Miscellaneous**

Transfer restrictions..... The Capital Securities are freely transferable. The Holders may be subject to purchase or transfer restrictions with regard to the Capital Securities under local laws to which a Holder may be subject. The Capital Securities have not been, and will not be, registered under the Securities Act or the securities laws of any other jurisdiction.

Admission to trading ..... Application for admission to trading of the Capital Securities on the corporate bond list of Nasdaq Stockholm will be filed in connection with the SFSA's approval of this Prospectus. The earliest date for admitting the Capital Securities to trading on Nasdaq Stockholm is expected to be on or about 17 October 2021. The total expenses of the admission to trading of the Capital Securities are estimated to amount to SEK 150,000.

Agent ..... Nordic Trustee & Agency AB (publ) (reg. no. 556882-1879), P.O. Box 7329, SE-103 90 Stockholm, Sweden.

Governing law ..... Swedish law.

Time-bar ..... The right to receive repayment of the principal of the Capital Securities 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.

Risk factors..... Investing in the Capital Securities involves substantial risks and prospective investors should refer to Section "*Risk Factors*" for a discussion of certain factors that they should carefully consider before deciding to invest in the Capital Securities.

## HEIMSTADEN

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### 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 549300WD2QBD89BVPV88. 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 Capital Securities. 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. 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 Pensions 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 Pensions 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.

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

**Net interest-bearing debt**

Interest-bearing secured liabilities .....	317	199	301	200
Interest-bearing unsecured liabilities .....	7,689	3,000	4,000	3,000
<b>Interest-bearing liabilities</b> .....	<b>8,006</b>	<b>3,199</b>	<b>4,301</b>	<b>3,200</b>

	<b>30 June 2021 (unaudited)</b>	<b>30 June 2020 (unaudited)</b>	<b>2020 (audited)</b>	<b>2019<sup>1</sup> (audited)</b>
Cash and cash equivalents.....	-4,768	-2,383	-3,270	-6,342
<b>Net interest-bearing debt .....</b>	<b>3,238</b>	<b>816</b>	<b>1,049</b>	<b>-3,142</b>

#### **Loan-to-Value (%)**

Net interest-bearing debt .....	3,238	816	1,049	-3,142
Relevant assets .....	40,443	29,139	31,024	23,489
<b>Loan-to-Value (%).....</b>	<b>8.0</b>	<b>2.8</b>	<b>3.4</b>	<b>-13.4</b>

	<b>30 June 2021 (unaudited)</b>	<b>30 June 2020 (unaudited)</b>	<b>2020 (audited)</b>	<b>2019<sup>1</sup> (audited)</b>
<b>Operating profit/loss</b>				
Operating income .....	317	219	262	147
Operating cost .....	-255	-187	-218	-135
<b>Operating profit/loss .....</b>	<b>61</b>	<b>32</b>	<b>44</b>	<b>12</b>

#### **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
<b>Adjusted earnings .....</b>	<b>2,526</b>	<b>965</b>	<b>977</b>	<b>384</b>

#### **Financial costs**

Interest expenses .....	-192	-101	-113	-97
Hybrid cost.....	-231	-153	-230	-45
<b>Financial costs .....</b>	<b>-423</b>	<b>-254</b>	<b>-343</b>	<b>-142</b>

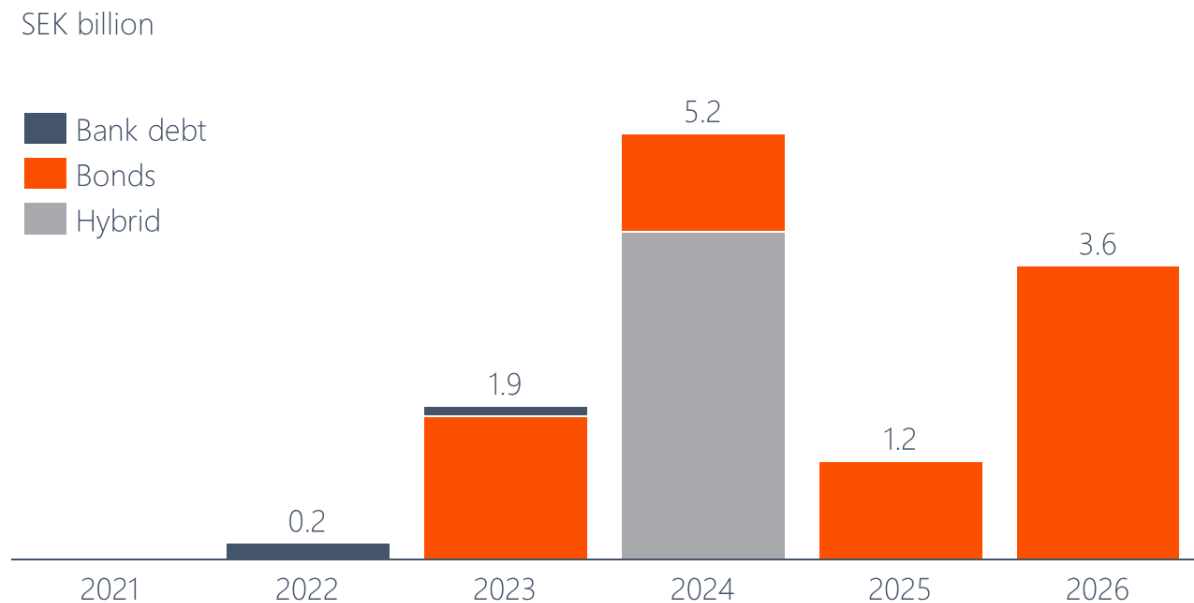
#### **Interest Coverage Ratio (rolling 12 months) (multiple)**

Adjusted earnings.....	2,526	965	977	384
------------------------	-------	-----	-----	-----

	30 June 2021 (unaudited)	30 June 2020 (unaudited)	2020 (audited)	2019 <sup>1</sup> (audited)
Interest expenses .....	-192	-101	-113	-97
<b>Interest Coverage Ratio (rolling 12 months) (multiple).....</b>	<b>13.1</b>	<b>9.6</b>	<b>8.7</b>	<b>4.0</b>
<b>Interest Coverage Ratio, including hybrid costs (rolling 12 months) (multiple)</b>				
Adjusted earnings.....	2,526	965	977	38
Financial costs.....	-423	-254	-343	-142
<b>Interest Coverage Ratio, including hybrid costs (rolling 12 months) (multiple) .....</b>	<b>6.0</b>	<b>3.8</b>	<b>2.9</b>	<b>2.7</b>

Note: 2019<sup>1</sup> 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.



## 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.

### *Acquisition of Akelius' portfolio in Germany, Sweden and Denmark through Heimstaden Bostad*

Heimstaden Bostad, a significant part of Heimstaden AB's operations, assets and income, entered into agreements with Akelius (the "Seller") on 26 September 2021 to acquire property portfolios in Germany, Sweden, and Denmark (the "Portfolio") (the "Acquisition"). The estimated purchase price is approximately SEK 92.5 billion (EUR 9.1 billion). The Acquisition is due to complete during the fourth quarter of 2021 and is subject to certain conditions precedent, including regulatory approvals. The Portfolio comprises approximately 28,776 homes, 2,074 commercial premises and 9,114 parking spaces.

Heimstaden AB will contribute with equity of approximately SEK 8.5 billion. Heimstaden's equity investment will be financed primarily with cash at hand. In addition, the company has a committed SEK 7 billion bridge financing facility with J.P. Morgan AG in place. Other major equity contributions

include Folksam Group, Alecta and the Swedish Pensions Agency. Heimstaden AB is to remain in voting control of Heimstaden Bostad.

Following the Acquisition, Heimstaden AB will apply its existing asset management, property management and facility management agreements with Heimstaden Bostad to the new properties. The same pricing of management agreements as present for all other existing properties in Heimstaden Bostad will be applied.

### **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**

Save as disclosed in “*Acquisition of Akelius’ portfolio in Germany, Sweden and Denmark through Heimstaden Bostad*” above, 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**

Heimstaden has been rated BB+ (outlook stable) by Fitch. Moreover, the Capital Securities have been rated BB-(EXP) and have been assigned a 50% equity credit by Fitch. Fitch is not established in the European Union but the ratings it has given to Heimstaden and the Capital Securities are endorsed by Fitch Ratings Ireland Limited, which is established in the European Union and is registered under the CRA Regulation.

Heimstaden Bostad has been rated BBB (outlook stable) by Fitch. Moreover, Heimstaden Bostad has also been rated BBB (outlook stable) by S&P. S&P is established in the European Union and is registered under the CRA Regulation. As such S&P is included in the list of credit rating agencies published by ESMA on its website in accordance with the CRA Regulation.

A credit rating is not a recommendation to buy, sell or hold securities and may be revised, suspended or withdrawn by the rating agency at any time.

### **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

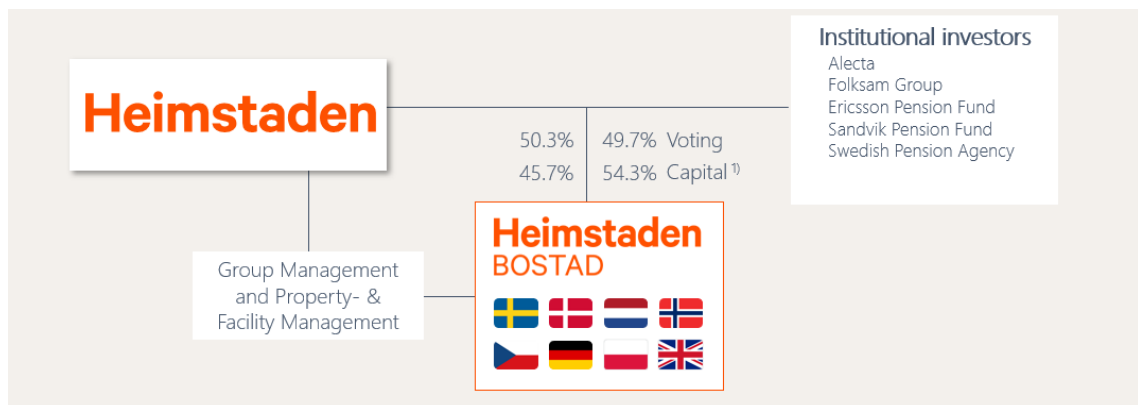
### Group structure

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:**

<sup>(1)</sup> 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

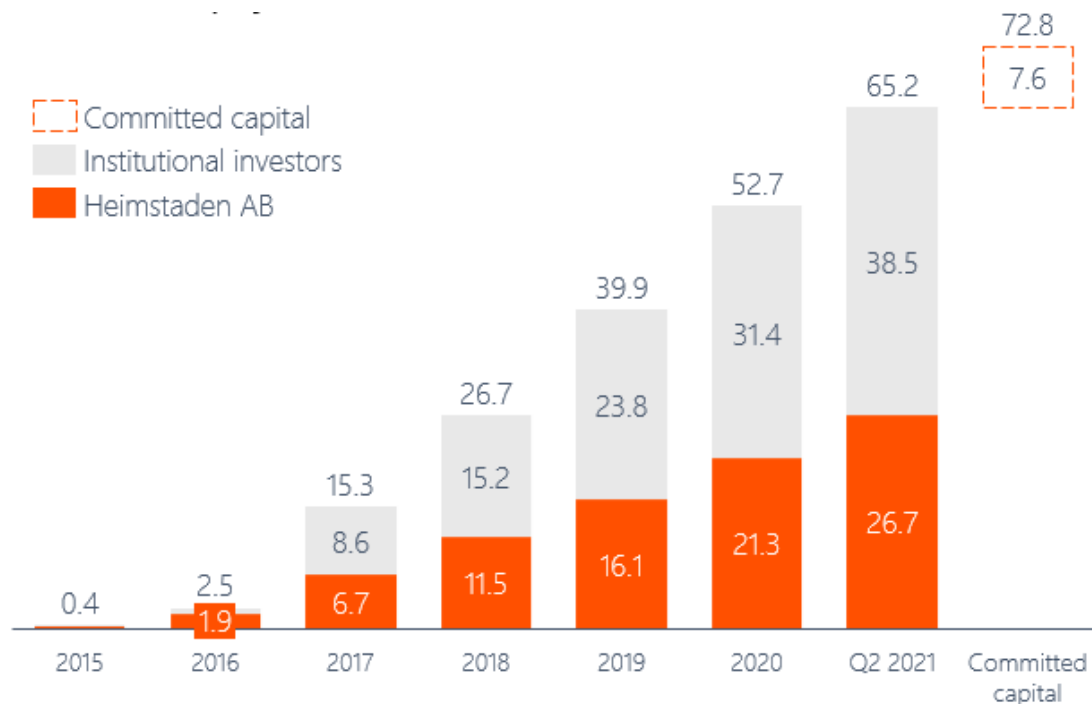
### Equity

Heimstaden Bostad's shares are privately held and comprise of three classes of shares (class A preference shares, class B preferences 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. Following the announcement of the signing of the Acquisition on 26 September 2021, which is described below in “*Acquisition of Akelius’ portfolio in Germany, Sweden and Denmark through Heimstaden Bostad*”, the equity commitments have increased substantially.

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 <sup>(1)</sup> (SEK million)	Proportion of total capital <sup>(1)</sup> (%)	Proportion of voting rights (%)
Heimstaden (through subsidiary).....	39,831	45.7	50.3

Shareholders	Total capital <sup>(1)</sup> (SEK million)	Proportion of total capital <sup>(1)</sup> (%)	Proportion of voting rights (%)
Alecta .....	39,228	45.0	41.2
Folksam Group.....	5,191	6.0	5.5
Ericsson Pension Fund .....	1,684	1.9	1.7
Sandvik Pension Fund.....	589	0.7	0.6
Swedish Pensions Agency .....	552	0.6	0.6
Heimstaden management .....	48	0.1	0.1
<b>Total</b> .....	<b>87,124</b>	<b>100</b>	<b>100</b>

**Note:**

<sup>(1)</sup> 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.

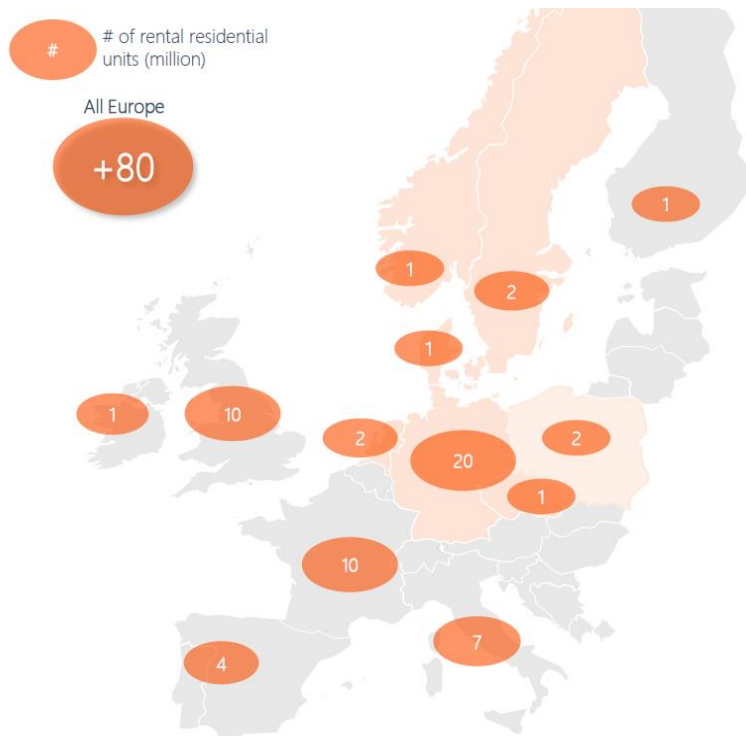
Heimstaden Bostad focuses on sustainability improvements, including:

- 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](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>

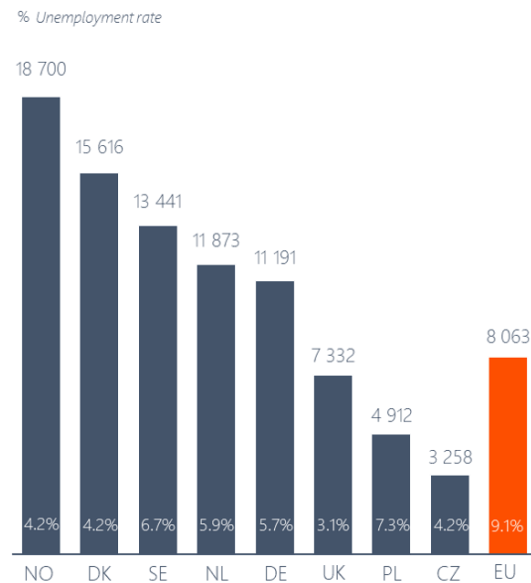
<https://tradingeconomics.com/netherlands/rating>

<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

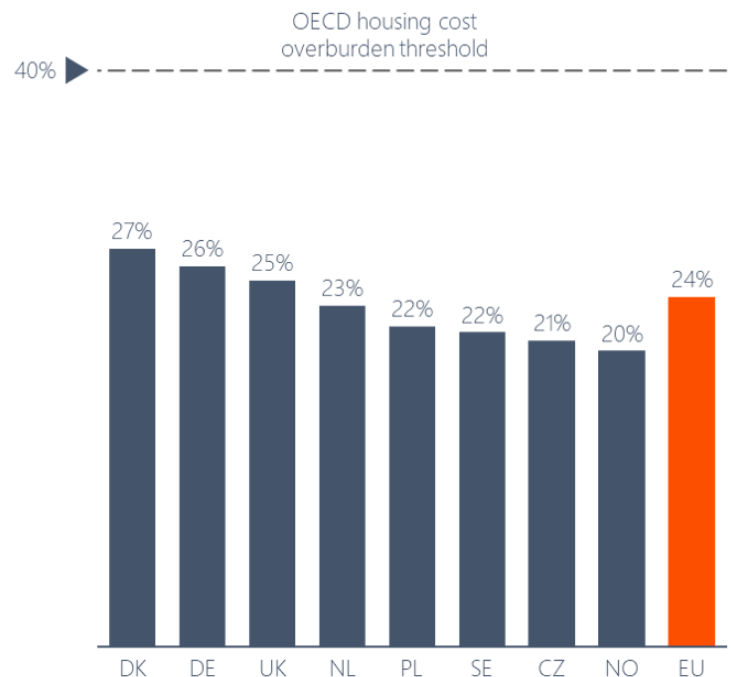
Social benefits spending, EUR per capita, 2017



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 billion, split between SEK 57 billion in Denmark, SEK 54 billion in Sweden, SEK 24 billion in the Netherlands, SEK 19 billion in Norway, SEK 17 billion in Germany and SEK 15 billion 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.

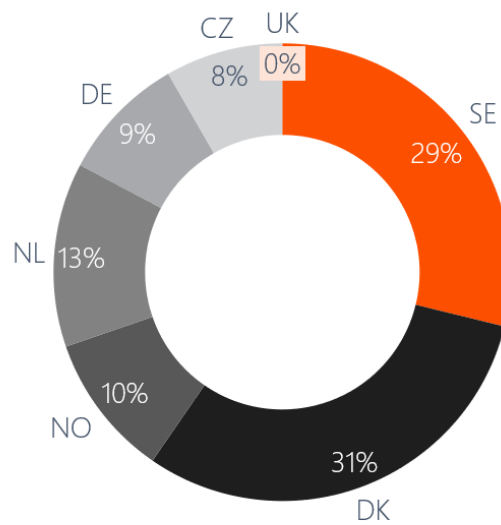
The real economic occupancy ratio for existing residential premises amounted to 98.8% as at 31 December 2019.

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

#### *Fair Value of Investment Properties*

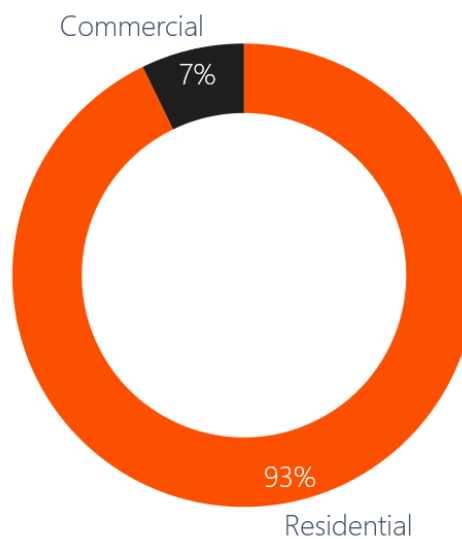
The chart below shows the unaudited fair value of investment properties of Heimstaden Bostad in the markets in which Heimstaden Bostad operates as a percentage of the unaudited total fair value of investment properties of Heimstaden Bostad as at 30 June 2021.

#### **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.



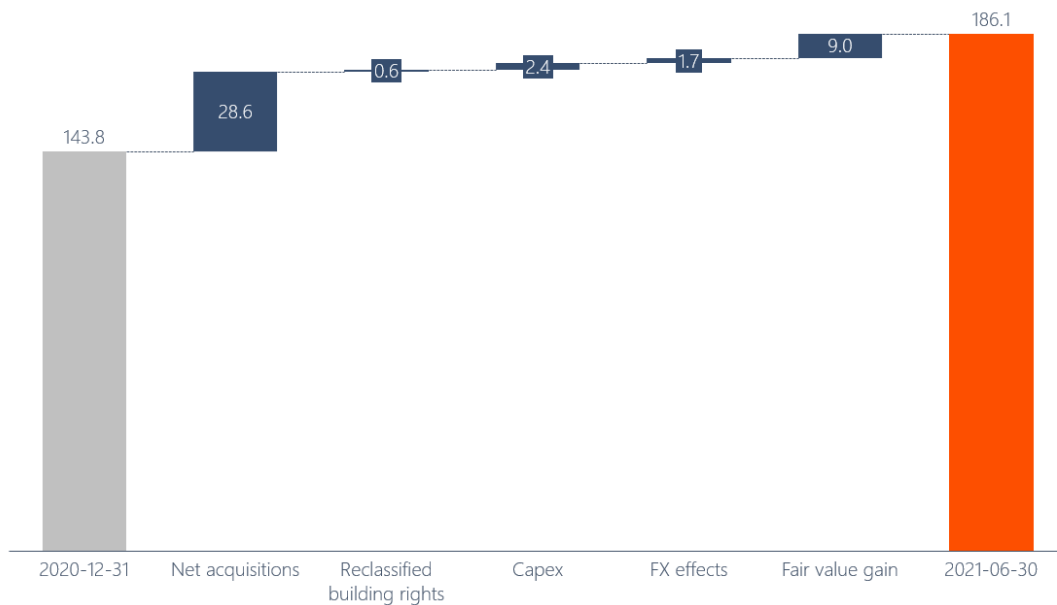


## Investment Property Portfolio

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	-	-	-	-	-
<b>Total</b> .....	<b>186,068</b>	<b>22,560</b>	<b>116,083</b>	<b>92.8</b>	<b>52.4</b>	<b>97.6</b>

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).

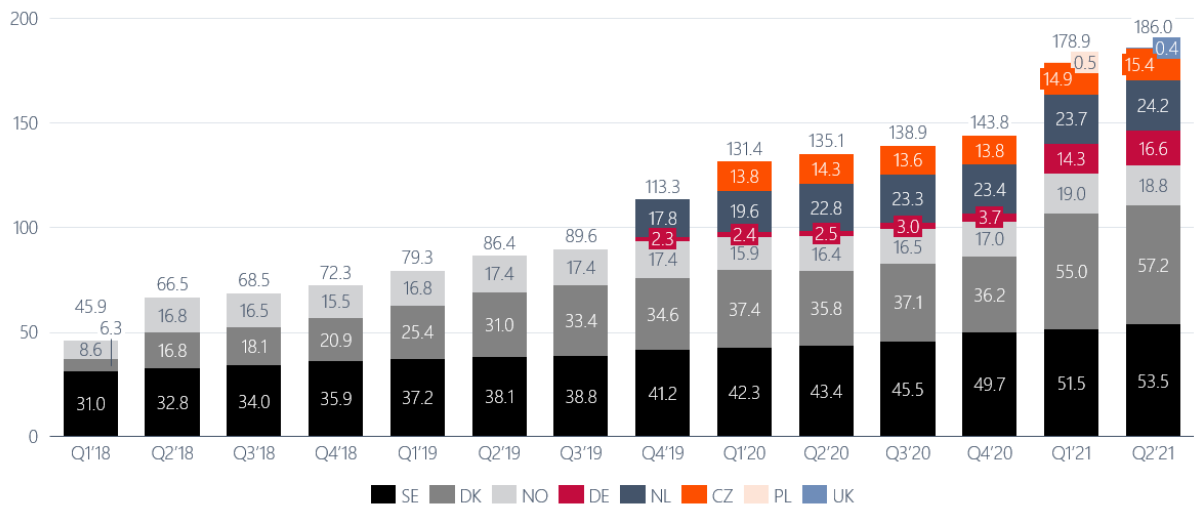
Country	Change in fair value of investment properties	
	(%)	(SEK million)
Denmark.....	7.0	3,763
Sweden.....	4.6	2,396
Netherlands.....	1.7	398
Norway.....	2.9	527
Germany.....	8.1	1,243
Czech Republic.....	4.6	672

Country	Change in fair value of investment properties	
	5.1	8,998
Total .....		

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

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

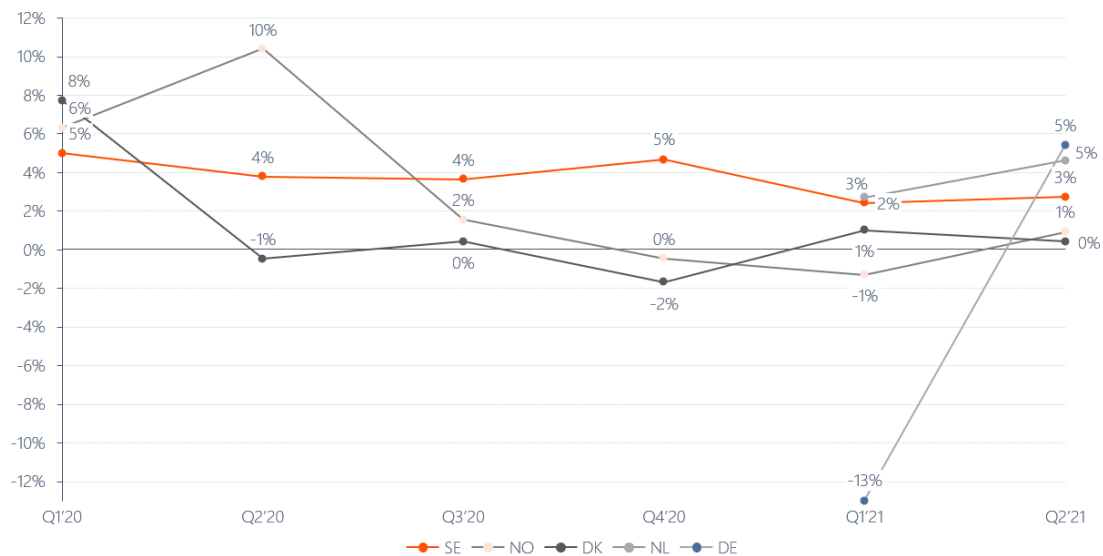
The table below shows Heimstaden Bostad's rental income by property type for the years ending 31 December 2019 and 31 December 2020 and for the six months ending 30 June 2020 and 30 June 2021.

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

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

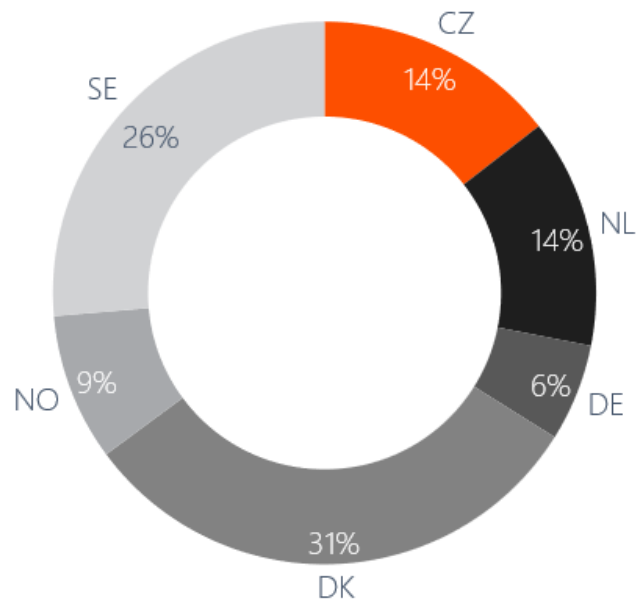
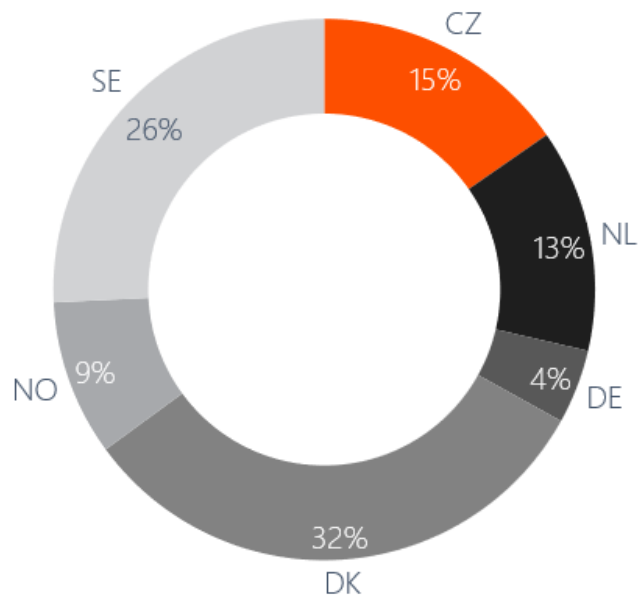
The line chart below shows the historical quarterly like-for-like rental growth by geographic segment for the period between 30 June 2020 and 30 June 2021.

**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.

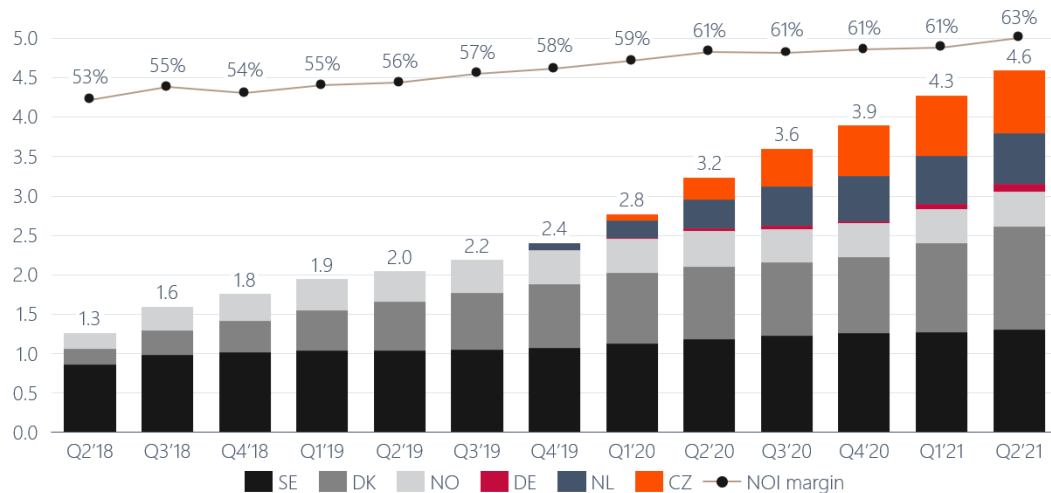
**Net operating income distribution, actual (SEK 2,560 million) for the six months ending 30 June 2021, unaudited)**



**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>
<b>Current earning capacity</b>	
Rental income .....	8,575
Service income .....	613
Property expenses .....	-3,713
<b>Net operating income</b> .....	<b>5,475</b>
Corporate administrative expenses .....	-465
<b>Profit before financial items</b> .....	<b>5,010</b>
Financial costs – interest-bearing liabilities .....	-1,091
<b>Profit</b> .....	<b>3,919</b>
<b>Key data</b>	
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>	
<b>Property expenses</b>		
Utilities.....	-552	-366
Repair and maintenance .....	-272	-268
Property tax .....	-169	-128
Other .....	-200	-103
Property management.....	-619	-433
<b>Total property expenses</b>	<b>-1,812</b>	<b>-1,299</b>

### 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.

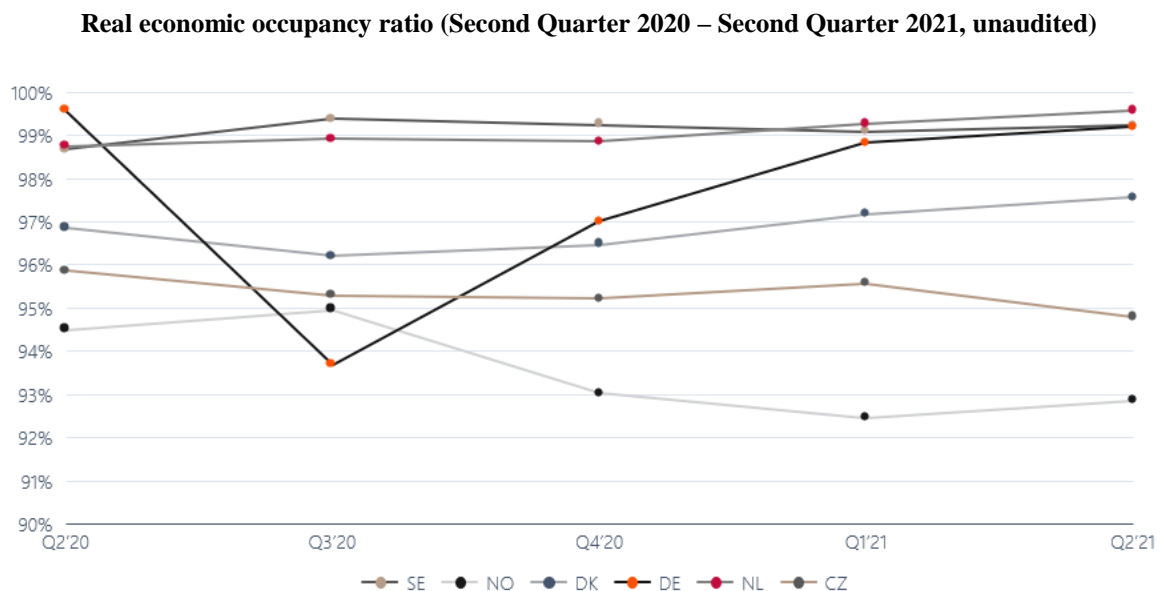
There are still legacy tenancy agreements that were signed prior to deregulation (before 2010) with typically indefinite terms and lower rental rates. In such cases, the landlord and the tenant have to agree on a new rental rate or ask a court to set a new rental rate for them based on a location benchmark.

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.

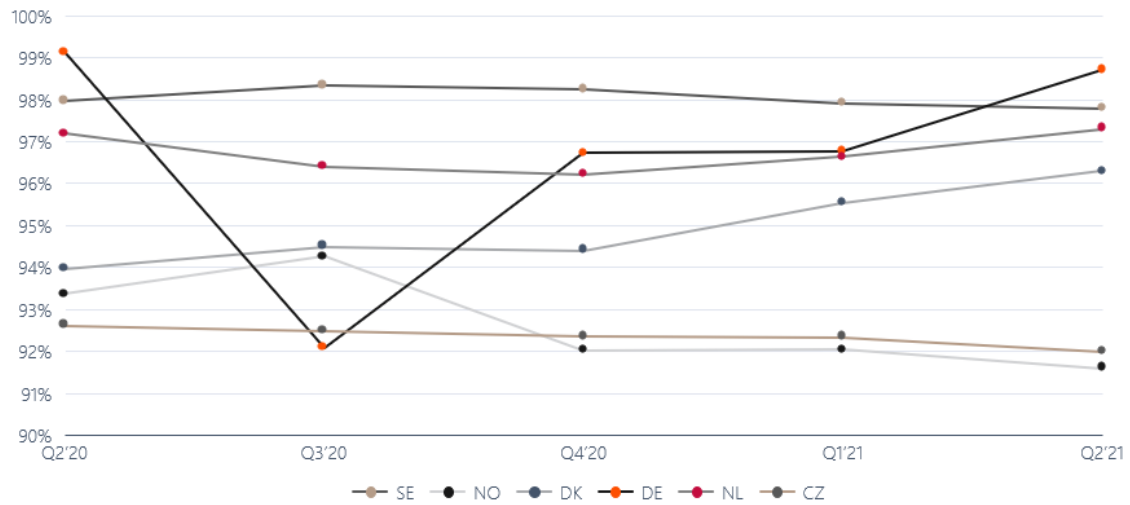
### *Real economic occupancy, residential*

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.

**Economic occupancy ratio (Second Quarter 2020 – Second Quarter 2021, unaudited)**

### Signed Acquisitions

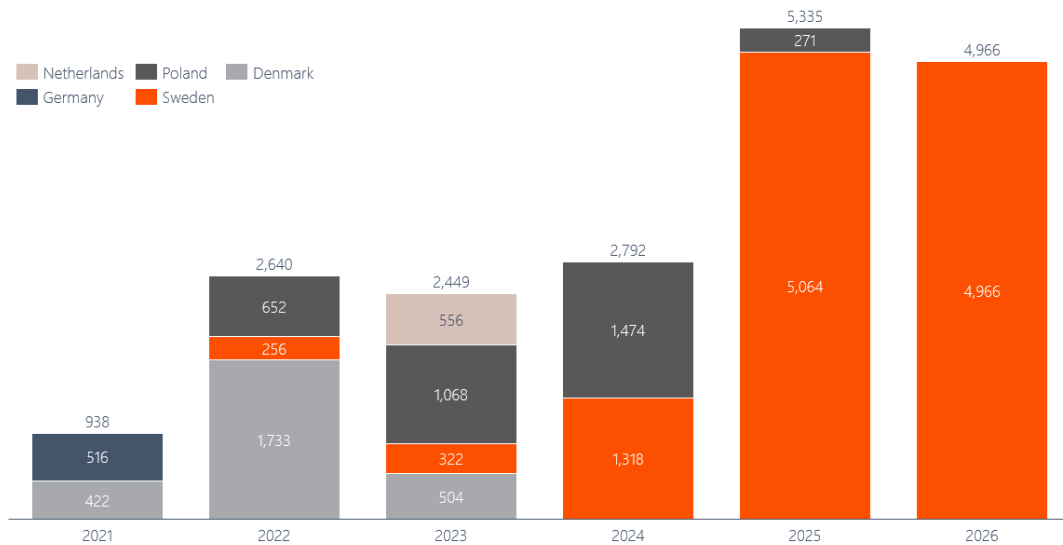
Heimstaden Bostad expands and improves its portfolio through acquisitions of standing assets and newbuilds. As at 30 June 2021, the pipeline of signed acquisitions that have not yet been completed was SEK 19.1 billion and comprised 11,212 residential units. Newbuild investments are structured either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

**Signed acquisitions (SEK 19.1 billion) as at 30 June 2021, unaudited (SEK million)**



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.

***Acquisition of Akelius' portfolio in Germany, Sweden and Denmark through Heimstaden Bostad***

On 26 September 2021, Heimstaden Bostad entered into agreements with the Seller to acquire the Portfolio, as described above in sub-section "*Acquisition of Akelius' portfolio in Germany, Sweden and Denmark through Heimstaden Bostad*". The following provides certain additional information regarding the Portfolio and the Acquisition.

***Property stock***

In Germany, the Portfolio is comprised of 17,642 fully regulated homes with an average size of 61 square metres, additionally the portfolio comprises approximately 66,000 square metres of commercial space and 1,859 parking spaces. Based on rental income, residential premises were 93% of the total German portfolio as at 30 June 2021. Following the acquisition of the Portfolio, Berlin will become Heimstaden Bostad's largest city by rental income. Based on number of units as at 30 June 2021, 80% of the German portfolio is located in Berlin and the rest is located in Hamburg. 100% of the rental

income in the German portfolio is regulated. As at 30 June 2021, the German portfolio had an economic occupancy rate on residential units of 97.5%.

In Sweden, the Portfolio is comprised of 10,041 fully regulated homes with an average size of 69 square metres, and approximately 118,000 square metres of commercial space and 7,050 parking spaces. Based on rental income, residential premises were 81% of the total Swedish portfolio as at 30 June 2021. Based on the number of units, 60% of the Swedish portfolio is located in Stockholm and the rest is located in Malmö. Following the acquisition of the Portfolio, Stockholm will become Heimstaden Bostad's fourth largest city by rental income. 100% of the rental income in the Swedish portfolio is regulated. As at 30 June 2021, the Swedish portfolio had an economic occupancy rate on residential units of 99.9%.

In Denmark, the Portfolio is comprised of 1,093 homes, with an average size of 81 square metres and of which 90% (by rental income) are regulated. The Danish portfolio also includes approximately 6,000 square metres of commercial space and 205 parking spaces. Based on rental income, residential premises were 87% of the total Danish portfolio as at 30 June 2021. The majority of the portfolio is located in Copenhagen. As at 30 June 2021, the Danish portfolio had an economic occupancy rate on residential units of 94.7%.

As at 30 June 2021, the economic occupancy rate on residential units in the Portfolio was 98.1%. Following the acquisition, the properties will be managed through the existing property management organisations in Germany, Sweden, and Denmark under the asset management agreement with Heimstaden AB.

The below table provides an overview of the Portfolio as at 30 June 2021.

	Pro forma Fair value <sup>(1)</sup> (SEK million)	Fair value split	Homes	Average unit size (square metres)	Residential share	Economic occupancy <sup>(2)</sup>	Regulated income	Earning capacity <sup>(3)</sup>	
								Rental income <sup>(4)</sup> (SEK million)	Net operating income <sup>(5)</sup> (SEK million)
Sweden .....	32,572	36%	10,041	69	85%	99.9%	100%	1,164	739
Germany....	52,048	59%	17,642	61	94%	97.5%	100%	1,379	1,167
Denmark....	4,111	5%	1,093	81	87%	94.7%	86%	146	85
<b>Total .....</b>	<b>88,732</b>		<b>28,776</b>	<b>65</b>	<b>90%</b>	<b>98.1%</b>	<b>99%</b>	<b>2,689</b>	<b>1,991</b>

**Note:**

<sup>(1)</sup> Figures include external valuation of Akelius' property portfolio in connection with the Acquisitions resulting in increased fair value of SEK 13,196 million on Heimstaden Bostad level.

<sup>(2)</sup> Residential units only.

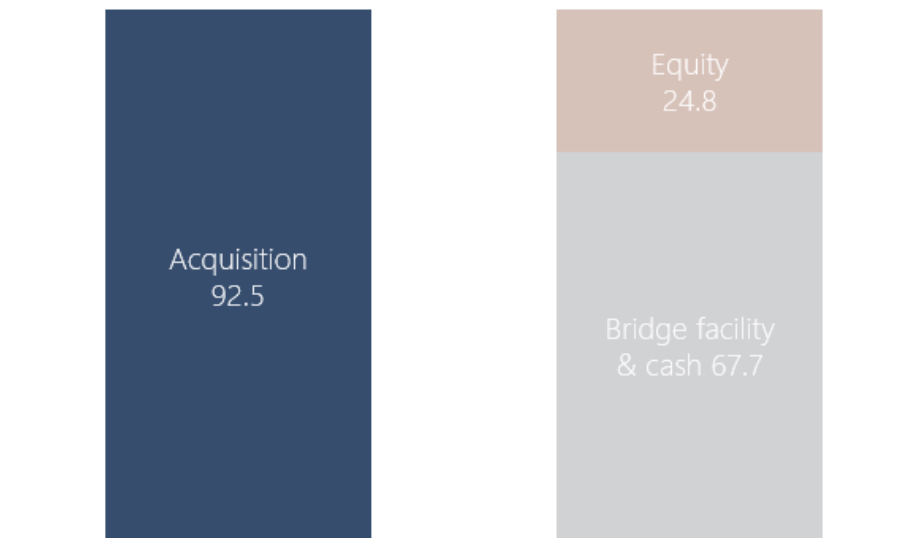
<sup>(3)</sup> This information is an earning capacity based on properties in the Portfolio as at 30 June 2021 and is based on the property portfolio, as of 30 June 2021, contracted rental income, and current property and administrative costs. It is important to note that earning capacity should not be equated with a forecast for the current year or the next twelve months. For example, earning capacity does not include an assessment of future rents, vacancies and market interest rates. In earning capacity, changes in value of properties and financial instruments, which affect the Portfolio's income statement, have not been taken into account either.

<sup>(4)</sup> Rental income capacity as at for the twelve months from 30 June 2021, excluding service income charges.

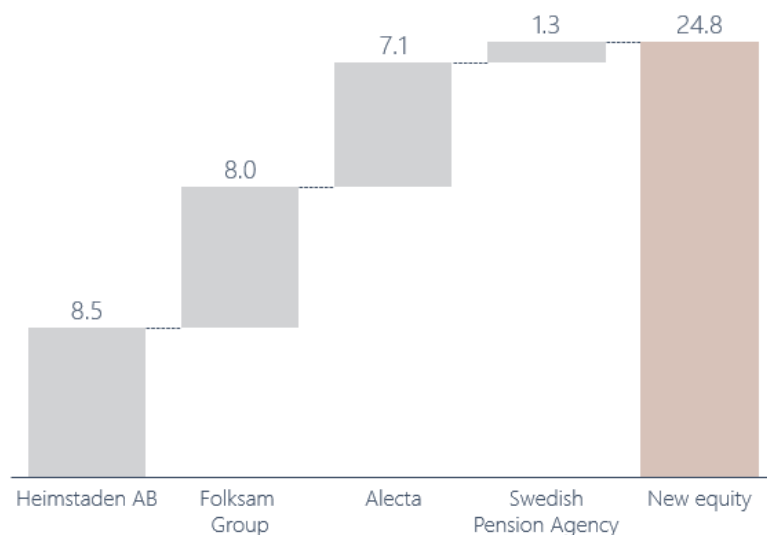
<sup>(5)</sup> Net operating income capacity as at for the twelve months from 30 June 2021.

### *Financing of the Acquisition*

The Acquisition is to be financed through a mix of equity, existing cash, and SEK 65.7 billion bridge financing underwritten by Deutsche Bank Aktiengesellschaft and J.P. Morgan AG. The following sources and uses are expected (in SEK billion).



The equity part of the financing is expected to have the following contributions from existing shareholders (in SEK billion).



### 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>	
<b>Income statement items</b>		
Expenses for repair and maintenance <sup>(1)</sup> .....	356	341
<b>Balance sheet items</b>		
Capitalised repair and maintenance .....	1,010	411
Tenant improvements .....	495	284

<b>Capital expenditure, repair and maintenance</b>	<b>Six months ending 30 June</b>	
	<b>2021 (unaudited)</b>	<b>2020 (unaudited)</b>
Investment properties under construction .....	883	454
Capital expenditures .....	2,388	1,149

**Note:**

<sup>(1)</sup> 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.

<b>Investment in Associates and Joint Ventures<sup>(1)</sup></b>	<b>Share</b>	<b>Rental income</b>	<b>Property expenses</b>	<b>Financial items, net</b>	<b>Changes in value</b>	<b>Profit for the period</b>	<b>Profit for Heimstaden Bostad's holding for the period</b>
	(%)				(SEK million)		
Fastighets AB Rosengård.....	25%	37	-29	-2	0	4	1
Gamlebro 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
<b>Total .....</b>		<b>46</b>	<b>-38</b>	<b>-17</b>	<b>10</b>	<b>-3</b>	<b>-3</b>

**Note:**

<sup>(1)</sup> 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.

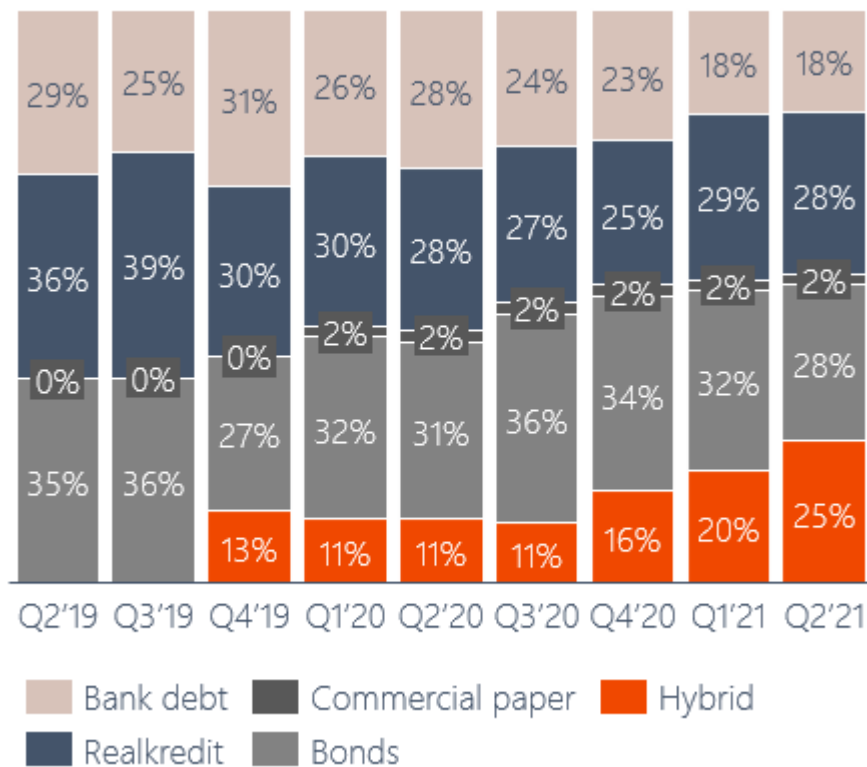
**Finance and Capital Structure****Funding Strategy**

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**

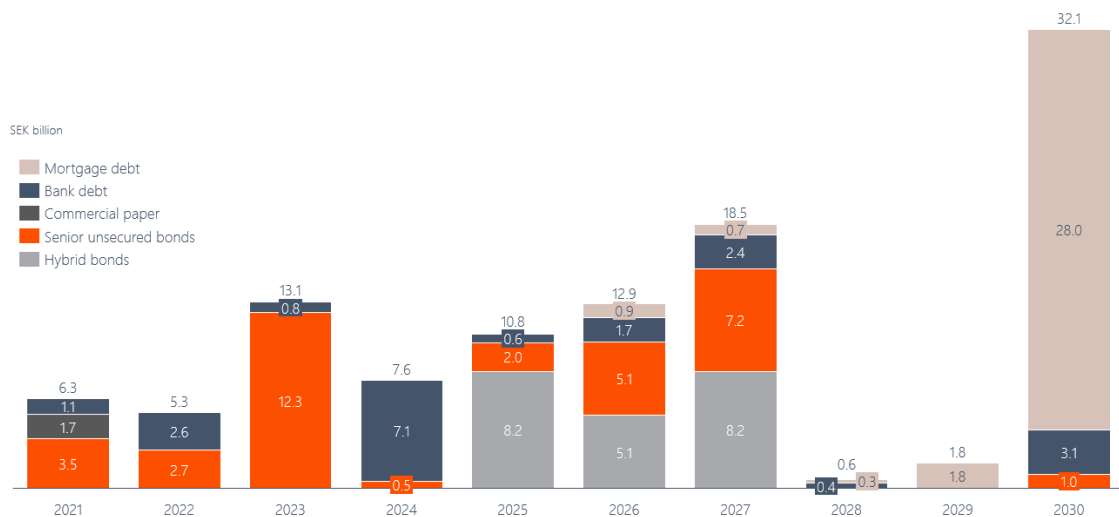
The chart below shows an overview of Heimstaden Bostad's funding distribution from the three months ending 30 June 2019 to the three months ending 30 June 2021.

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

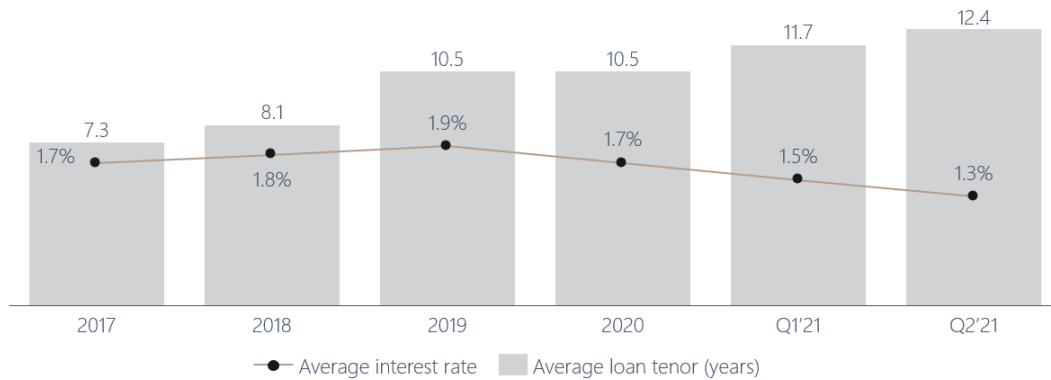


The chart below shows an overview of Heimstaden Bostad's funding maturity profile from the unaudited figures as at 30 June 2021.

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

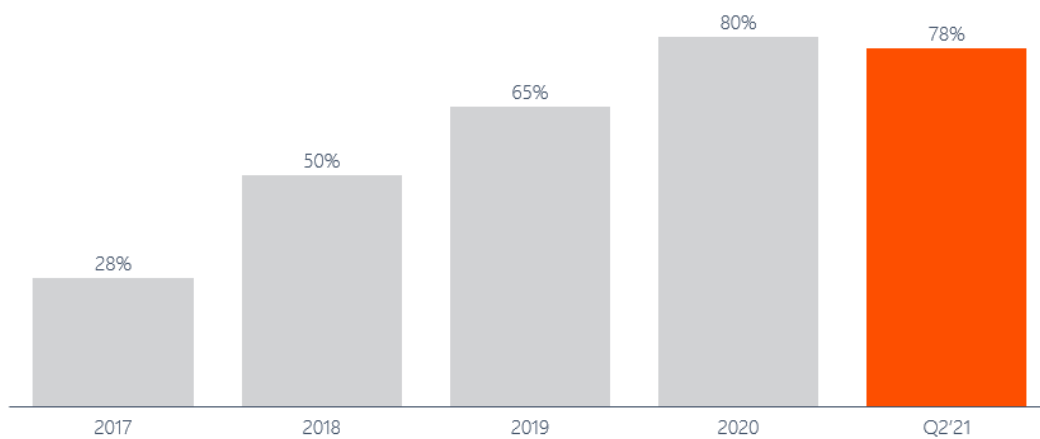


The chart below shows an overview of Heimstaden Bostad's average interest rate and average loan tenor (years) from the unaudited figures from the year ending 31 December 2017 to the six months ending 30 June 2021.



### 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.

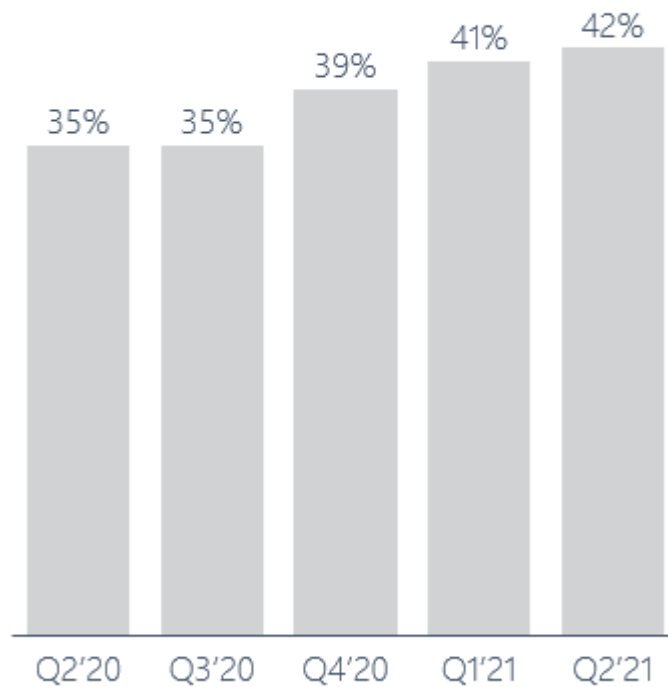
Interest-bearing liabilities	Interest-bearing liabilities (SEK million)	Secured loans (%)	Share (%)	Unutilised credit commitments (%)
Corporate bonds .....	32,217	0%	39%	-
Mortgages .....	31,285	100%	38%	-
Bank loans.....	19,697	93%	24%	17,653
<b>Total .....</b>	<b>83,199</b>	<b>60%</b>	<b>100%</b>	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



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
<b>Total .....</b>	<b>42.5</b>

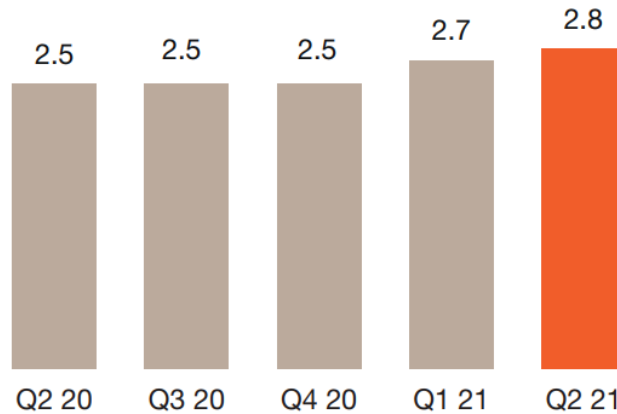
The chart below shows Heimstaden Bostad's unencumbered properties ratio from the three months ending 30 June 2020 to the three months ending 30 June 2021.



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

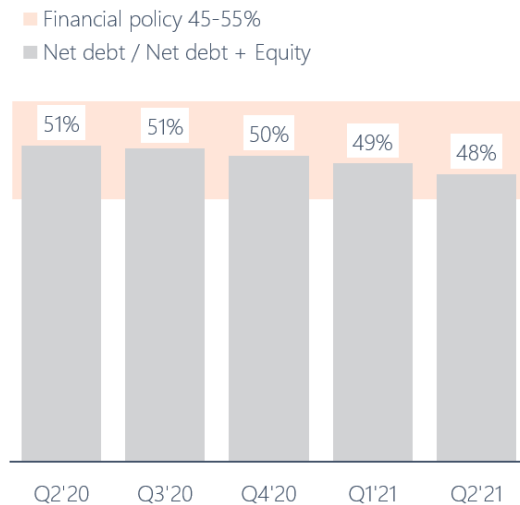
The chart below shows Heimstaden Bostad's interest coverage ratio (S&P method) from the three months ending 30 June 2020 to the three months ending 30 June 2021.

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



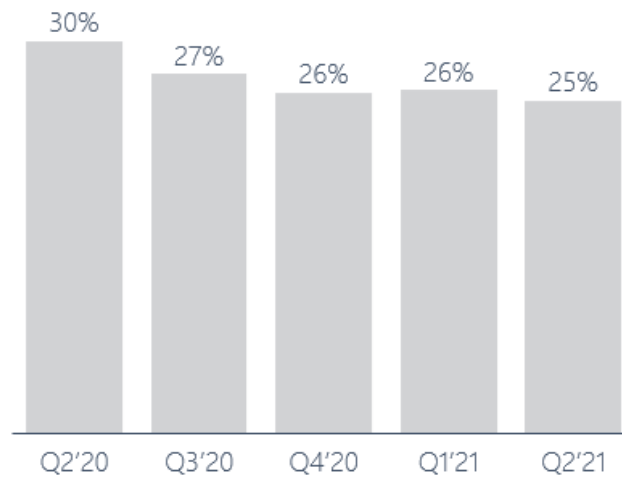
The chart below shows Heimstaden Bostad's net debt / net debt + equity (S&P method) in relation to Heimstaden Bostad's financial policy from the three months ending 30 June 2020 to the three months ending 30 June 2021.

**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 million)**

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
<b>Property-related key data</b>				
Net operating income margin (%) .....	63.0	63.0	61.3	58.1
Economic occupancy, residential (%) .....	95.9	95.9	95.8	96.9
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
<b>Financial key data</b>				

	Six months ending 30 June		Year ending 31 December	
	2021 (unaudited)	2020 (unaudited)	2020	2019
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 <sup>(1)</sup> (SEK million).....	4,153	3,004	3,589	2,263

**Notes:**

<sup>(1)</sup> 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 <sup>(1)</sup>	78	76	80	69
Net Debt / Net Debt + Equity, S&P Method (%) <sup>(2)</sup> .....	45-55	48	51	50	45
Quick ratio <sup>(3)</sup> .....	≥ 125	415	193	149	197

**Notes:**

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

<sup>(2)</sup> 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.

<sup>(3)</sup> 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 (unaudited)	2020 (unaudited)	2020	2019
<i>(SEK million unless otherwise stated)</i>				
<b>Economic occupancy (%)</b>				
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
<b>Economic occupancy (%) .....</b>	<b>95.9</b>	<b>95.9</b>	<b>95.8</b>	<b>96.9</b>
<b>Real economic occupancy ratio, residential (%)</b>				
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
<b>Real economic occupancy ratio, residential (%) .....</b>	<b>97.6</b>	<b>97.7</b>	<b>97.5</b>	<b>99.3</b>
<b>Net operating income margin (%)</b>				
Net operating income .....	2,560	1,907	3,893	2,403
Rental income .....	4,066	3,028	6,721	4,135
<b>Net operating income margin (%) .....</b>	<b>63.0</b>	<b>63.0</b>	<b>61.3</b>	<b>58.1</b>
<b>Profit before financial items plus financial income (rolling 12 months)</b>				
Profit before financial items .....	4,153	3,004	3,589	2,263
Financial income .....	72	69	81	35
<b>Profit before financial items plus financial income (rolling 12 months) .....</b>	<b>4,225</b>	<b>3,073</b>	<b>3,670</b>	<b>2,298</b>
<b>Interest coverage ratio (rolling 12 months) (multiple)</b>				
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
<b>Interest coverage ratio (rolling 12 months) (multiple) .....</b>	<b>3.5</b>	<b>2.8</b>	<b>2.9</b>	<b>2.5</b>
<b>Interest coverage ratio, (S&amp;P method) (rolling 12 months) (multiple)</b>				
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
<b>Interest coverage ratio, (S&amp;P method) (rolling 12 months) (multiple) .....</b>	<b>2.8</b>	<b>2.5</b>	<b>2.5</b>	<b>2.3</b>
<b>Equity ratio (%)</b>				
Total equity .....	109,084	70,256	77,741	57,548
Total assets .....	202,417	145,638	156,926	121,564
<b>Equity ratio (%) .....</b>	<b>53.9</b>	<b>48.2</b>	<b>49.5</b>	<b>47.3</b>
<b>Net interest-bearing liabilities</b>				
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
<b>Net interest-bearing liabilities .....</b>	<b>73,705</b>	<b>62,528</b>	<b>63,143</b>	<b>54,401</b>
<b>Net debt to total assets (%)</b>				
Net interest-bearing liabilities .....	73,705	62,528	63,143	54,401
Total assets .....	202,417	145,638	156,926	121,564
<b>Net debt to total assets (%) .....</b>	<b>36.4</b>	<b>42.9</b>	<b>40.2</b>	<b>44.8</b>
<b>Net loan-to-value (LTV) (%)</b>				
Net interest-bearing liabilities .....	73,705	62,528	63,143	54,401

	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)		
Fair value of investment properties.....	186,068	135,074	143,806	113,331
<b>Net loan-to-value (LTV) (%)</b> .....	<b>39.6</b>	<b>46.3</b>	<b>43.9</b>	<b>48.0</b>
<b>Secured loan-to-value (%)</b>				
Interest-bearing secured liabilities.....	50,985	43,265	40,463	40,680
Total assets.....	202,417	145,638	156,926	121,564
<b>Secured loan-to-value (%)</b> .....	<b>25.2</b>	<b>29.7</b>	<b>25.8</b>	<b>33.5</b>
<b>Net debt / Net debt + Equity (S&amp;P method) (%)</b>				
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	-7636	-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
<b>Net debt / Net debt + Equity (S&amp;P method) (%)</b> .....	<b>48.2</b>	<b>50.8</b>	<b>50.1</b>	<b>52.9</b>
<b>Net asset value on the balance sheet date</b>				
Equity.....	109,084	70,256	77,741	57,548
Deferred tax liability.....	6,078	3,257	4,212	2,526
<b>Net asset value on the balance sheet date</b> .....	<b>115,162</b>	<b>73,513</b>	<b>81,953</b>	<b>60,074</b>
<b>Debt (rolling 12 months)</b>				
interest-bearing liabilities ( <i>rolling 12 months</i> ).....	78,281	61,724	69,954	50,281
<b>Debt (rolling 12 months)</b> .....	<b>78,281</b>	<b>61,724</b>	<b>69,954</b>	<b>50,281</b>
<b>EBITDA (rolling 12 months)</b>				
Operating profit before inventory properties and fair value adjustments.....	4,153	3,004	3,589	2,263
Amortisation and depreciation.....	16	1	11	0
<b>EBITDA (rolling 12 months)</b> .....	<b>4,168</b>	<b>3,005</b>	<b>3,599</b>	<b>2,263</b>
<b>Debt/EBITDA (multiple)</b>				
Debt (rolling 12 months).....	78,281	61,724	69,954	50,281
EBITDA.....	4,168	3,005	3,599	2,263
<b>Debt/EBITDA (multiple)</b> .....	<b>18.8</b>	<b>20.5</b>	<b>19.4</b>	<b>22.2</b>

### 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
<b>Like-for-like rental income growth (%)</b> .....	0.7	2.6	3.7	-0.2	n/a	-3.8	1.9
<b>Six months ending 30 June 2021</b>							
	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
<b>Economic occupancy ratio (%)</b> .....	95.9	97.8	97.0	91.8	92.2	97.8	95.9



	Six months ending 30 June 2021						Total
	Denmark	Sweden	Netherlands	Norway	Czech Rep.	Germany	
Theoretical rental income on residential units (SEK million).....	1,158	1,184	566	309	584	186	3,988
Adjusted for non-market vacancy (SEK million).....	30	10	3	23	28	2	95
Adjusted theoretical rental income (SEK million).....	1,127	1,174	563	286	556	184	3892
<b>Real economic occupancy ratio (%).....</b>	<b>97.4</b>	<b>99.2</b>	<b>99.4</b>	<b>92.6</b>	<b>95.2</b>	<b>99.0</b>	<b>97.6</b>

## 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, Awillhelmsen AS, Fredensborg 1994 AS and Fredensborg AS, Carucel AS, Scatec ASA, Aars AS and Ferd Sosiale Entreprenører AS. Deputy Board member of Søylen Næringsseiendom 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 Krog 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, Kraftringen 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:** -

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## **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.

All financial information in this Prospectus relating to the financial period 1 January – 30 June 2020 or as of 30 June 2020 derives from the Group's consolidated unaudited interim report for the financial period 1 January – 30 June 2020 or from the Group's internal accounting systems and has not been audited or reviewed by the Issuer's auditor. All financial information in this Prospectus relating to the financial period 1 January – 30 June 2021 or as of 30 June 2021 derives from the Group's consolidated unaudited interim report for the financial period 1 January – 30 June 2021 or from the Group's internal accounting systems and has not been audited or reviewed by the Issuer's auditor.

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

and its business for the financial year ended 31 December 2020

[for the financial year ended 31 December 2020](#)

- 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)
- 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)

Auditor's report for the financial year ended 31 December 2020

[Auditor's report for the financial year ended 31 December 2020](#)

Financial information regarding Heimstaden and its business for the interim financial period ended 30 June 2021

[Financial information regarding Heimstaden and its business for the interim financial period ended 30 June 2021](#)

- 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 review report)

Auditor's review report for the interim financial period ended 30 June 2021

[Auditor's review report for the interim financial period ended 30 June 2021](#)

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 Capital Securities 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; and
- the certificate of registration of the Company.

The above documents are also available on the Company's website, [www.heimstaden.com](http://www.heimstaden.com).

## PRO FORMA FINANCIAL INFORMATION

On 26 September 2021, Heimstaden Bostad, a significant part of Heimstaden AB's operations, assets and income, entered into agreements with the Seller to acquire the Portfolio as described in sub-section "Acquisition of Akelius' portfolio in Germany, Sweden and Denmark through Heimstaden Bostad" above. The Acquisition will affect Heimstaden AB's future earnings, financial position and cash flows. The pro forma income statement has therefore been created as an illustration of how the result for the period 1 January 2021 to 30 June 2021 could have looked if these transactions were carried out on 1 June 2021 and the pro forma balance sheet and earnings capacity are only intended to describe the hypothetical financial position and earnings capacity as if the Acquisition had been completed as of 30 June 2021.

The following pro forma financial information is only intended to describe a hypothetical situation and has been produced for illustrative purposes only and, therefore, does not in any way reflect the Issuer's actual financial position or results. It is not intended to show the financial position or the result for the period if the above events had occurred at the above-mentioned date. It also does not show the financial position or the results of the business at a future point in time.

The pro forma income statement and the pro forma balance sheet have been prepared in a manner consistent with the accounting policies adopted by the Issuer in preparing the Issuer financial statements for the six months ended 30 June 2021. The applicable criteria on the basis of which pro forma information has been compiled are described in Annex 20 of the Delegated Regulation (EU) 2019/980.

### Pro forma financial information – Heimstaden AB

#### Heimstaden - Balance sheet

As at 30 June 2021	Heimstaden AB <sup>(1)</sup>	Akelius Portfolio <sup>(2)</sup>	Pro forma adjustments		
			Acquisition related adjustments	Footnotes	Pro forma
<i>(SEK million)</i>					
<b>ASSETS</b>					
<b>Non-current assets</b>					
Investment properties .....	186,679	75,536	13,196	F	275,411
Intangible assets .....	79		15,363	E	15,443
Property, plant and equipment.....	226	84			310
Other non-current financial assets .....	2,859	7,223	-7,204	A	2,879
<b>Total non-current assets .....</b>	<b>189,843</b>	<b>82,843</b>	<b>21,356</b>		<b>294,042</b>
<b>Current assets</b>					
Inventory properties .....	1,054				1,054
Rent and trade receivables.....	167	222	-1	A	389
Other current financial assets .....	2,963	57			3,021
Prepayments.....	337	79	-1	A	415

Cash and cash equivalents.....	14,012	3,661	-12,842	A, B, C, G	4,831
<b>Total current assets.....</b>	<b>18,533</b>	<b>4,021</b>	<b>-12,844</b>		<b>9,710</b>
<b>TOTAL ASSETS.....</b>	<b>208,376</b>	<b>86,864</b>	<b>8,511</b>		<b>303,752</b>
<b>EQUITY AND LIABILITIES</b>					
<b>EQUITY.....</b>	<b>105,147</b>	<b>53,732</b>	<b>-39,394</b>	B, D, G	<b>119,485</b>
<b>LIABILITIES</b>					
<b>Non-current liabilities</b>					
Interest-bearing liabilities.....	86,662	22,343	-11,005	A, C	97,999
Lease liabilities.....	740	60			800
Derivative financial instruments.....	268				268
Deferred tax liabilities.....	7,310	9,869	2,216	F	19,395
Other non-current financial liabilities.....	842	58			900
<b>Total non-current liabilities.....</b>	<b>95,822</b>	<b>32,330</b>	<b>-8,789</b>		<b>119,362</b>
<b>Current liabilities</b>					
Interest-bearing liabilities.....	4,198	86	56,798	C	61,082
Trade payables.....	416	58			474
Other current payables.....	1,745	659	-104	A	2,300
Derivative financial instruments.....	9				9
Prepayments.....	1,040				1,040
<b>Total current liabilities.....</b>	<b>7,408</b>	<b>802</b>	<b>56,695</b>		<b>64,905</b>
<b>TOTAL EQUITY AND LIABILITIES.....</b>	<b>208,376</b>	<b>86,864</b>	<b>8,511</b>		<b>303,752</b>

**Notes:**

- (1) The financial information in respect of Heimstaden AB is sourced from its unaudited consolidated financial statements for Heimstaden AB in respect of the six months ended 30 June 2021, incorporated by reference into the Prospectus.
- (2) The financial information in respect of the Akelius Portfolio is sourced from management accounts prepared by Akelius in respect of the six months ended 30 June 2021.

**Adjustments (each with a continuing impact on the Issuer):**

- A. Akelius' inter-company balances are settled with a negative net effect on cash and cash equivalents of SEK 4,009 million.
- B. Committed new share issue in Heimstaden Bostad AB of SEK 24,787 million which Heimstaden AB will participate with SEK 8,457 million.
- C. The Acquisition is paid with cash resulting in cash and cash equivalents being reduced by SEK 23,172 million, comprising the purchase price of SEK 80,076 million settled in cash, offset by SEK 56,904 million in current interest-bearing liabilities. Current interest-bearing liabilities is increased by SEK 56,904 million, representing committed bridge financing which is expected to be refinanced after closing of the Acquisition.
- D. Shareholders' equity in the acquired companies is eliminated, totalling SEK 53,732 million.
- E. Goodwill is increased by SEK 15,363 million, corresponding to the difference between the agreed purchase price of SEK 80,076 million reported value of equity in the Akelius of SEK 53,732 million and equity gain on fair value adjustment of SEK 10,980 million.
- F. External valuation of the Portfolio resulting in increased fair value of investment properties of SEK 13,196 million and deferred tax liability of SEK 2,216 million, and equity is increased by SEK 10,980 million. Equity is offset in Acquisition elimination.
- G. Income statement items is settled of SEK 1,992 million.

## Heimstaden - Income statement

Six months ending 30 June 2021	Pro forma adjustments				
	Heimstaden AB <sup>(1)</sup>	Akelius Portfolio <sup>(2)</sup>	Acquisition related adjustments (SEK million)	Footnotes	Pro forma
Rental income .....	4,180	1,341			5,521
Service income .....	315	182			497
Property costs .....	-1,896	-609			-2,505
<b>Net operating income .....</b>	<b>2,599</b>	<b>566</b>			<b>3,513</b>
Corporate administrative expenses .....	-180	-78	1	D, E	-257
Other operating income .....	3	5			8
Other operating expenses .....	-51	4	-6	D	-54
Share of net profits of associates and joint ventures .....	-2	-75			-77
<b>Profit before inventory properties and fair value adjustments .....</b>	<b>2,368</b>	<b>769</b>	<b>-5</b>		<b>3,133</b>
Fair value adjustment of investment properties .....	8,992	3,696	13,196	A	25,884
Gains/losses from sale of inventory properties .....	40	8			49
<b>Operating profit .....</b>	<b>11,401</b>	<b>4,474</b>	<b>13,196</b>		<b>29,071</b>
Interest expenses on interest-bearing liabilities .....	-732	-72	-201	B	-1,005
Net foreign exchange gains/losses .....	-280	-3			-283
Fair value adjustment of derivative financial instruments .....	265	2			267
Other financial items .....	-224	-242	240	D	-227
<b>Profit before tax .....</b>	<b>10,430</b>	<b>4,159</b>	<b>13,230</b>		<b>27,819</b>
Current tax expense .....	-321	-32	-2,026	C	-2,378
Deferred tax expense .....	-1,811	-966	-2,216	A	-4,994
<b>Profit for the period .....</b>	<b>8,297</b>	<b>3,161</b>	<b>8,989</b>		<b>20,447</b>
Other comprehensive income/loss .....	1,490				1,490
<b>Comprehensive income for the period .....</b>	<b>9,788</b>	<b>3,161</b>	<b>8,989</b>		<b>21,937</b>
<i>Profit for the period attributable to<sup>(3)</sup>:</i> .....					
The Parent Company's shareholders .....	4,602	1,753	4,985		11,341
Non-controlling interest .....	3,695	1,408	4,003		9,106
<i>Comprehensive income for the period attributable to<sup>(3)</sup>:</i> .....					
Parent Company's ordinary shareholders .....	5,458	1,753	4,985		12,197
Parent Company's preference shareholders .....	41	-	-		41
Non-controlling interests .....	4,288	1,408	4,003		9,699

### Notes:

- (1) The financial information in respect of Heimstaden AB is sourced from its unaudited consolidated financial statements for Heimstaden AB in respect of the six months ended 30 June 2021, incorporated by reference into the Prospectus.
- (2) The financial information in respect of the Akelius Portfolio is sourced from management accounts prepared by Akelius in respect of the six months ended 30 June 2021.
- (3) Profit for the period and Comprehensive income for the period are allocated between the parent company shareholders and non-controlling interests based on the same allocation as reported in Heimstaden AB's unaudited consolidated financial statements for the six months ended 30 June 2021.

### Adjustments (without a continuing impact on the Issuer):

- External valuation of Akelius' property portfolio in connection with the Acquisition resulting in increased fair value of SEK 13,196 million and deferred tax is increased by SEK 2,216 million.
- Interest expenses on interest-bearing liabilities is increased by SEK 201 million to reflect committed bridge financing in Heimstaden Bostad and Heimstaden AB.
- Transaction costs, mainly related to real estate transfer tax decreases cash and cash equivalents and equity by SEK 2,026 million.
- Akelius' inter-company items are removed to mirror Heimstaden Bostad AB ownership, increasing Comprehensive income of SEK 297 million.
- Corporate administration costs are increased SEK 61 million to reflect Heimstaden Bostad AB ownership and margin of increased management fee of Heimstaden AB parent company.



## Pro forma financial information – Heimstaden Bostad

### Heimstaden Bostad - Balance sheet

As at 30 June 2021	Heimstaden Bostad <sup>(1)</sup>	Akelius Portfolio <sup>(2)</sup>	Pro forma adjustments		
			Acquisition related adjustments	Footnotes	Pro forma
<b>ASSETS</b>					
<i>(SEK million)</i>					
<b>Non-current assets</b>					
Investment properties .....	186,068	75,536	13,196	F	274,800
Intangible assets .....	6	-	15,363	E	15,370
Property, plant and equipment .....	102	84			186
Other non-current financial assets .....	2,798	7,223	-7,204	A	2,817
<b>Total non-current assets.....</b>	<b>188,974</b>	<b>82,843</b>	<b>21,356</b>		<b>293,172</b>
<b>Current assets</b>					
Inventory properties .....	1,054	-			1,054
Rent and trade receivables .....	98	222	-1	A	319
Other current financial assets.....	2,853	58			2,911
Prepayments .....	195	79	-1	A	273
Cash and cash equivalents .....	9,244	3,661	-6,851	A, B, C, G	6,054
Total current assets .....	13,444	4,021	-6,853		10,611
<b>TOTAL ASSETS .....</b>	<b>202,417</b>	<b>86,864</b>	<b>14,502</b>		<b>303,784</b>
<b>EQUITY AND LIABILITIES</b>					
<b>EQUITY .....</b>	<b>109,084</b>	<b>53,732</b>	<b>-30,903</b>	B, D, G	<b>131,913</b>
<b>LIABILITIES</b>					
<b>Non-current liabilities</b>					
Interest-bearing liabilities .....	78,754	22,343	-11,005	A, C	90,091
Lease liabilities.....	646	60			706
Derivative financial instruments.....	268	-			268
Deferred tax liabilities .....	6,078	9,869	2,216	F	18,163
Other non-current financial liabilities.....	842	58			900
Total non-current liabilities .....	86,589	32,330	-8,789		110,129
<b>Current liabilities</b>					
Interest-bearing liabilities.....	4,195	86	54,298	C	58,580
Trade payables.....	384	58			442
Other current liabilities.....	1,484	659	-104	A	2,039
Derivative financial instruments.....	9	-			9
Prepayments .....	671	-			671
Total current liabilities .....	6,744	802	54,195		61,742
<b>TOTAL EQUITY AND LIABILITIES .....</b>	<b>202,417</b>	<b>86,864</b>	<b>14,502</b>		<b>303,784</b>

#### Notes:

<sup>(1)</sup> The financial information in respect of Heimstaden Bostad is sourced from its unaudited consolidated financial statements in respect of the six months ended 30 June 2021, incorporated by reference into the Prospectus.

<sup>(2)</sup> The financial information in respect of the Akelius Portfolio is sourced from management accounts prepared by Akelius in respect of the six months ended 30 June 2021.

#### Adjustments (each with a continuing impact on Heimstaden Bostad):

- Akelius' inter-company balances are settled with a negative net effect on cash and cash equivalents of SEK 4,009 million.
- Committed new share issue of SEK 24,787 million.
- The Acquisition is paid with cash resulting in cash and cash equivalents being reduced by SEK 25,672 million, comprising the purchase price of SEK 80,076 million settled in cash, offset by SEK 54,404 million in current interest-bearing liabilities. Current interest-bearing liabilities is increased by SEK 54,404 million, representing committed bridge financing which is expected to be refinanced after closing of the Acquisition.
- Shareholders' equity in the acquired companies is eliminated, totalling SEK 53,732 million.

- E. Goodwill is increased by SEK 15,363 million, corresponding to the difference between the agreed purchase price of SEK 80,076 million reported value of equity in the Akelius of SEK 53,732 million and equity gain on fair value adjustment of SEK 10,980 million.
- F. External valuation of the Portfolio resulting in increased fair value of investment properties of SEK 13,196 million and deferred tax liability of SEK 2,216 million, and equity is increased by SEK 10,980 million. Equity is offset in Acquisition elimination.
- G. Income statement items is settled of SEK 1,958 million.

## Heimstaden Bostad - Income statement

Six months ending 30 June 2021	Heimstaden Bostad <sup>(1)</sup>	Akelius Portfolio <sup>(2)</sup>	Pro forma adjustments		
			Acquisition related adjustments (SEK million)	Footnotes	Pro forma
Rental income .....	4,066	1,341			5,408
Service income.....	306	182			488
Property costs.....	-1,812	-609			-2,421
<b>Net operating income .....</b>	<b>2,560</b>	<b>914</b>			<b>3,474</b>
Corporate administrative expenses.....	-231	-78	-13	D, E	-323
Other operating income.....	3	5			8
Other operating expenses .....	-32	4	-6	D	-35
Share of net profits of associates and joint ventures.....	-2	-75			-77
<b>Profit before inventory properties and fair value adjustments .....</b>	<b>2,298</b>	<b>769</b>	<b>-20</b>		<b>3,048</b>
Fair value adjustment of investment properties .....	8,998	3,696	13,196	A	25,891
Gains/losses from sale of inventory properties.....	40	8			49
<b>Operating profit .....</b>	<b>11,337</b>	<b>4,474</b>	<b>13,176</b>		<b>28,987</b>
Interest expenses on interest-bearing liabilities .....	-595	-72	-152	B	-819
Net foreign exchange gains/losses.....	-364	-3			-367
Fair value adjustment of derivative financial instruments .....	265	2			267
Other financial items .....	-196	-242	240	D	-198
<b>Profit before tax .....</b>	<b>10,447</b>	<b>4,159</b>	<b>13,264</b>		<b>27,870</b>
Current tax expense.....	-301	-32	-2,026	C	-2,358
Deferred tax expense.....	-1,813	-966	-2,216	A	-4,995
<b>Profit for the period .....</b>	<b>8,333</b>	<b>3,161</b>	<b>9,022</b>		<b>20,516</b>
Other comprehensive income/loss.....	1,487				1,487
<b>Comprehensive income for the period.....</b>	<b>9,820</b>	<b>3,161</b>	<b>9,022</b>		<b>22,003</b>

### Notes:

- (1) The financial information in respect of Heimstaden Bostad is sourced from its unaudited consolidated financial statements for Heimstaden Bostad in respect of the six months ended 30 June 2021, incorporated by reference into the Prospectus.
- (2) The financial information in respect of the Akelius Portfolio is sourced from management accounts prepared by Akelius in respect of the six months ended 30 June 2021.

### Adjustments (without a continuing impact on Heimstaden Bostad):

- A. External valuation of Akelius' property portfolio in connection with the Acquisition resulting in increased fair value of SEK 13,196 million and deferred tax is increased by SEK 2,216 million.
- B. Interest expenses on interest-bearing liabilities is increased by SEK 152 million to reflect committed bridge financing in Heimstaden Bostad.
- C. Transaction costs, mainly related to real estate transfer tax decreases cash and cash equivalents and equity of SEK 2,026 million.
- D. Akelius' inter-company items are removed to mirror Heimstaden Bostad AB ownership, increasing Comprehensive income of SEK 297 million.
- E. Central administration costs are increased SEK 76 million to reflect Heimstaden Bostad AB ownership.

### Heimstaden Bostad - Earnings capacity (unaudited and unreviewed)

The pro forma annual earning capacity for Heimstaden Bostad as of 30 June 2021 and taking account of the Acquisition is presented below. The pro forma annual earning capacity is produced for illustrative purposes only, are hypothetical and may differ from Heimstaden Bostad's actual earning capacity.

It is important to note that pro forma earning capacity should not be equated with a forecast for the current year or the next twelve months. For example, pro forma earning capacity does not include an assessment of future rents, vacancies and market interest rates. In pro forma earning capacity, changes in value of properties and financial instruments, which affect Heimstaden Bostad's income statement, have not been taken into account either.

The pro forma earning capacity as of 30 June 2021 is based on the earning capacity set out in the section titled “*Heimstaden Bostad – Operational Data – Potential Earnings Capacity*” in the Prospectus. This earning capacity is based on the properties that were owned as of 30 June 2021 and their associated financing and is based on the property portfolio, as of 30 June 2021, contracted rental income, and current property and administrative costs. Costs for the interest-bearing liabilities have been based on the Group's average interest rate level on the closing date, including the effect of derivative instruments.

In the pro forma earning capacity, historical data for the Acquisition have been added to the earning capacity set out above in “*Heimstaden Bostad – Operational Data – Potential Earnings Capacity*” as of 30 June 2021 in the Prospectus. The historical information has been adjusted with the expected development of Heimstaden Bostad's operations following the Acquisition given Heimstaden Bostad's current management model, agreed capital structure at the time of acquisition and owner-specific internal transactions.

Earning capacity	As at 30 June 2021 (unaudited)	
	Actual	Pro forma
	<i>(SEK million)</i>	
<b>Current earning capacity</b>		
Rental income.....	8,575	11,264
Service income .....	613	977
Property costs .....	-3,713	-4,775
<b>Net operating income .....</b>	<b>5,475</b>	<b>7,466</b>
Corporate administrative expenses .....	-465	-668
<b>Profit before financial items .....</b>	<b>5,010</b>	<b>6,798</b>
Financial costs – interest-bearing liabilities .....	-1,091	-1,538
<b>Profit from property management .....</b>	<b>3,919</b>	<b>5,260</b>
<b>Key data</b>		
Net operating income margin (%) .....	63.8	66.3
Interest coverage ratio (ICR) ( <i>multiple</i> ).....	4.6	4.4

### Heimstaden Bostad following the acquisition of the Portfolio

In order to describe the financial effects of the Acquisition, selected key performance indicators and financial information (as further described in “*Heimstaden Bostad – Selected key performance indicators for Heimstaden Bostad – Alternative performance measures*” in the Prospectus) are presented below based on the above pro forma income statement and pro forma balance sheet as at 30 June 2021. These key performance indicators and financial information are produced for illustrative purposes only, are

hypothetical and may differ from Heimstaden Bostad's actual key performance indicators and financial information.

Heimstaden Bostad has conducted an estimation of the impact of the acquisition of the Portfolio. The estimated figures have been calculated based on the reported figures as at 30 June 2021 and multiple deviations such as valuation changes, foreign exchange rate changes and other minor transactions may be present between the estimated figures and final reported figures.

The below provides an overview of Heimstaden Bostad following the Acquisition on the basis that it took place as at 1 January 2021 and with financials presented for the six months ended 30 June 2021.

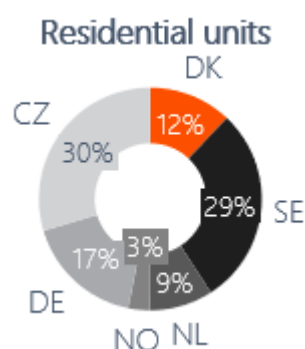
	Pro forma fair value	Fair value split	Homes	Residential share	Earnings capacity net operating income <sup>(1)</sup>	Regulated income	Economic occupancy <sup>(2)</sup>
	(SEK million)						
Sweden .....	86,075	31%	41,680	87%	2,182	100%	99%
Germany .....	68,644	25%	24,900	92%	1,488	100%	98%
Denmark .....	61,267	22%	17,452	92%	1,780	16%	96%
Netherlands .....	24,184	9%	13,330	98%	748	68%	97%
Norway .....	18,842	7%	4,593	84%	480	0%	92%
Czech Republic .....	15,428	6%	42,904	95%	792	34%	92%
United Kingdom .....	360	0%	-	-	-	-	-
<b>Total.....</b>	<b>274,800</b>		<b>144,859</b>	<b>91%</b>	<b>7,466</b>	<b>64%</b>	<b>97%</b>

**Note:**

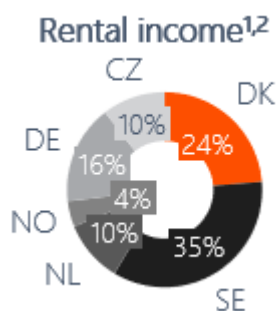
<sup>(1)</sup> Based on earnings capacity, for the twelve months from 30 June 2021. See "Earnings capacity (unaudited and unreviewed)" above for further information on the methodology for the calculation of earnings capacity.

<sup>(2)</sup> Based on 30 June 2021 for Heimstaden Bostad, adjusted with net effect from the Acquisition. Residential units only.

Set out below is the geographic distribution of residential units of the Group on a pro forma basis following the Acquisition (figures for the six months ended 30 June 2021).



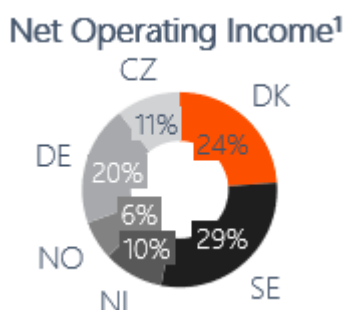
Set out below is the geographic distribution of rental income of the Group on a pro forma basis following the Acquisition (figures for the six months ended 30 June 2021).



<sup>1)</sup> Based on earnings capacity, for the twelve months from 30 June 2021. See “*Earnings capacity (unaudited and unreviewed)*” above for further information on the methodology for the calculation of earnings capacity.

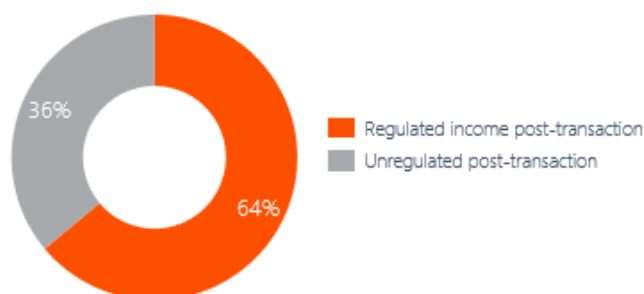
<sup>2)</sup> Excluding service charges.

Set out below is the geographic distribution of net operating income of the Group on a pro forma basis following the Acquisition (figures for the six months ended 30 June 2021).

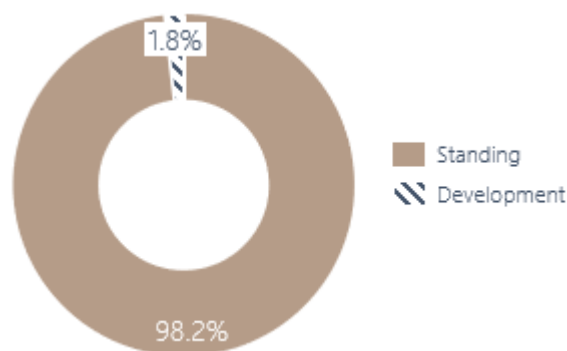


<sup>1)</sup> Based on earnings capacity, for the twelve months ending 30 June 2021. See “*Earnings capacity (unaudited and unreviewed)*” above for further information on the methodology for the calculation of earnings capacity.

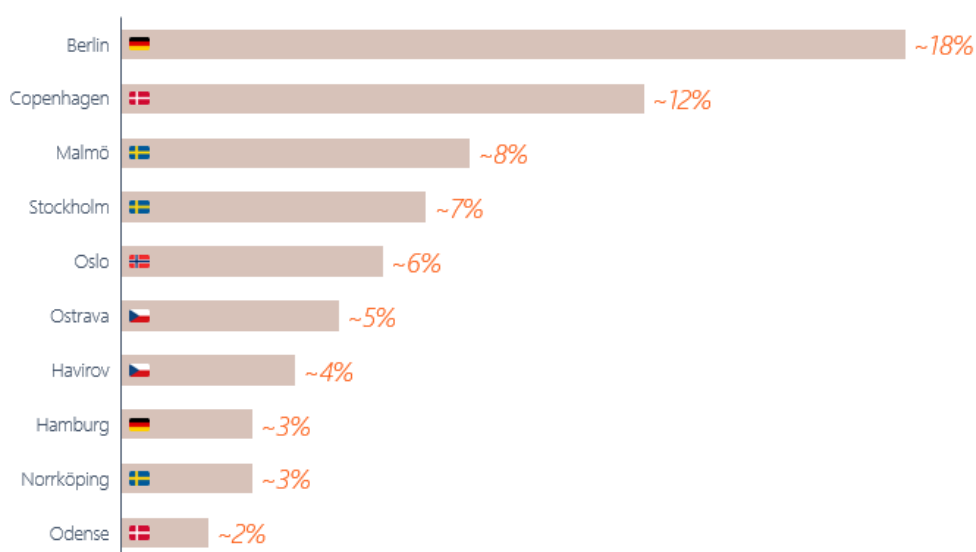
Following the Acquisition (figures as at 30 June 2021) on a pro forma basis approximately 64% of the Group's rental income would be regulated.



Following the Acquisition (figures as at 30 June 2021) on a pro forma basis approximately 98.2% of the Group's investment properties are estimated to be standing assets.



Following the Acquisition (figures as at 30 June 2021) on a pro forma basis, the following 10 cities are expected to be the largest by rental income for the Group.



### Heimstaden Bostad - Selected key performance indicators

	Heimstaden Bostad's earnings capacity net operating income margin on a pro forma basis following the Acquisition						Total
	Denmark	Sweden	Netherlands	Norway <sup>(1)</sup>	Czech Rep.	Germany	
Net operating income Heimstaden Bostad pre-acquisition ( <i>SEK million</i> ).....	1,695	1,443	748	480	792	317	5,475
Net operating income from the Acquisition ( <i>SEK million</i> ).....	85	739	-	-	-	1,167	1,991
<b>Total earnings capacity net operating income</b> .....	<b>1,780</b>	<b>2,182</b>	<b>748</b>	<b>480</b>	<b>792</b>	<b>1,484</b>	<b>7,466</b>
Rental income Heimstaden Bostad pre-acquisition ( <i>SEK million</i> ).....	2,524	2,765	1,156	480	1,175	474	8,575
Rental income from the acquisition ( <i>SEK million</i> ).....	146	1,164	-	-	-	1,379	2,689
<b>Total earnings capacity rental income</b> .....	<b>2,670</b>	<b>3,929</b>	<b>1,156</b>	<b>480</b>	<b>1,175</b>	<b>1,853</b>	<b>11,264</b>
<b>Net operating income (%)</b> .....	<b>66.7</b>	<b>55.5</b>	<b>64.7</b>	<b>100.0</b>	<b>67.4</b>	<b>80.1</b>	<b>66.3</b>

<sup>(1)</sup> Rental income for the property portfolio in Norway is generated through a lease agreement with Heimstaden AS, a subsidiary of Heimstaden AB. Under the arrangement, Heimstaden Bostad receives lease payments, calculated as the net of rental income generated by the property less its property expenses and certain administrative costs.

**Heimstaden Bostad's real economic occupancy ratio on a pro forma basis following the Acquisition**

	Denmark	Sweden	Netherlands	Norway	Czech Rep.	Germany	Total
Theoretical income Heimstaden Bostad (SEK million) .....	1 158	1 184	566	309	584	186	3 988
Vacancy Heimstaden Bostad (SEK million).....	-47	-26	-17	-25	-46	-4	-165
<b>Residential income Heimstaden Bostad (SEK million) .....</b>	<b>1 111</b>	<b>1 159</b>	<b>549</b>	<b>284</b>	<b>539</b>	<b>182</b>	<b>3 822</b>
<b>Economic occupancy pre-acquisition (%).....</b>	<b>96%</b>	<b>98%</b>	<b>97%</b>	<b>92%</b>	<b>92%</b>	<b>98%</b>	<b>96%</b>
Theoretical income from acquisition (SEK million).....	133	988	0	0	0	1 326	2 446
Vacancy from the acquisition (%) .....	-7	-1	0	0	0	-33	-41
<b>Residential income from the acquisition (SEK million) .....</b>	<b>126</b>	<b>986</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1 292</b>	<b>2 404</b>
<b>Economic occupancy (%) .....</b>	<b>96%</b>	<b>99%</b>	<b>97%</b>	<b>92%</b>	<b>92%</b>	<b>98%</b>	<b>97%</b>

**Key performance indicators**

**Six months ending 30 June 2021**

	Actual (unaudited)	Pro forma (unaudited)
Loan-to-value ratio (per cent.).....	36.4	46.9
Secured Loan-to-value ratio (per cent.).....	25.2	20.5
Interest cover ratio (multiple) <sup>(1)</sup> .....	3.9	3.8

<sup>(1)</sup> This is calculated for the six-month period rather than the twelve-month rolling basis used elsewhere in this Prospectus.

**Derivation of key data considered alternative according to the ESMA guidelines**

**As at 30 June 2021**

	Actual	Pro forma (unaudited)
	<i>(SEK million unless stated)</i>	
<b>Loan-to-value ratio (LTV) (per cent.)</b>		
Interest-bearing liabilities.....	82,949	148,671
Cash and cash equivalents .....	-9,244	-6,054
<b>Net interest-bearing liabilities .....</b>	<b>73,705</b>	<b>142,617</b>
Total assets .....	202,417	303,784
<b>Loan-to-value ratio (per cent.) .....</b>	<b>36.4%</b>	<b>46.9%</b>
<b>Secured loan-to-value ratio (per cent.)</b>		
Secured interest-bearing liabilities .....	50,985	62,322
Total assets .....	202,417	303,784
<b>Loan-to-value ratio (per cent.) .....</b>	<b>25.2%</b>	<b>20.5%</b>
<b>Interest cover ratio (ICR) (multiple)<sup>(1)</sup></b>		
Profit before inventory properties and fair value adjustments .....	2,298	3,048
Financial income .....	29	30
Profit before inventory properties and fair value adjustments plus financial income.....	2,327	3,077
Interest expenses on interest-bearing liabilities .....	595	819
<b>Interest cover ratio (ICR) (multiple) .....</b>	<b>3.9</b>	<b>3.8</b>

**Note:**

<sup>(1)</sup> This is calculated for the six-month period rather than the twelve-month rolling basis used elsewhere in this Prospectus.



## **Auditor's assurance report on the compilation of pro forma – Heimstaden AB**

### **Independent auditor's assurance report on the compilation of pro forma financial information included in a prospectus**

To the Board of Directors of Heimstaden AB (publ), corporate identity number 556670-0455.

#### **Report on the compilation of pro forma financial information included in a prospectus**

We have completed our assurance engagement to report on the compilation of pro forma financial information of Heimstaden AB (publ) (hereafter Heimstaden AB) by the Board of Directors. The pro forma financial information consists of the pro forma balance sheet as at 30 June 2021, the pro forma income statement for the six-month period ended 30 June 2021 and related notes as set out on pages 83-85 of the prospectus issued by Heimstaden AB. The applicable criteria on the basis of which the Board of Directors has compiled the pro forma financial information are specified in the Delegated Regulation (EU) 2019/980 and described on page 83.

The pro forma financial information has been compiled by the Board of Directors to illustrate the impact of the acquisitions of all shares in each of Akelius Bolig Holding ApS, with Danish corporate identity number 37 22 21 19, Akelius Lägenheter AB, with Swedish corporate identity number 556549-6360, Akelius GmbH (registered with the commercial register kept at the local court of Charlottenburg under registration number HRB 101392 B), Akelius Lots GmbH & Co. KG (registered with the commercial register kept at the local court of Charlottenburg under registration number (HRA 47950 B) and the direct and indirect subsidiaries of Akelius GmbH (together, the “**Akelius Portfolio**”) described on pages 35-36 and 56-58 of the prospectus on Heimstaden AB's financial position as at 30 June 2021 and Heimstaden AB's financial performance for the six-month period ended 30 June 2021 as if the acquisition of the Akelius Portfolio had taken place at 1 January 2021 and 30 June 2021 respectively.

As part of this process, information about Heimstaden AB's balance sheet and income statement has been extracted by the Board of Directors from the unaudited consolidated financial statements of Heimstaden AB prepared in accordance with International Financial Reporting Standards (IFRS) for the six month period ended 30 June 2021 on which an auditors' report under ISRE 2410 has been issued and information about the Akelius Portfolio's balance sheet and income statement has been extracted from management accounts provided by Akelius for the six-month period ended 30 June 2021, on which no auditors' review report has been issued.

#### **Responsibilities of the Board of Directors for the pro forma financial information**

The Board of Directors is responsible for compiling the pro forma financial information in accordance with the requirements of the Delegated Regulation (EU) 2019/980.

#### **Our independence and quality control**

We have complied with the independence and other ethical requirements in Sweden, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

The firm applies ISQC 1 (International Standard on Quality Control) and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

**Auditor's responsibility**

Our responsibility is to express an opinion about whether the pro forma information, in all material respects, has been compiled correctly by the Board of Directors in accordance with the Delegated Regulation (EU) 2019/980, on the bases given and that these bases are consistent with the company's accounting policies.

We have conducted the engagement in accordance with International Standard on Assurance Engagements ISAE 3420 Assurance engagements to report on the compilation of pro forma financial information included in a prospectus, issued by the International Auditing and Assurance Standards Board. This standard requires that the auditor plan and perform procedures to obtain reasonable assurance about whether the Board of Directors has compiled, in all material respects, the pro forma financial information in accordance with the delegated regulation.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the pro forma financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the pro forma financial information.

The purpose of pro forma financial information included in a prospectus is solely to illustrate the impact of a significant event or transaction on the company's unadjusted financial information as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the acquisitions at 1 January 2021 and 30 June 2021 would have been as presented.

A reasonable assurance engagement to report on whether the pro forma financial information has been compiled, in all material respects, on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Board of Directors in the compilation of the pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient and appropriate audit evidence about whether:

- The pro forma adjustments have been compiled correctly on the specified basis.
- The pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information
- The stated basis comply with the company's accounting policies.

The procedures selected depend on the auditor's judgment, having regard to his or hers understanding of nature of the company, the event or transaction in respect of which the pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the pro forma financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Opinion**

In our opinion the pro forma financial information has been compiled, in all material respects, on the bases stated on page 83 and these bases are consistent with the accounting policies applied by Heimstaden AB.

Norrköping, 15 October 2021

Ernst & Young AB

Peter von Knorring

Authorized Public Accountant

## **Auditor's assurance report on the compilation of pro forma – Heimstaden Bostad**

### **Independent auditor's assurance report on the compilation of pro forma financial information included in a prospectus**

To the Board of Directors of Heimstaden Bostad AB (publ), corporate identity number 556864-0873.

#### **Report on the compilation of pro forma financial information included in a prospectus**

We have completed our assurance engagement to report on the compilation of pro forma financial information of Heimstaden Bostad AB (publ) (hereafter Heimstaden Bostad) by the Board of Directors. The pro forma financial information consists of the pro forma balance sheet as at 30 June 2021, the pro forma income statement for the six-month period ended 30 June 2021 and related notes as set out on pages 86-88 of the prospectus issued by Heimstaden AB. The applicable criteria on the basis of which the Board of Directors has compiled the pro forma financial information are specified in the Delegated Regulation (EU) 2019/980 and described on page 83.

The pro forma financial information has been compiled by the Board of Directors to illustrate the impact of the acquisitions of all shares in each of Akelius Bolig Holding ApS, with Danish corporate identity number 37 22 21 19, Akelius Lägenheter AB, with Swedish corporate identity number 556549-6360, Akelius GmbH (registered with the commercial register kept at the local court of Charlottenburg under registration number HRB 101392 B), Akelius Lots GmbH & Co. KG (registered with the commercial register kept at the local court of Charlottenburg under registration number (HRA 47950 B) and the direct and indirect subsidiaries of Akelius GmbH (together, as indicated above, the “**Akelius Portfolio**”) described on pages 35-36 and 56-58 of the prospectus on Heimstaden Bostad's financial position as at 30 June 2021 and Heimstaden Bostad's financial performance for the six-month period ended 30 June 2021 as if the acquisition of the Akelius Portfolio had taken place at 1 January 2021 and 30 June 2021 respectively.

As part of this process, information about Heimstaden Bostad's balance sheet and income statement has been extracted by the Board of Directors from the unaudited consolidated financial statements of Heimstaden Bostad prepared in accordance with International Financial Reporting Standards (IFRS) for the six month period ended 30 June 2021 on which an auditors' report under ISRE 2410 has been issued and information about the Akelius Portfolio's balance sheet and income statement has been extracted from management accounts provided by Akelius for the six-month period ended 30 June 2021, on which no auditors' review report has been issued.

**Responsibilities of the Board of Directors for the pro forma financial information**

The Board of Directors is responsible for compiling the pro forma financial information in accordance with the requirements of the Delegated Regulation (EU) 2019/980.

**Our independence and quality control**

We have complied with the independence and other ethical requirements in Sweden, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

The firm applies ISQC 1 (International Standard on Quality Control) and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

**Auditor's responsibility**

Our responsibility is to express an opinion about whether the pro forma information, in all material respects, has been compiled correctly by the Board of Directors in accordance with the Delegated Regulation (EU) 2019/980, on the bases given and that these bases are consistent with the company's accounting policies.

We have conducted the engagement in accordance with International Standard on Assurance Engagements ISAE 3420 Assurance engagements to report on the compilation of pro forma financial information included in a prospectus, issued by the International Auditing and Assurance Standards Board. This standard requires that the auditor plan and perform procedures to obtain reasonable assurance about whether the Board of Directors has compiled, in all material respects, the pro forma financial information in accordance with the delegated regulation.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the pro forma financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the pro forma financial information.

The purpose of pro forma financial information included in a prospectus is solely to illustrate the impact of a significant event or transaction on the company's unadjusted financial information as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the acquisitions at 1 January 2021 and 30 June 2021 would have been as presented.

A reasonable assurance engagement to report on whether the pro forma financial information has been compiled, in all material respects, on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Board of Directors in the compilation of the pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient and appropriate audit evidence about whether:

- The pro forma adjustments have been compiled correctly on the specified basis.
- The pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information

- The stated basis comply with the company's accounting policies.

The procedures selected depend on the auditor's judgment, having regard to his or hers understanding of nature of the company, the event or transaction in respect of which the pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the pro forma financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Opinion**

In our opinion the pro forma financial information has been compiled, in all material respects, on the bases stated on page 83 and these bases are consistent with the accounting policies applied by Heimstaden Bostad.

Norrköping, 15 October 2021

Ernst & Young AB

Peter von Knorring

Authorized Public Accountant

## TERMS AND CONDITIONS

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### 1. DEFINITIONS AND CONSTRUCTION

#### 1.1 Definitions

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

“**5 Year EUR Mid-Swap Rate**” means, with respect to a Reset Period, the mid swap rate for euro swap transactions with a maturity of five years, as published on Reuters screen ICESWAP2 under FIXED VS. 6M EURIBOR (or such other page or service as may replace it for the purposes of displaying European swap rates of leading reference banks for swaps in Euro) (in each case, the “**Reset Screen Page**”), as at approximately 11.00 a.m. (Central European time) on the Reset Interest Determination Date applicable to such Reset Period.

In the event that the relevant 5 Year EUR Mid-Swap Rate does not appear on the Reset Screen Page on the relevant Reset Interest Determination Date, the 5 Year EUR Mid-Swap Rate will be the Reset Reference Bank Rate on such Reset Interest Determination Date. If:

- (a) at least three quotations are provided, the 5 Year EUR Mid-Swap Rate will be calculated by the Issuing Agent on the basis of the arithmetic mean (or, if only three quotations are provided, the median) of the quotations provided, eliminating the highest quotation (or, in the event of equality one of the highest) and the lowest quotation (or, in the event of equality, one of the lowest);
- (b) only two quotations are provided, the Reset Reference Bank Rate will be the arithmetic mean of the quotations provided;
- (c) only one quotation is provided, the Reset Reference Bank Rate will be the quotation provided; and
- (d) no quotations are provided, the Reset Reference Bank Rate for the relevant period will be the 5 Year EUR Mid-Swap Rate on the last day where the 5 Year EUR Mid Swap Rate was published on a Reset Screen Page.

The “**5 Year Swap Rate Quotations**” means, in relation to any Reset Period, the arithmetic mean of the bid and offered rates for the annual fixed leg (calculated on a 30/360 Day Count Basis) of a fixed-for-floating euro interest rate swap which (i) has a term of five years commencing on the relevant Reset Date, (ii) is in an amount that is representative of a single transaction in the relevant market at the relevant time with an acknowledged dealer of good credit in the swap market, and (iii) has a floating leg based on the 6-month EURIBOR rate (calculated on the basis of the actual number of days elapsed and a year of 360 days).

“**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 Holder has opened a Securities Account in respect of its Capital Securities.

“**Accounting Event**” shall be deemed to occur if, after the Issue Date:

- (a) a change in accounting principles or methodology shall be applicable to the audited consolidated financial statements of the Issuer;

and

- (b) as a result of such change the Capital Securities would not be recorded as “equity” in the next audited consolidated financial statements of the Issuer.

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

“**Affiliate**” means, in respect of any Person, any other Person, directly or indirectly, controlling or controlled by or under direct or indirect common control with such 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 agreement entered into on or before the Issue Date between the Issuer and the Agent, or any replacement agent agreement entered into after the Issue Date between the Issuer and an Agent.

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

“**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.

“**Capital Security**” means debt instruments (Sw. *skuldförbindelser*), each for the Nominal Amount and as defined in Chapter 1 Section 3 of the Central Securities Depositories and Financial Instruments Accounts Act, issued by the Issuer as Capital Securities under these Terms and Conditions.

“**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**” means an event or series of events where one or more persons (other than Fredensborg AS, reg. no. 943 582 815) acting together gains control of the Issuer.

For the purpose of this definition:

- (a) “**control of the Issuer**” means the power (whether by way of ownership of shares, proxy, contract, agency or otherwise) to directly or indirectly:
- (i) 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
  - (ii) having the right to appoint or remove all, or the majority, of the directors or other equivalent officers of the Issuer; 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.

A “**Change of Control Event**” will be deemed to occur if:

- (a) a Change of Control occurs; and
- (b) on the date (the “**Relevant Announcement Date**”) that is the earlier of (1) the date of the earliest Potential Change of Control Announcement (as defined below) (if any) and (2) the date of the first public announcement of the relevant Change of Control, the Issuer’s long-term senior unsecured debt obligations carry:
- (i) an investment grade credit rating (Baa3/BBB-/BBB-, or equivalent, or better) (an “**Investment Grade Rating**”) from any Rating Agency providing a solicited rating at the invitation or with the consent of the Issuer, either directly or via a publication by such Rating Agency, and, within the Change of Control Period, any such Rating Agency downgrades its rating of the Issuer’s long-term senior unsecured debt obligations to a non-investment grade credit rating (Ba1/BB+/BB+ or equivalent, or worse) or withdraws its rating of the Issuer’s long-term senior unsecured debt obligations and such rating is not within the Change of Control Period (in the case of a downgrade) upgraded or (in the case of a withdrawal) reinstated to an Investment Grade Rating by such Rating Agency; or
- (ii) a non-investment grade credit rating (Ba1/BB+/BB+ or equivalent or worse) from any Rating Agency (provided by such Rating Agency at the invitation or with the consent of the Issuer) and such rating from any Rating Agency is within the Change of Control Period downgraded by one or more notches (for illustration, Ba1/BB+/BB+ to Ba2/BB/BB being one notch) or withdrawn and is not within the Change of Control Period subsequently (in the case of a downgrade) upgraded or (in the case of a withdrawal) reinstated to its earlier credit rating or better by such Rating Agency; and
- (c) in making the relevant decision(s) referred to in paragraph (b) above, the relevant Rating Agency announces publicly or confirms in writing to the Issuer or the Agent that such downgrading and/or withdrawal resulted, directly or indirectly, from the Change of Control or the Potential Change of Control Announcement (whether or not the Change of Control shall have occurred at the time such rating is downgraded and/or withdrawn).

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

“**Change of Control Period**” means the period commencing on the Relevant Announcement Date and ending one hundred and twenty (120) days after the occurrence of the Change of



Control or, where a Rating Agency has publicly announced that the Issuer's long-term senior unsecured debt obligations are under consideration for rating review or, as the case may be, rating (such public announcement being within the period ending one hundred and twenty (120) days after the Change of Control), the later of (i) such one hundred and twentieth (120<sup>th</sup>) day after the Change of Control and (ii) the date falling sixty (60) days after such public announcement.

**“Change of Control Step-up Date”** means the date falling six (6) months after the date on which a Change of Control Event has occurred.

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

**“Deferred Interest”** has the meaning ascribed to it in Clause 11.1 (*Deferral of Interest Payments*).

**“Deferred Interest Payment Event”** means any one or more of the following events:

- (a) declaration or payment of any distribution or dividend or any other payment made by the Issuer on its share capital or any other obligation of the Issuer which ranks or is expressed by its terms to rank junior to the Capital Securities or any Parity Securities;
- (b) declaration or payment of any distribution or dividend or any other payment made by the Issuer or any Subsidiary of the Issuer, as the case may be, on any Parity Securities;
- (c) redemption, repurchase, repayment, cancellation, reduction or other acquisition by the Issuer or any Subsidiary of the Issuer of any shares of the Issuer or any other obligation of the Issuer which ranks or is expressed by its terms to rank junior to the Capital Securities or any Parity Securities; and/or
- (d) redemption, repurchase, repayment, cancellation, reduction or other acquisition by the Issuer or any Subsidiary of the Issuer of any Parity Securities,

save for:

- (i) in each case, any compulsory distribution, dividend, other payment, redemption, repurchase, repayment, cancellation, reduction or other acquisition required by the terms of such securities or by mandatory operation of applicable law;
- (ii) in each case, any declaration or payment of any distribution or dividend or any other payment made by the Issuer on its share capital, which is made by reason of a claim (in accordance with the Swedish Companies Act (Sw. *aktiebolagslagen (2005:551)*) by shareholder(s) owning not less than ten (10.00) % of the shares in the Issuer;
- (iii) in the case of paragraph (b) above only, any partial payment of accrued but unpaid interest on Parity Securities, provided that all accrued but unpaid interest on the Capital Securities and all outstanding Parity Securities at the same time is paid pro rata;

- (iv) in the case of paragraph (c) above only, any redemption, repurchase, repayment, cancellation, reduction or other acquisition that is executed in connection with, or for the purpose of:
  - (A) any reduction of the quota value of the share capital of the Issuer without a corresponding return of cash, capital or assets to shareholders of the Issuer; or
  - (B) any share buyback programme then in force and duly approved by the shareholders' general meeting of the Issuer or the relevant Subsidiary of the Issuer (as applicable) or any existing or future stock option plan or free share allocation plan or other incentive plan, in all cases, reserved for directors, officers and/or employees of the Issuer or the relevant Subsidiary of the Issuer or any associated hedging transaction; and
- (v) in the case of (d) above only, any redemption repurchase, repayment, cancellation, reduction or other acquisition executed in whole or in part in the form of a public tender offer or public exchange offer at a consideration per Parity Security below its par value.

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

“**EURIBOR**” means the Euro Interbank Offered Rate.

“**First Reset Date**” means 15 January 2027, being the date falling five (5) years and three (3) months after the Issue Date.

“**Fitch**” means Fitch Ratings Ltd.

“**Force Majeure Event**” has the meaning ascribed to it in Clause 28.1.

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

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

“**Holder**” means the Person who is registered on a Securities Account as direct registered owner (Sw. *ägare*) or nominee (Sw. *förvaltare*) with respect to a Capital Security.

“**Holders' Meeting**” means a meeting among the Holders held in accordance with Clause 19 (*Holders' Meeting*).

“**Initial Interest Rate**” has the meaning ascribed to it in Clause 10.3 (*Initial Interest Rate*).

“**Interest**” means the interest on the Capital Securities calculated in accordance with Clause 10 (*Interest*).

“**Interest Amount**” has the meaning ascribed to it in Clause 10.5 (*Determination of Reset Interest Rates and Calculation of Interest Amounts*).

“**Interest Payment**” means, in respect the payment of Interest on an Interest Payment Date, the amount of Interest payable for the relevant Interest Period in accordance with Clause 10 (*Interest*).

“**Interest Payment Date**” has the meaning given in Clause 10.2 (*Interest Payment Dates*).

“**Interest Period**” means each period beginning on (but excluding) the Issue Date or any Interest Payment Date and ending on (and including) the next succeeding Interest Payment Date (or, if the Capital Securities are redeemed prior to such Interest Payment Date, the relevant Redemption Date), and not subject to adjustment by any business day convention.

“**Interest Rate**” means the Initial Interest Rate or the relevant Reset Interest Rate, as the case may be.

“**Issue Date**” means 15 October 2021.

“**Issuer**” means Heimstaden AB (publ), a public limited liability company incorporated under the laws of Sweden with reg. no. 556670-0455, Östra Promenaden 7A, SE-211 28, Malmö, Sweden.

“**Issuer Winding-up**” has the meaning ascribed to it in paragraph (a) of Clause 3.2.

“**Issuing Agent**” means Swedbank AB (publ), Swedish reg. no. 502017-7753, or another party replacing it, as Issuing Agent, in accordance with these Terms and Conditions.

“**Margin**” means, in respect of any Interest Period falling after the First Reset Date:

- (a) from (but excluding) the First Reset Date up to (and including) the Step-up Date, 700.1 basis points *per annum*; and
- (b) from (but excluding) the Step-up Date up to (and including) the Redemption Date, 800.1 basis points *per annum*,

in each case as increased pursuant to Clause 10.7 (*Step-up after a Change of Control Event*) (if applicable).

“**Moody’s**” means Moody’s Investors Services Ltd.

“**Nasdaq Stockholm**” means the Regulated Market of Nasdaq Stockholm Aktiebolag, reg. no. 556420-8394, SE-105 78 Stockholm, Sweden.

“**Net Proceeds**” means the proceeds from the issuance of the Capital Securities after deduction has been made for all fees, costs and expenses, stamp, registration and other taxes incurred by the Issuer in connection with the issuance and listing of the Capital Securities.

“**Nominal Amount**” has the meaning ascribed to it in Clause 2.1.

“**Par Call Date**” has the meaning ascribed to it in Clause 13.3.1.

“**Parity Securities**” means any obligations of:

- (a) the Issuer, issued directly or indirectly by it, which rank, or are expressed to rank, *pari passu* with the Capital Securities; and
- (b) any Subsidiary of the Issuer having the benefit of a guarantee or support agreement from the Issuer which ranks or is expressed to rank *pari passu* with the Capital Securities.

“**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.

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

**“Qualifying Capital Securities”** means securities that contain terms not materially less favourable to Holders than the terms of the Capital Securities (as reasonably determined by the Issuer in consultation with an independent investment bank, independent financial adviser or legal counsel of international standing) and provided that a certification to such effect shall have been delivered to the Agent prior to the substitution or variation of the Capital Securities, provided that:

- (a) they shall be issued by the Issuer or by any wholly-owned direct or indirect finance Subsidiary of the Issuer with a guarantee of the Issuer; and
- (b) they (and/or, as appropriate, the guarantee as aforesaid) shall rank pari passu on an Issuer Winding-up with the ranking of the Capital Securities; and
- (c) they shall contain terms which provide for the same interest rate from time to time applying to the Capital Securities and preserve the same Interest Payment Dates; and
- (d) they shall preserve the obligations (including the obligations arising from the exercise of any right) of the Issuer as to redemption of the Capital Securities, including (without limitation) as to timing of, and amounts payable upon, such redemption; and
- (e) they shall preserve any existing rights under the Capital Securities to any accrued interest, any Deferred Interest and any other amounts payable under the Capital Securities which, in each case, has accrued to Holders and not been paid; and
- (f) they shall not contain terms providing for the mandatory deferral or cancellation of interest and shall not contain terms providing for loss absorption through principal write-down or conversion to ordinary shares; and
- (g) they shall, immediately after such exchange or variation, be assigned at least the same credit rating(s) by the same Rating Agencies providing a solicited rating at the invitation or with the consent of the Issuer, either directly or via a publication by such Rating Agency, as may have been assigned to the Capital Securities immediately prior to such exchange or variation (if any); and
- (h) they shall otherwise contain substantially identical terms (as reasonably determined by the Issuer) to the Capital Securities, save where any modifications to such terms are required to be made to avoid the occurrence or effect of, a Tax Event, a Rating Event, an Accounting Event or, as the case may be, a Withholding Tax Event; and
- (i) they shall be (A) admitted to trading on the corporate bond list of Nasdaq Stockholm or (B) admitted to trading on any other regulated market or multilateral trading facility for the purposes of Directive 2014/65/EU (as amended) as selected by the Issuer on, or as soon as reasonably practicable after issue and approved by the Agent.

**“Quotation Day”** means, in relation to any period for which an interest rate is to be determined, two (2) Business Days before the first day of that period.

**“Rating Agency”** means each of Fitch, Moody’s and S&P and any other rating agency (a **“Substitute Rating Agency”**) of equivalent international standing requested by the Issuer to grant a corporate credit rating to the Issuer and, in each case, their successors or affiliates.

**“Rating Event”** shall be deemed to occur if the Issuer has received confirmation from a Rating Agency providing a solicited rating at the invitation or with the consent of the Issuer, either directly or via a publication by such Rating Agency, that an amendment, clarification or change in interpretation has occurred in the equity credit criteria of such Rating Agency effective after the Issue Date (or, if equity credit is not assigned on the Issue Date, effective after the date when the equity credit is assigned for the first time, as applicable) and (a) this has resulted in lower equity credit (or such other nomenclature that the Rating Agency may then use to describe the degree to which an instrument exhibits the characteristics of an ordinary share) for the Capital Securities, in whole or in part, than the equity credit assigned on the Issue Date (or, if equity credit is not assigned on the Issue Date, effective after the date when the equity credit is assigned for the first time (or if the Capital Securities have been partially or fully re-financed since the Issue Date and are no longer eligible for equity credit in part or in full as a result, all or any of the Capital Securities would have received lower equity credit as a result of such amendment, clarification, change in methodology or change in the interpretation had they not been re-financed) or (b) this has resulted in the length of time the Capital Securities are assigned a particular level of “equity credit”, after being assigned such equity credit for the first time, by that Rating Agency being shortened as compared to the length of time they would have been assigned that level of “equity credit” by that Rating Agency under its prevailing methodology on the Issue Date.

**“Record Date”** means the fifth (5<sup>th</sup>) Business Day prior to:

- (a) an Interest Payment Date;
- (b) a Redemption Date; or
- (c) 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 Capital Securities are to be redeemed or repurchased in accordance with Clause 13 (*Redemption and repurchase of the Capital Securities*).

**“Regulated Market”** means any regulated market for the purposes of Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments.

**“Reset Date”** means the First Reset Date and each fifth (5<sup>th</sup>) anniversary thereof.

**“Reset Interest Determination Date”** means, with respect to a Reset Period, the day falling two Business Days prior to the Reset Date on which such Reset Period commences.

**“Reset Interest Rate”** has the meaning given in Clause 10.4 (*Reset Interest Rates*).

“**Reset Period**” means each period from (and including) a Reset Date to (but excluding) the next succeeding Reset Date thereafter.

“**Reset Reference Bank Rate**” means the percentage rate calculated by the Issuing Agent in accordance with these Terms and Conditions on the basis of the 5 Year Swap Rate Quotations provided by the Reset Reference Banks to the Issuer and the Issuing Agent at approximately 11:00 a.m. (Central European Time) on the relevant Reset Interest Determination Date.

“**Reset Reference Banks**” means five major banks in the European Interbank market selected by the Issuer.

“**S&P**” means S&P Global Ratings Europe Limited.

“**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.

“**Special Event**” means any of an Accounting Event, a Rating Event, a Substantial Repurchase Event, a Tax Event, a Withholding Tax Event or any combination of the foregoing.

“**Step-up Date**” means 15 January 2032, being the date falling five (5) years after the First Reset Date.

“**Subordinated Indebtedness**” means any obligation of the Issuer, whether or not having a fixed maturity, which by its terms is, or is expressed to be, subordinated in the event of an Issuer Winding-up to the claims of all unsubordinated creditors of the Issuer but senior to the Capital Securities or to the obligations of the Issuer in respect of any Parity Securities.

“**Subsidiary**” means, in relation to any person, any Swedish or foreign legal entity (whether incorporated or not), which at any time is a subsidiary (Sw. *dotterföretag*) to such person, directly or indirectly, as defined in the Swedish Companies Act (Sw. *aktiebolagslagen (2005:551)*).

“**Substantial Repurchase Event**” shall be deemed to occur if the Issuer and/or any of its Subsidiaries repurchases and cancels or has at any time repurchased and cancelled, a principal amount of Capital Securities equal to or greater than seventy-five (75.00) % of the aggregate principal amount of the Capital Securities initially issued.

“**Tax Event**” means the receipt by the Issuer of an opinion of a counsel in Sweden (experienced in such matters) to the effect that, as a result of a Tax Law Change, the Issuer is no longer able to claim a deduction to which it was entitled as at the Issue Date or at any time thereafter in respect of payments relating to the Capital Securities in computing its taxation liabilities for Swedish tax purposes (a “**Tax Deduction**”) or the amount of any Tax Deduction is materially reduced and, in either case, in circumstances where unsubordinated debt obligations of the Issuer continue to be fully or partly tax deductible for such purposes.

“**Tax Law Change**” means:

- (a) any amendment to, clarification of, or change in, the laws or treaties (or any regulations thereunder) of Sweden, or any political subdivision or any authority thereof or therein having the power to tax, affecting taxation;
- (b) any governmental action; or
- (c) any amendment to, clarification of, or change in the application, official position or the official published interpretation of such law, treaty (or regulations thereunder) or governmental action or any official published interpretation, decision or pronouncement that provides for a position with respect to such law, treaty (or regulations thereunder) or governmental action that differs from the theretofore generally accepted position,

in each case, by any legislative body, court, governmental authority or regulatory body in Sweden, irrespective of the manner in which such amendment, clarification, change, action, pronouncement, interpretation or decision is made known, which amendment, clarification or change is effective or such governmental action, pronouncement, interpretation or decision is announced on or after the Issue Date.

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

“**Withholding Tax Event**” shall be deemed to occur if, as a result of any Tax Law Change, in making any payments on the Capital Securities, the Issuer has paid or will or would on the next Interest Payment Date be required to pay additional amounts on the Capital Securities and the Issuer cannot avoid the foregoing by taking reasonable measures available to it.

“**Written Procedure**” means the written or electronic procedure for decision making among the Holders in accordance with Clause 20 (*Written Procedure*).

**The following text in italics does not form part of these Terms and Conditions:**

*The Issuer intends (but is not obliged to ensure) that until 15 January 2032, to the extent that the Capital Securities provide the Issuer with "equity credit" for rating purposes by Fitch, to redeem or repurchase the Capital Securities only to the extent they are replaced with instruments that provide equivalent Fitch equity credit (or such other nomenclature that Fitch may then use to describe the degree to which an instrument exhibits the characteristics of an ordinary share). The intention above does not provide for any claim for Holders nor does it create any legal obligation for the Issuer. Customary exceptions apply as to the Issuer's replacement intention including that the Issuer does not intend to replace the Capital Securities:*

- (a) *if the Capital Securities are not required to support the credit profile of the Issuer compared to the credit profile as of the Issue Date; or*
- (b) *if the Capital Securities are redeemed pursuant to a Tax Event, a Substantial Repurchase Event, a Rating Event, a Withholding Tax Event, an Accounting Event or a Change of Control Event having occurred and some or all of the Capital Securities left outstanding are redeemed or purchased.*

## 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 or regulatory, self-regulatory or other authority or organisation;
- (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 No delay or omission of the Agent or of any Holder to exercise any right or remedy under these Terms and Conditions shall impair or operate as a waiver of any such right or remedy.

## 2. THE AMOUNT OF THE CAPITAL SECURITIES

2.1 The nominal amount of each Capital Security is EUR 100,000 (the “**Nominal Amount**”). The total Nominal Amount of the Capital Securities is EUR 300,000,000.

2.2 The ISIN for the Capital Securities is SE0016278352.

2.3 The Capital Securities are issued on a fully paid basis at an issue price of one hundred (100.00) % of the Nominal Amount.

2.4 The minimum permissible investment in connection with the issue of the Capital Securities is EUR 100,000.

2.5 The Capital Securities are denominated in EUR and each Capital Security is constituted by these Terms and Conditions.

2.6 By subscribing for Capital Securities, each initial Holder agrees that the Capital Securities shall benefit from and be subject to these Terms and Conditions and by acquiring Capital Securities each subsequent Holder confirms these Terms and Conditions.

## 3. STATUS OF THE CAPITAL SECURITIES

3.1 The Capital Securities, including the obligation to pay interest thereon, constitute direct, general, unconditional, unsecured and subordinated obligations of the Issuer. The rights and claims of the Holders in respect of the Capital Securities against the Issuer are subordinated as described under Clause 3.2.

3.2 In the event of:

- (a) a voluntary or involuntary liquidation (Sw. *likvidation*) or bankruptcy (Sw. *konkurs*) of the Issuer (each an “**Issuer Winding-up**”), the Holders shall, in respect of their Capital Securities, have a claim for the principal amount of their Capital Securities and any accrued and unpaid interest (including any Deferred Interest) thereon and such claims will rank:



- (i) pari passu without any preference among themselves and with any present or future claims in respect of obligations of the Issuer in respect of Parity Securities;
  - (ii) in priority to all present and future claims in respect of:
    - (a) the shares of the Issuer; and
    - (b) any other obligation of the Issuer expressed by its terms as at its original issue date to rank junior to the Capital Securities or any Parity Securities; and
  - (iii) junior in right of payment to any present or future claims of:
    - (A) all unsubordinated obligations of the Issuer; and
    - (B) all Subordinated Indebtedness; or
- (b) a company re-construction (*Sw. företagsrekonstruktion*) of the Issuer under the Swedish Company Reorganisation Act (*Sw. lag (1996:764) om företagsrekonstruktion*), the Holders shall, in respect of their Capital Securities, have a claim for the principal amount of their Capital Securities and any accrued and unpaid interest (including any Deferred Interest) thereon and such claims will rank:
- (i) pari passu without any preference among themselves and with any present or future claims in respect of obligations of the Issuer in respect of Parity Securities; and
  - (ii) junior in right of payment to any present or future claims of:
    - (A) all unsubordinated obligations of the Issuer; and
    - (B) all Subordinated Indebtedness.

Claims in respect of the share capital of the Issuer are not subject to loss absorbing measures under a company re-construction of the Issuer.

- 3.3 Subject to applicable law, no Holder may exercise, claim or plead any right of set-off, compensation or retention in respect of any amount owed to it by the Issuer in respect of, or arising under or in connection with the Capital Securities and each Holder shall, by virtue of its holding of any Capital Security, be deemed to have waived all such rights of set-off, compensation or retention.

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

The Net Proceeds from the Capital Securities shall be applied by the Issuer towards

- (i) prepayment and cancellation of SEK 7 billion bridge financing facility provided by J.P. Morgan AG in respect of the acquisition of certain property portfolios from Akelius and
- (ii) general corporate purposes of the Group, including investments and financing acquisitions.

#### **5. CONDITIONS PRECEDENT**

##### **5.1 Conditions precedent in respect of the Capital Securities**

- 5.1.1 The Issuing Agent shall pay the Net Proceeds from the Capital Securities to Issuer on the later of:

- (a) the Issue Date; and
- (b) the date on which the Agent notifies the Issuing Agent that it has received the following, in form and substance satisfactory to the Agent (acting reasonably):
  - (i) copies of the articles of association and certificate of registration of the Issuer;
  - (ii) a copy of a resolution from the board of directors of the Issuer:
    - (A) approving the issue of the Capital Securities and resolving that it executes and performs these Terms and Conditions and Agency Agreement; and
    - (B) authorising a specified person or persons to execute these Terms and Conditions and Agency Agreement on its behalf;
  - (iii) a copy of these Terms and Conditions and the Agency Agreement duly executed by the Issuer; and
  - (iv) evidence that the Capital Securities has been or will be registered with the CSD.

5.1.2 The Agent shall confirm to the Issuing Agent when the conditions set out in paragraph (b) of Clause 5.1.1 have been satisfied.

## 5.2 **No responsibility for documentation**

The Agent may assume that the documentation and evidence delivered to it pursuant to this Clause 5 is accurate, legally valid, enforceable, correct, true and complete unless it has actual knowledge to the contrary and the Agent does not have to verify or assess the contents of any such documentation or evidence. The Agent does not have any obligation to review the documentation and evidence set out in this Clause 5 from a legal or commercial perspective of the Holders.

## **6. THE CAPITAL SECURITIES AND TRANSFERABILITY**

6.1 Each Holder is bound by these Terms and Conditions without there being any further actions required to be taken or formalities to be complied with.

6.2 The Capital Securities are freely transferable. All Capital Securities transfers are subject to these Terms and Conditions and these Terms and Conditions are automatically applicable in relation to all Capital Securities transferees upon completed transfer.

6.3 Upon a transfer of Capital Securities, any rights and obligations under these Terms and Conditions relating to such Capital Securities are automatically transferred to the transferee.

6.4 No action is being taken in any jurisdiction that would or is intended to permit a public offering of the Capital Securities or the possession, circulation or distribution of any document or other material relating to the Issuer or the Capital Securities in any jurisdiction other than Sweden, where action for that purpose is required. Each Holder must inform itself about, and observe, any applicable restrictions to the transfer of material relating to the Issuer or the Capital Securities, (due to, e.g., its nationality, its residency, its registered address or its place(s) of business). Each Holder must ensure compliance with such restrictions at its own cost and expense.

- 6.5 For the avoidance of doubt and notwithstanding the above, a Holder which allegedly has purchased Capital Securities in contradiction to mandatory restrictions applicable may nevertheless utilise its voting rights under these Terms and Conditions and shall be entitled to exercise its full rights as a Holder hereunder in each case until such allegations have been resolved.

## **7. CAPITAL SECURITIES IN BOOK-ENTRY FORM**

- 7.1 The Capital Securities will be registered for the Holders on their respective Securities Accounts and no physical Capital Securities will be issued. Accordingly, the Capital Securities will be registered in accordance with the Central Securities Depositories and Financial Instruments Accounts Act. Registration requests relating to the Capital Securities 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 Capital Security 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 Capital Securities. 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 Holders' 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 Capital Securities. If the Agent does not otherwise obtain information from such debt register as contemplated under these Terms and Conditions, the Issuing Agent shall at the request of the Agent obtain information from the debt register and provide it to the Agent.
- 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 Capital Securities. The Issuer may not revoke any such power of attorney unless directed by the Agent or unless consent thereto is given by the Holders.
- 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 these Terms and Conditions and shall not disclose such information to any Holder or third party unless necessary for such purposes.

## **8. RIGHT TO ACT ON BEHALF OF A HOLDER**

- 8.1 If any Person other than a Holder wishes to exercise any rights under these Terms and Conditions, it must obtain a power of attorney (or, if applicable, a coherent chain of powers of attorney), a certificate from the authorised nominee or other sufficient proof of authorisation for such Person.
- 8.2 A Holder may issue one or several powers of attorney to third parties to represent it in relation to some or all of the Capital Securities held by it. Any such representative may act

independently under these Terms and Conditions in relation to the Capital Securities for which such representative is entitled to represent the Holder.

- 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 Clauses 8.1 and 8.2 and may assume that it has been duly authorised, is valid, has not been revoked or superseded and that it is in full force and effect, unless otherwise is apparent from its face.

## **9. PAYMENTS IN RESPECT OF THE CAPITAL SECURITIES**

- 9.1 Any payment or repayment under these Terms and Conditions, or any amount due in respect of a repurchase of any Capital Securities, shall be made to such Person who is registered as a Holder on the Record Date prior to the relevant payment 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 Holder has registered, through an Account Operator, that principal, Interest and any other payment that shall be made under these Terms and Conditions shall be deposited in a certain bank account, such deposits will be effectuated 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 effectuate 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.

- 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 is not liable to gross-up any payments under these Terms and Conditions by virtue of any withholding tax, public levy or similar.

## **10. INTEREST**

### **10.1 Interest accrual**

- 10.1.1 Subject to Clause 11 (*Optional interest deferral*), the Capital Securities (and any unpaid amounts thereon) will carry Interest from, but excluding, the Issue Date up to, and including, the relevant Redemption Date.

- 10.1.2 Interest shall be calculated on the basis of a 360-day year comprised of twelve months of 30 days each and, in case of an incomplete month, the actual number of days elapsed (30/360-days basis) (the “**day-count fraction**”). Where it is necessary to compute an amount of interest in respect of any Capital Security for a period of more than an Interest Period, such interest shall be the aggregate of the interest computed in respect of a full year plus the interest computed in respect of the period exceeding the full year calculated in the manner as aforesaid.

- 10.1.3 Interest in respect of any Capital Security shall be calculated on the Nominal Amount of the Capital Security, being EUR 100,000. The amount of interest calculated per Capital Security

for any period shall be equal to the product of the relevant Interest Rate, the Nominal Amount and the day-count fraction for the relevant period and rounding the resulting figure to the nearest cent (subject to the rules and procedures of the CSD).

## 10.2 **Interest Payment Dates**

10.2.1 Subject to Clause 11 (*Optional Interest Deferral*), interest shall be payable on the Capital Securities annually in arrear on 15 January each year (each an “**Interest Payment Date**”) from (and including) 15 January 2022. The first payment of interest will be made on 15 January 2022 and thereafter in arrear on 15 January each year (short first coupon).

10.2.2 The Interest Payment in respect of each Interest Period may be deferred in accordance with Clause 11 (*Optional interest deferral*).

## 10.3 **Initial Interest Rate**

Subject to Clause 10.7 (*Step-up after a Change of Control Event*), the Interest Rate in respect of each Interest Period commencing prior to the First Reset Date is 6.750% *per annum* (the “**Initial Interest Rate**”).

## 10.4 **Reset Interest Rates**

Subject to Clause 10.7 (*Step-up after a Change of Control Event*), the Interest Rate in respect of each Interest Period falling in a Reset Period shall be the aggregate of the applicable Margin and the applicable 5 Year EUR Mid-Swap Rate for such Reset Period, all as determined by the Issuing Agent (each a “**Reset Interest Rate**”).

## 10.5 **Determination of Reset Interest Rates and Calculation of Interest Amounts**

The Issuing Agent shall, provided that it has been notified by the Issuer thereof no later than five (5) Business Days prior to the relevant Reset Interest Determination Date, at or as soon as practicable after 11.00 a.m. (Central European Time) on each Reset Interest Determination Date, determine the Reset Interest Rate in respect of the Reset Period commencing immediately following such Reset Interest Determination Date and shall calculate the amount of interest which will (subject to deferral in accordance with Clause 11 (*Optional Interest Deferral*)) be payable in respect of each such Interest Period (the “**Interest Amount**”).

## 10.6 **Publication of Reset Interest Rates and Interest Amounts**

Unless the Capital Securities are to be redeemed, the Issuer shall cause notice of each Reset Interest Rate and each related Interest Amount to be given to the Agent, any stock exchange on which the Capital Securities are for the time being listed or admitted to trading and, in accordance with Clause 27 (*Notices*), the Holders, in each case as soon as practicable after its determination but in any event not later than the first Business Day of the relevant Reset Period.

## 10.7 **Step-up after a Change of Control Event**

Notwithstanding any other provision of this Clause 10, if the Issuer does not elect to redeem the Capital Securities in accordance with Clause 13.6 (*Voluntary redemption due to a Change of Control Event*) following the occurrence of the first Change of Control Event to occur after the Issue Date, the then prevailing Interest Rate, and each subsequent Interest Rate otherwise determined in accordance with the provisions of this Clause 10, on the Capital Securities shall

be increased by five hundred (500) basis points *per annum* with effect from (but excluding) the Change of Control Step-up Date.

#### 10.8 **Default Interest**

If the Issuer fails to pay any amount payable by it pursuant to Clause 11.3 (*Mandatory settlement of Deferred Interest*) or Clause 13 (*Redemption and repurchase of the Capital Securities*) (except for Clause 13.1 (*No maturity*), Clause 13.2 (*Group Companies may purchase Capital Securities*) and Clause 13.7 (*Cancellation of Capital Securities*)) 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 of two (2.00) % *per annum*. 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.

### 11. **OPTIONAL INTEREST DEFERRAL**

#### 11.1 **Deferral of Interest Payments**

11.1.1 The Issuer may, at any time and at its sole discretion, elect to defer any Interest Payment, in whole or in part, which is otherwise scheduled to be paid on an Interest Payment Date (except on any Interest Payment Date on which the Capital Securities are to be redeemed) by giving notice of such election to the Holders in accordance with Clause 27 (*Notices*), the Issuing Agent and the Agent not less than seven (7) Business Days prior to the relevant Interest Payment Date. Notwithstanding the foregoing, failure to give such notice shall not prejudice the right of the Issuer to defer any Interest Payment as described above.

11.1.2 If the Issuer makes only a partial payment of interest on an Interest Payment Date, such amount shall be applied equally to each Capital Security.

11.1.3 Any Interest Payment so deferred pursuant to this Clause 11 shall, from (but excluding) the Interest Payment Date on which such Interest Payment would (but for its deferral) have been payable to (and including) the date on which it is paid in full, itself bear interest at the Interest Rate prevailing from time to time (which interest shall compound on each Interest Payment Date) and, for so long as the same remains unpaid, such deferred interest (together with the interest accrued thereon) shall constitute “**Deferred Interest**”.

11.1.4 The deferral of an Interest Payment in accordance with this Clause 11 shall not constitute a default pursuant to Clause 17 (*Default and Enforcement*) by the Issuer under the Capital Securities or for any other purpose.

#### 11.2 **Optional settlement of Deferred Interest**

Deferred Interest may be paid, in whole or in part, at any time at the option of the Issuer following delivery of a notice to such effect given by the Issuer to the Holders in accordance with Clause 27 (*Notices*), the Issuing Agent and the Agent not less than seven (7) Business Days prior to the date (to be specified in such notice) on which the Issuer will pay such Deferred Interest. Any such notice shall state the date fixed for the payment and the relevant Record Date and is irrevocable.

### 11.3 **Mandatory settlement of Deferred Interest**

11.3.1 The Issuer shall pay any Deferred Interest, in whole but not in part, on the first to occur of the following dates:

- (a) the tenth (10<sup>th</sup>) Business Day following the date on which a Deferred Interest Payment Event occurs;
- (b) any Interest Payment Date in respect of which the Issuer does not elect to defer all of the interest accrued in respect of the relevant Interest Period; and
- (c) the date on which the Capital Securities are redeemed or repaid in accordance with Clause 13 (*Redemption and repurchase of the Capital Securities*) or Clause 17 (*Default and Enforcement*).

11.3.2 Notice of any Deferred Interest Payment Event shall be given by the Issuer to the Holders in accordance with Clause 27 (*Notices*), the Issuing Agent and the Agent within three (3) Business Days of such event.

## 12. **BENCHMARK EVENT**

12.1 Notwithstanding the provisions above in Clause 10 (*Interest*), if, on or after the First Reset Date, the Issuer (in consultation with the Issuing Agent) determines that a Benchmark Event has occurred in relation to the Original Reference Rate (whether such occurrence is before, on or after the First Reset Date) when any Reset Interest Rate (or any component part thereof) remains to be determined by reference to the Original Reference Rate, then the following provisions shall apply:

- (a) The Issuer shall use its reasonable endeavours to appoint an Independent Adviser, as soon as reasonably practicable, with a view to the Independent Adviser determining, no later than three (3) Business Days prior to the relevant Reset Interest Determination Date, a Successor Rate, failing which an Alternative Rate (in accordance with paragraph (b) below) and, in either case, an Adjustment Spread if any (in accordance with paragraph (c) below) and any Benchmark Amendments (in accordance with paragraph (d) below). An Independent Adviser appointed pursuant to this Clause 12 shall act in good faith as an expert and (in the absence of bad faith or fraud) shall have no liability whatsoever to the Issuer, the Issuing Agent, the Agent or the Holders for any determination made by it or for any advice given to the Issuer in connection with to the operation of this Clause 12.
- (b) If:
  - (i) the Independent Adviser determines that there is a Successor Rate, then such Successor Rate (as adjusted by the applicable Adjustment Spread as provided in paragraph (c) below) shall subsequently be used in place of the Original Reference Rate as a component part of determining the relevant Reset Interest Rate(s) for all future payments of interest on the Capital Securities (subject to the subsequent further operation of this Clause 12); or
  - (ii) the Independent Adviser determines that there is no Successor Rate but that there is an Alternative Rate, then such Alternative Rate (as adjusted by the applicable Adjustment Spread as provided in paragraph (c) below) shall

subsequently be used in place of the Original Reference Rate as a component part of determining the relevant Reset Interest Rate(s) for all future payments of interest on the Capital Securities (subject to the subsequent further operation of this Clause 12); or

- (iii) either (I) the Issuer is unable to appoint an Independent Adviser or (II) the Independent Adviser does not determine a Successor Rate or an Alternative Rate or, in either case, no applicable Adjustment Spread is determined pursuant to paragraph (c) below, three Business Days prior to the Reset Interest Determination Date relating to any applicable Reset Period, the fallback provisions set out in the definitions of 5 Year EUR Mid-Swap Rate and Reset Reference Bank Rate in Clause 1.1 (*Definitions*) will continue to apply. For the avoidance of doubt, this paragraph (iii) shall apply to the determination of the Reset Interest Rate on the relevant Reset Interest Determination Date only, and the Reset Interest Rate applicable to any subsequent Reset Period(s) is subject to the subsequent operation of, and to adjustment as provided in, this Clause 12.
- (c) If a Successor Rate or Alternative Rate is determined in accordance with paragraph (b), the Independent Adviser acting in good faith and in a commercially reasonable manner shall determine an Adjustment Spread (which may be expressed as a specified quantum or a formula or methodology for determining the applicable Adjustment Spread (and, for the avoidance of doubt, an Adjustment Spread may be positive, negative or zero)) which shall be applied to the Successor Rate or the Alternative Rate (as the case may be) for each subsequent determination of a relevant Reset Interest Rate by reference to such Successor Rate or Alternative Rate (as applicable), subject to the subsequent further operation and adjustment as provided in this Clause 12.
- (d) If any Successor Rate, Alternative Rate and (in either case) the applicable Adjustment Spread is determined in accordance with this Clause 12 and the Independent Adviser determines: (I) that amendments to these Terms and Conditions and/or the Agency Agreement are necessary to ensure the proper operation of such Successor Rate, Alternative Rate and/or (in either case) Adjustment Spread (such amendments, the “**Benchmark Amendments**”) and (II) the terms of the Benchmark Amendments, then the Issuer shall, subject to giving notice thereof in accordance with paragraph (d) below, without any requirement for the consent or approval of the Holders, vary these Terms and Conditions and/or the Agency Agreement to give effect to such Benchmark Amendments with effect from the date specified in such notice. In connection with any such variation in accordance with this paragraph (d), the Issuer shall comply with the rules of any stock exchange or other relevant authority on or by which the Capital Securities are for the time being listed or admitted to trading.
- (e) The Issuer shall, no later than three Business Days prior to the relevant Interest Payment Date, notify the Agent, the Issuing Agent and, in accordance with Clause 27 (*Notices*), the Holders of any Successor Rate, Alternative Rate, the applicable Adjustment Spread and the specific terms of any Benchmark Amendments, determined under this Clause 12. Such notice shall be irrevocable and shall specify the



effective date of the Benchmark Amendments, if any. No later than notifying the Agent of the same, the Issuer shall deliver to the Agent a certificate signed by an authorised signatory of the Issuer:

- (i) confirming (x) that a Benchmark Event has occurred; (y) the Successor Rate or, as the case may be, the Alternative Rate; and (z) the applicable Adjustment Spread and/or the specific terms of any Benchmark Amendments, in each case as determined in accordance with the provisions of this Clause 12;
- (ii) certifying that the Benchmark Amendments are necessary to ensure the proper operation of such Successor Rate, Alternative Rate and/or (in either case) Adjustment Spread; and
- (iii) certifying that the Issuer has duly consulted with an Independent Adviser with respect to each of the matters above.

The Agent shall be entitled to rely on such certificate (without enquiry or liability to any person) as sufficient evidence thereof. The Successor Rate or Alternative Rate and (in either case) the Adjustment Spread, the Benchmark Amendments (if any) and any such other relevant changes pursuant to this Clause 12 specified in such certificate will (in the absence of manifest error in the determination of the Successor Rate or Alternative Rate and (in either case) the Adjustment Spread and the Benchmark Amendments (if any) and without prejudice to the Agent's ability to rely on such certificate as aforesaid) be binding on the Issuer, the Agent, the Issuing Agent and the Holders.

At the request of the Issuer, but subject to receipt by the Agent of a certificate signed by an authorised signatory of the Issuer pursuant to this paragraph (d), the Agent and the Issuing Agent shall, (at the Issuer's expense and direction), without any requirement for the consent or approval of the Holders, be obliged to concur with the Issuer in effecting any Benchmark Amendments required to the Agency Agreement and these Terms and Conditions and the Agent and the Issuing Agent shall not be liable to any party for any consequences thereof, provided that none of the Agent and the Issuing Agent shall be obliged so to concur if in the sole opinion of the Agent or the Issuing Agent (as applicable) doing so would impose more onerous obligations upon it or expose it to any additional duties, responsibilities or liabilities or reduce or amend the rights and/or the protective provisions afforded to it in the Terms and Conditions or the Agency Agreement (including, for the avoidance of doubt, any supplemental agency agreement) in any way.

- (f) Without prejudice to the obligations of the Issuer under this Clause 12.1, the Original Reference Rate and the fallback provisions provided for in the definitions of 5 Year EUR Mid-Swap Rate and Reset Reference Bank Rate in Clause 1.1 (*Definitions*) will continue to apply unless and until the Issuing Agent has been notified of the Successor Rate or the Alternative Rate (as the case may be), the applicable Adjustment Spread and Benchmark Amendments, in accordance with this Clause 12.
- (g) If, in the case of any Benchmark Event, any Successor Rate, Alternative Rate and/or Adjustment Spread is notified to the Issuing Agent pursuant to paragraph (e), and the

Issuing Agent is in any way uncertain as to the application of such Successor Rate, Alternative Rate and/or Adjustment Spread in the calculation or determination of any Reset Interest Rate, it shall promptly notify the Issuer thereof and the Issuer shall direct the Issuing Agent in writing (which direction may be by way of a written determination of an Independent Adviser) as to which course of action to adopt in the application of such Successor Rate, Alternative Rate and/or Adjustment Spread in the determination of such Reset Interest Rate. If the Issuing Agent is not promptly provided with such direction, or is otherwise unable to make such calculation or determination for any reason, it shall notify the Issuer thereof and the Issuing Agent shall be under no obligation to make such calculation or determination and shall not incur any liability for not doing so. For the avoidance of doubt, for the period that the Issuing Agent remains uncertain of the application of the Successor Rate, Alternative Rate and/or Adjustment Spread in the calculation or determination of any Reset Interest Rate, the Original Reference Rate and the fallback provisions provided for in the definitions of 5 Year EUR Mid-Swap Rate and Reset Reference Bank Rate in Clause 1.1 (*Definitions*) shall continue to apply.

- (h) Notwithstanding any other provision of this Clause 12, no Successor Rate or Alternative Rate will be adopted, nor will the applicable Adjustment Spread be applied, nor will any Benchmark Amendments be made, if and to the extent that, in the determination of the Issuer, the same could reasonably be expected to (i) result in a reduction of the amount of “equity credit” assigned to the Capital Securities by any Rating Agency when compared to the “equity credit” assigned to the Capital Securities immediately prior to the occurrence of the relevant Benchmark Event from such Rating Agency or (ii) otherwise prejudice the eligibility of the Capital Securities for “equity credit” from any Rating Agency.

12.2 As used in this Clause 12:

- (i) “**Adjustment Spread**” means either a spread (which may be positive or negative or zero), or the formula or methodology for calculating a spread, in either case, which is to be applied to the Successor Rate or the Alternative Rate (as the case may be) and is the spread, formula or methodology which:
- (A) in the case of a Successor Rate, is formally recommended, or formally provided as an option for parties to adopt, in relation to the replacement of the Original Reference Rate with the Successor Rate by any Relevant Nominating Body; or
  - (B) in the case of an Alternative Rate, or (where (A) above does not apply) in the case of a Successor Rate, is in customary market usage in the international debt capital markets for transactions which reference the Original Reference Rate, where such rate has been replaced by the Successor Rate or the Alternative Rate (as the case may be); or
  - (C) (if the Independent Adviser determines that neither (A) nor (B) above applies) the Independent Adviser determines is recognised or acknowledged as being the industry standard for over-the-counter

derivative transactions which reference the Original Reference Rate, where such rate has been replaced by the Successor Rate or the Alternative Rate (as the case may be); or

- (D) (if the Independent Adviser determines that neither (A), (B) nor (C) above applies) the Independent Adviser determines to be appropriate to reduce or eliminate, to the fullest extent reasonably practicable in the circumstances, any economic prejudice or benefit (as the case may be) to Holders as a result of the replacement of the Original Reference Rate with the Successor Rate or the Alternative Rate (as the case may be);
- (ii) “**Alternative Rate**” means an alternative benchmark or screen rate which the Independent Adviser determines in accordance with this Clause 12 has replaced the Original Reference Rate in customary market usage in the international debt capital markets for the purposes of determining rates of interest (or the relevant component part thereof) for resetting five year periods in euro or, if the Independent Adviser determines there is no such rate, such other rate as the Independent Adviser acting in good faith and in a commercially reasonable manner determines is most comparable to the Original Reference Rate;
- (iii) “**Benchmark Amendments**” has the meaning specified in Clause 12.1(d);
- (iv) “**Benchmark Event**” means:
  - (A) the Original Reference Rate ceasing to be published for at least five Business Days or ceasing to exist or be administered;
  - (B) the later of (I) the making of a public statement by the administrator of the Original Reference Rate that it will, on or before a specified date, cease publishing the Original Reference Rate permanently or indefinitely (in circumstances where no successor administrator has been appointed that will continue publication of the Original Reference Rate) and (II) the date falling six months prior to the specified date referred to in (B)(I) above;
  - (C) the making of a public statement by the supervisor of the administrator of the Original Reference Rate that the Original Reference Rate has been permanently or indefinitely discontinued;
  - (D) the later of (I) the making of a public statement by the supervisor of the administrator of the Original Reference Rate that the Original Reference Rate will, on or before a specified date, be permanently or indefinitely discontinued and (II) the date falling six months prior to the specified date referred to in (D)(I) above;
  - (E) the later of (I) the making of a public statement by the supervisor of the administrator of the Original Reference Rate that means the Original Reference Rate will be prohibited from being used or that its use will

be subject to restrictions or adverse consequences, in each case on or before a specified date and (II) the date falling six months prior to the specified date referred to in (E)(I) above;

- (F) it has, or will prior to the next Reset Interest Determination Date, become unlawful for the Issuer, the Issuing Agent or any other party to calculate any payments due to be made to any Holder using the Original Reference Rate; and/or
  - (G) the later of (I) the making of a public statement by the supervisor of the administrator of the Original Reference Rate announcing that such Original Reference Rate is or will, on or before a specified date, be no longer representative or may no longer be used and (II) the date falling six months prior to the specified date referred to in (G)(I) above;
- (v) **“Independent Adviser”** means an independent financial institution of international repute or an independent financial adviser with appropriate expertise appointed by the Issuer under Clause 12.1 at its own expense and with prior notification to the Agent;
- (vi) **“Original Reference Rate”** means the rate described in the first paragraph of the definition of 5 Year EUR Mid-Swap Rate in Clause 1.1 (*Definitions*) (provided that if, following one or more Benchmark Events, such 5 Year EUR Mid-Swap Rate (or any Successor Rate or Alternative Rate which has replaced it) has been replaced by a (or a further) Successor Rate or Alternative Rate, the term **“Original Reference Rate”** shall include any such Successor Rate or Alternative Rate);
- (vii) **“Relevant Nominating Body”** means, in respect of the Original Reference Rate:
- (A) the central bank, reserve bank, monetary authority or any similar institution for the currency to which the Original Reference Rate relates, or any central bank or other supervisory authority which is responsible for supervising the administrator of the Original Reference Rate; or
  - (B) any working group or committee sponsored by, chaired or co-chaired by or constituted at the request of (I) the central bank, reserve bank, monetary authority or any similar institution for the currency to which the Original Reference Rate relates, (II) any central bank or other supervisory authority which is responsible for supervising the administrator of the Original Reference Rate, (III) a group of the aforementioned central banks or other supervisory authorities, or (IV) the Financial Stability Board or any part thereof; and
- (viii) **“Successor Rate”** means a successor to or replacement of the Original Reference Rate which is provided by law or regulation applicable to indebtedness denominated in the currency to which the Original Reference Rate relates and/or formally recommended by any Relevant Nominating Body.

### **13. REDEMPTION AND REPURCHASE OF THE CAPITAL SECURITIES**

#### **13.1 No maturity**

The Capital Securities are perpetual and have no specified maturity date. The Issuer may only redeem the Capital Securities in the circumstances described in this Clause 13 (*Redemption and repurchase of the Capital Securities*). The Capital Securities are not redeemable at the option of the Holders at any time.

#### **13.2 Group Companies may purchase Capital Securities**

The Issuer or any other Group Company may, subject to applicable law, at any time and at any price purchase Capital Securities in the market or in any other way. Capital Securities held by a Group Company may at such Group Company's discretion be retained or sold or, if held by the Issuer, cancelled by the Issuer.

#### **13.3 Voluntary redemption by the Issuer (call option)**

13.3.1 The Issuer may redeem all, but not only some, of the Capital Securities on (a) any date from (and including) 15 October 2026 up to (and including) the First Reset Date or (b) on any Interest Payment Date falling thereafter (each such date a "**Par Call Date**") at a price per Capital Security equal to one hundred (100.00) % of the Nominal Amount together with any Deferred Interest and any interest accrued from (but excluding) the immediately preceding Interest Payment Date to (and including) the Redemption Date.

13.3.2 Redemption in accordance with Clause 13.3.1 shall be made by the Issuer giving at least twenty (20) but not more than sixty (60) Business Days' notice, prior to the proposed Redemption Date, to the Holders, the Issuing Agent and the Agent. Any such notice shall state the Redemption Date and the relevant Record Date and is irrevocable. Upon expiry of such notice, the Issuer is bound to redeem the Capital Securities in full at the applicable amounts.

#### **13.4 Make-whole redemption by the Issuer**

13.4.1 The Issuer may, having given at least twenty (20) but not more than sixty (60) Business Days' notice to the Issuing Agent, the Agent and, in accordance with Clause 27 (*Notices*), the Holders (which notice shall be irrevocable and shall specify the date fixed for redemption (such date, the "**Make-whole Redemption Date**")), redeem all, but not some only, of the Capital Securities then outstanding on any date other than a Par Call Date at the Make-whole Redemption Amount.

13.4.2 Any such notice of the redemption of the Capital Securities may, at the Issuer's discretion, be subject to one or more conditions precedent, in which case such notice shall state that, in the Issuer's discretion, the Make-whole Redemption Date may be delayed until such time as any or all such conditions shall be satisfied (or waived by the Issuer in its sole discretion), or such redemption may not occur and such notice may be rescinded in the event that any or all such conditions shall not have been satisfied (or waived by the Issuer in its sole discretion) by the Make-whole Redemption Date, or by the Make-whole Redemption Date so delayed. The Issuer shall notify the Agent, the Issuing Agent and, in accordance with Clause 27 (*Notices*), the Holders of any delay to the Make-whole Redemption Date or rescindment of the notice of the redemption of the Capital Securities (as applicable).

13.4.3 For the purposes of this Clause 13.4, unless the context otherwise requires, the following defined terms shall have the meanings set out below:

“**Benchmark Rate**” means the mid-market annual yield to maturity of the Reference Bond as displayed on the Reference Screen Page at 11.00 a.m. (CET) on the Calculation Date (or, if the Reference Screen Page is not available at such time, the average of the four quotations given by Reference Dealers of the mid-market annual yield to maturity of the Reference Bond on the Calculation Date at or around 11.00 a.m. (CET)). The Benchmark Rate (and the reference of the Similar Security, if applicable) will be published by the Issuer in accordance with Clause 27 (*Notices*).

“**Calculation Date**” means the third (3<sup>rd</sup>) Business Day prior to the Make-whole Redemption Date.

“**Make-whole Calculation Agent**” means an investment bank, financial institution of international standing or an independent financial adviser with appropriate expertise to be appointed by the Issuer.

“**Make-whole Margin**” means, in respect of any Make-whole Redemption Date the applicable Margin plus a make-whole margin of 50 basis points per annum, as increased pursuant to Clause 10.7 (*Step-up after a Change of Control Event*) (if applicable).

“**Make-whole Redemption Amount**” means, in respect of each Capital Security, an amount in Euro, determined by the Make-whole Calculation Agent, equal to the sum of:

- (a) the greater of (x) 100 % of the principal amount outstanding of such Capital Security to be redeemed and (y) the sum of the present values as at the Make-whole Redemption Date of the principal amount outstanding of such Capital Security plus the remaining scheduled payments of interest on such Capital Security (exclusive of any Deferred Interest and any interest accruing on such Capital Security from, and including, the last Interest Payment Date or, as the case may be, the Issue Date, immediately preceding such Make-whole Redemption Date to, but excluding, the Make-whole Redemption Date) up to the next Par Call Date and discounted to such Make-whole Redemption Date, on the basis of the day-count fraction at a rate equal to the Make-whole Redemption Rate; and
- (b) any interest accrued but not paid, and any unpaid Deferred Interest, on such Capital Security to, but excluding, the Make-whole Redemption Date.

“**Make-whole Redemption Rate**” means the sum, as calculated by the Make-whole Calculation Agent, of the Benchmark Rate and the Make-whole Margin.

“**Reference Bond**” means DBR 0.000% due 9 October 2026 (with ISIN DE0001141844), or if such security is no longer outstanding, a Similar Security chosen by the Make-whole Calculation Agent and notified to the Issuer.

“**Reference Dealers**” means four banks selected from time to time by the Make-whole Calculation Agent, at its sole discretion, which are primary European government securities dealers, and their respective successors, or market makers in pricing corporate bond issues.

“**Reference Screen Page**” means Bloomberg screen page “HP” for the Reference Bond (using the settings “Mid YTM” and “Daily”) (or any successor or replacement page, section or other

part of the information service), or such other page, section or other part as may replace it on the information service or such other information service, in each case, as may be nominated by the person providing or sponsoring the information appearing there for the purpose of displaying the mid-market yield to maturity for the Reference Bond.

“**Similar Security**” means a German Bundesobligationen having an actual or interpolated maturity comparable with the remaining term to the next Par Call Date of the Capital Securities to be redeemed, that would be utilised, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities comparable with the Capital Securities.

### 13.5 **Voluntary redemption due to a Special Event**

13.5.1 Upon a Special Event occurring, the Issuer may redeem all, but not some only, of the Capital Securities at any time at a price per Capital Security equal to:

- (a) in relation to an Accounting Event, Rating Event or Tax Event:
  - (i) if the Redemption Date falls prior to 15 October 2026, one hundred and one (101.00) % of the Nominal Amount; or
  - (ii) if the Redemption Date falls on or after 15 October 2026, one hundred (100.00) % of the Nominal Amount,
- (b) in relation to a Substantial Repurchase Event or a Withholding Tax Event, one hundred (100.00) % of the Nominal Amount,

in each case together with any Deferred Interest and any interest accrued from (but excluding) the immediately preceding Interest Payment Date to (and including) the Redemption Date.

13.5.2 Redemption in accordance with Clause 13.5.1 shall be made by the Issuer giving at least twenty (20) but not more than sixty (60) Business Days’ notice, prior to the proposed Redemption Date, to the Holders, the Issuing Agent and the Agent. Any such notice shall state the Redemption Date and the relevant Record Date and is irrevocable. Upon expiry of such notice, the Issuer is bound to redeem the Capital Securities in full at the applicable amounts.

### 13.6 **Voluntary redemption due to a Change of Control Event**

13.6.1 Upon the occurrence of a Change of Control Event, the Issuer may, no later than the Change of Control Step-up Date, redeem all, but not some only, of the Capital Securities at a price per Capital Security equal to one hundred (100.00) % of the Nominal Amount together with any Deferred Interest and any interest accrued from (but excluding) the immediately preceding Interest Payment Date to (and including) the Redemption Date.

13.6.2 Redemption in accordance with Clause 13.6.1 shall be made by the Issuer giving at least twenty (20) but not more than sixty (60) Business Days’ notice, prior to the proposed Redemption Date, to the Holders, the Issuing Agent and the Agent. Any such notice shall state the Redemption Date and the relevant Record Date and is irrevocable. Upon expiry of such notice, the Issuer is bound to redeem the Capital Securities in full at the applicable amounts.

13.6.3 Immediately upon the Issuer becoming aware that a Change of Control Event has occurred, the Issuer shall give notice to the Agent and the Holders in accordance with Clause 27 (*Notices*), specifying the nature of the Change of Control Event.

#### 13.7 **Cancellation of Capital Securities**

All Capital Securities which are redeemed pursuant to this Clause 13 and all Capital Securities purchased and elected to be cancelled pursuant to Clause 13.2 (*Group Companies may purchase Capital Securities*) will be cancelled and may not be reissued or resold. The Issuer shall promptly inform the Holders in accordance with Clause 27 (*Notices*), the Agent and the Issuing Agent of any such cancellation and for so long as the Capital Securities are admitted to trading on Nasdaq Stockholm and the rules of such exchange so require, the Issuer shall promptly inform Nasdaq Stockholm (or any other relevant Regulated Market on which the Capital Securities are admitted to trading) of the cancellation of any Capital Securities under this Clause 13.7.

### 14. **SUBSTITUTION OR VARIATION**

14.1 If at any time a Tax Event, a Rating Event, a Withholding Tax Event or an Accounting Event has occurred and is continuing, then the Issuer may, subject to Clause 15 (*Preconditions to Special Event Redemption, Change of Control Event Redemption or Substitution or Variation*) (without any requirement for the consent or approval of the Holders) subject to its having satisfied the Agent immediately prior to the giving of any notice referred to herein that the provisions of this Clause 14 (*Substitution or Variation*) have been complied with, and having given not less than thirty (30) nor more than sixty (60) days' notice to the Agent, the Issuing Agent and, in accordance with Clause 27 (*Notices*), to the Holders (which notice shall be irrevocable), at any time either:

- (a) substitute all, but not some only, of the Capital Securities for Qualifying Capital Securities; or
- (b) vary the terms of the Capital Securities with the effect that they remain or become, as the case may be, Qualifying Capital Securities,

and the Agent shall (subject to the following provisions of this Clause 14 (*Substitution or Variation*)) and subject to the receipt by it of the certificate by an authorised signatory of the Issuer referred to in Clause 15 (*Preconditions to Special Event Redemption, Change of Control Event Redemption or Substitution or Variation*)) agree to such substitution or variation.

14.2 Upon expiry of such notice, the Issuer shall either vary the terms of or, as the case may be, substitute the Capital Securities in accordance with this Clause 14 (*Substitution or Variation*).

14.3 The Agent shall (at the expense of the Issuer) use reasonable endeavours to assist the Issuer in the substitution of the Capital Securities for, or the variation of the terms of the Capital Securities so that they remain or, as the case may be, become, Qualifying Capital Securities, provided that the Agent shall not be obliged to participate in, or assist with, any such substitution or variation if the terms of the proposed Qualifying Capital Securities, or the participation in or assistance with such substitution or variation, would expose the Agent to any liability or impose, in the Agent's opinion, more onerous obligations upon it. If the Agent



does not participate or assist as provided above, the Issuer may redeem the Capital Securities as provided in Clause 13 (*Redemption and repurchase of Capital Securities*).

- 14.4 In connection with any substitution or variation in accordance with this Clause 14 (*Substitution or Variation*), the Issuer shall comply with the rules of any stock exchange on which the Capital Securities are for the time being listed or admitted to trading.

**15. PRECONDITIONS TO SPECIAL EVENT REDEMPTION, CHANGE OF CONTROL EVENT REDEMPTION OR SUBSTITUTION AND VARIATION**

- 15.1 Prior to the publication of any notice of redemption pursuant to Clause 13 (*Redemption and repurchase of the Capital Securities*) (other than redemption pursuant to Clause 13.3 (*Voluntary redemption by the Issuer (call option)*)) or any notice of substitution or variant pursuant to Clause 14 (*Substitution or Variation*), the Issuer shall deliver to the Agent a certificate signed by the CEO, CFO or another authorised signatory of the Issuer stating:

- (a) that the relevant requirement or circumstance giving rise to the right to redeem, substitute or vary (as the case may be) the Capital Securities is satisfied;
- (b) in the case of a Withholding Tax Event, that the Issuer is unable to avoid paying additional amounts by taking measures reasonably available to it;
- (c) in the case of an Accounting Event only, a copy of a letter or report from a recognised international accounting firm confirming that an Accounting Event has occurred; and
- (d) the case of a substitution or variation pursuant to Clause 14 (*Substitution or Variation*), that:
  - (i) the Issuer has determined that the terms of the Qualifying Capital Securities are not materially less favourable to Holders than the terms of the Capital Securities and that determination was reasonably reached by the Issuer in consultation with an independent investment bank, independent financial adviser or legal counsel of international standing;
  - (ii) the criteria specified in paragraphs (a) to (h) of the definition of Qualifying Capital Securities will be satisfied by the Qualifying Capital Securities upon issue; and
  - (iii) the relevant substitution or variation (as the case may be) will not result in the occurrence of a Special Event.

- 15.2 In addition, (i) in the case of a Tax Event or a Withholding Tax Event, the Issuer shall deliver to the Agent an opinion of independent legal or other tax advisers to the effect that the relevant requirement or circumstance giving rise to the right to redeem, substitute or vary is satisfied (save, in the case of a Withholding Tax Event, as to whether reasonable measures to avoid paying additional amounts are available to the Issuer) and (ii) in the case of a Tax Event only, the Issuer shall deliver to the Agent a tax ruling from the Swedish tax authorities, issued prior to the Tax Law Change, which confirms that the Issuer was entitled to claim a Tax Deduction on or after the Issue Date.

- 15.3 Any redemption of the Capital Securities in accordance with Clause 13 (*Redemption and repurchase of the Capital Securities*) shall be conditional on all Deferred Interest being paid

in full in accordance with the provisions of Clause 11.3 (*Mandatory settlement of Deferred Interest*) on or prior to the date of such redemption.

## **16. ADMISSION TO TRADING**

The Issuer has the intention and shall use its best efforts (without assuming any legal or contractual obligation) to ensure that:

- (a) the Capital Securities are admitted to trading on the corporate bond list of Nasdaq Stockholm or, if such admission to trading is not possible to obtain or maintain, admitted to trading on another Regulated Market within thirty (30) days after the Issue Date; and
- (b) the Capital Securities, once admitted to trading on the relevant Regulated Market, continue being listed 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 Capital Securities in close connection to the redemption of the Capital Securities).

## **17. DEFAULT AND ENFORCEMENT**

### **17.1 Proceedings**

- (a) Without prejudice to the Issuer's right to defer the payment of interest under Clause 11 (*Optional interest deferral*), if a default is made by the Issuer for a period of thirty (30) days or more in relation to the payment of any interest, principal or premium in respect of the Capital Securities which is due and payable, then the Issuer shall be deemed to be in default under the Capital Securities and the Agent (acting on instructions of the Holders in accordance with these Terms and Conditions) or (subject to Clause 25.2) any Holder may institute proceedings for an Issuer Winding-up provided that such default is still continuing.
- (b) In the event of an Issuer Winding-up, a Holder may, provided such Holder does not contravene a previously adopted resolution (if any), either independently or through the Agent prove and/or claim in such Issuer Winding-up in respect of the Capital Securities, such claim being for such amount, and being subordinated in such manner, as is provided under Clause 3.2.

### **17.2 Enforcement**

The Agent (acting on the instructions of the Holders in accordance with these Terms and Conditions) may institute such proceedings against the Issuer as it may think fit to enforce any term or condition binding on the Issuer under the Capital Securities but in no event shall the Issuer, by virtue of the institution of any such proceedings, be obliged to pay any sum or sums sooner than the same would otherwise have been payable by it.

### **17.3 Extent of Holders' Remedy**

No remedy against the Issuer, other than as referred to in this Clause 17, shall be available to the Agent and the Holders, whether for the recovery of amounts owing in respect of the Capital Securities or in respect of any breach by the Issuer of any of its other obligations under or in respect of the Capital Securities.

## 18. DECISIONS BY HOLDERS

18.1 A request by the Agent for a decision by the Holders on a matter relating to these Terms and Conditions shall (at the option of the Agent) be dealt with at a Holders' Meeting or by way of a Written Procedure.

18.2 Any request from the Issuer or a Holder (or Holders) representing at least ten (10.00) % of the Adjusted Nominal Amount (such request may only be validly made by a Person who is a Holder on the Business Day immediately following the day on which the request is received by the Agent and shall, if made by several Holders, be made by them jointly) for a decision by the Holders on a matter relating to these Terms and Conditions shall be directed to the Agent and dealt with at a Holders' 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 Holders' Meeting than by way of a Written Procedure, it shall be dealt with at a Holders' Meeting.

18.3 The Agent may refrain from convening a Holders' Meeting or instigating a Written Procedure if:

- (a) the suggested decision must be approved by any Person in addition to the Holders 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 laws.

18.4 Only a Person who is, or who has been provided with a power of attorney or other proof of authorisation pursuant to Clause 8 (*Right to act on behalf of a Holder*) from a Person who is, registered as a Holder:

- (a) on the Business Day specified in the notice pursuant to Clause 19.2, in respect of a Holders' Meeting; or
- (b) on the Business Day specified in the communication pursuant to Clause 20.3, in respect of a Written Procedure,

may exercise voting rights as a Holder at such Holders' Meeting or in such Written Procedure, provided that the relevant Capital Securities are included in the definition of Adjusted Nominal Amount.

18.5 The following matters shall require consent of Holders representing at least two thirds (2/3) of the Adjusted Nominal Amount for which Holders are voting at a Holders' Meeting or for which Holders reply in a Written Procedure in accordance with the instructions given pursuant to Clause 20.3:

- (a) a change to the currency, denomination, status or transferability of the Capital Securities;
- (b) a change to the Nominal Amount or the Interest Rate (including, for the avoidance of doubt, changes to the Margin);
- (c) a change of Issuer or any delay of the due date for payment of any interest on the Capital Securities other than as permitted pursuant to Clause 11 (*Optional interest deferral*);

- (d) early redemption of the Capital Securities, other than as otherwise permitted or required by these Terms and Conditions;
  - (e) a mandatory exchange of Capital Securities for other securities; and
  - (f) amend the provisions in this Clause 18.5 or in Clause 18.6.
- 18.6 Any matter not covered by Clause 18.5, including for the avoidance of doubt the initiation of an Issuer Winding-up, shall require the consent of Holders representing more than fifty (50.00) % of the Adjusted Nominal Amount for which Holders are voting at a Holders' Meeting or for which Holders reply in a Written Procedure in accordance with the instructions given pursuant to Clause 20.3. This includes, but is not limited to, any amendment to or waiver of the terms of these Terms and Conditions that does not require a higher majority (other than an amendment or waiver permitted pursuant to paragraphs (a) or (b) of Clause 21.1).
- 18.7 Quorum at a Holders' Meeting or in respect of a Written Procedure only exists if a Holders (or Holders) representing at least fifty (50.00) % of the Adjusted Nominal Amount in case of a matter pursuant to Clause 18.5 and otherwise twenty (20.00) % of the Adjusted Nominal Amount:
- (a) if at a Holders' 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.
- 18.8 If a quorum does not exist at a Holders' Meeting or in respect of a Written Procedure, the Agent or the Issuer shall convene a second Holders' Meeting (in accordance with Clause 19.1) or initiate a second Written Procedure (in accordance with Clause 20.1), as the case may be, provided that the relevant proposal has not been withdrawn by the Person(s) who initiated the procedure for Holders' consent. The quorum requirement in Clause 18.7 shall not apply to such second Holders' Meeting or Written Procedure.
- 18.9 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 these Terms and Conditions shall be subject to the Issuer's or the Agent's consent, as appropriate.
- 18.10 A Holder holding more than one Capital Security 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.
- 18.11 The Issuer may not, directly or indirectly, pay or cause to be paid any consideration to or for the benefit of any Holder for or as inducement to any consent under these Terms and Conditions, unless such consideration is offered to all Holders that consent at the relevant Holders' 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.
- 18.12 A matter decided at a duly convened and held Holders' Meeting or by way of Written Procedure is binding on all Holders, irrespective of them being present or represented at the Holders' Meeting or responding in the Written Procedure. The Holders that have not adopted or voted for a decision shall not be liable for any damages that this may cause other Holders.

- 18.13 All costs and expenses incurred by the Issuer or the Agent for the purpose of convening a Holders' Meeting or for the purpose of carrying out a Written Procedure, including reasonable fees to the Agent, shall be paid by the Issuer.
- 18.14 If a decision shall be taken by the Holders on a matter relating to these Terms and Conditions, the Issuer shall promptly at the request of the Agent provide the Agent with a certificate specifying the number of Capital Securities owned by Group Companies or (to the knowledge of the Issuer) their Affiliates, irrespective of whether such Person is directly registered as owner of such Capital Securities. The Agent shall not be responsible for the accuracy of such certificate or otherwise be responsible to determine whether a Capital Security is owned by a Group Company or an Affiliate of a Group Company.
- 18.15 Information about decisions taken at a Holders' Meeting or by way of a Written Procedure shall promptly be sent by notice to the Holders and published on the websites 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 Holders' Meeting or Written Procedure shall at the request of a Holders be sent to it by the Issuer or the Agent, as applicable.

## **19. HOLDERS' MEETING**

- 19.1 The Agent shall convene a Holders' Meeting no later than five (5) Business Days after receipt of a request from the Issuer or the Holder(s) (or such later date as may be necessary for technical or administrative reasons) by sending a notice to each such Person who is registered as a Holder on the Business Day prior to the date on which the notice is sent. If the Holders' Meeting has been requested by the Holder(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 convene a Holders' Meeting by sending a notice to each Holder in accordance with Clause 19.1 with a copy to the Agent. Before such notice is sent the Issuer shall inform the Agent of its request to replace the Agent and, on the request of the Agent, append a statement from the Agent together with the notice. After a request from the Holders pursuant to Clause 22.4.3, 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 Holders' Meeting in accordance with Clause 19.1.
- 19.3 The notice pursuant to Clause 19.1 shall include:
- (a) time for the meeting;
  - (b) place and, at the Agent's discretion, dial-ins for the meeting,
  - (c) a specification of the Business Day on which a Person must be registered as a Holder 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 19.1),
  - (d) agenda for the meeting (including each request for a decision by the Holders) and
  - (e) a form of power of attorney.
- 19.4 Only matters that have been included in the notice may be resolved upon at the Holders' Meeting. Should prior notification by the Holders be required in order to attend the Holders' Meeting, such requirement shall be included in the notice.

- 19.5 The Holders' Meeting shall be held no earlier than ten (10) Business Days and no later than twenty (20) Business Days from the notice.
- 19.6 If the Agent, in breach of these Terms and Conditions, has not convened a Holders' Meeting within five (5) Business Days after having received such notice, the requesting Person may convene the Holders' Meeting itself. If the requesting Person is a Holder, the Issuer shall upon request from such Holder provide the Holder with necessary information from the register kept by the CSD and, if no Person to open the Holders' Meeting has been appointed by the Agent, the meeting shall be opened by a Person appointed by the requesting Person.
- 19.7 At a Holders' Meeting, the Issuer, the Holders (or the Holders' 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 Holders' Meeting. The Holders' Meeting may decide that further individuals may attend. If a representative/proxy shall attend the Holders' Meeting instead of the Holder, the representative/proxy shall present a duly executed proxy or other document establishing its authority to represent the Holder.
- 19.8 Without amending or varying these Terms and Conditions, the Agent may prescribe such further regulations regarding the convening and holding of a Holders' Meeting as the Agent may deem appropriate. Such regulations may include a possibility for Holders to vote without attending the meeting in person.

## **20. WRITTEN PROCEDURE**

- 20.1 The Agent shall instigate a Written Procedure no later than five (5) Business Days after receipt of a request from the Issuer or the Holder(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 Holder on the Business Day prior to the date on which the communication is sent. If the Written Procedure has been requested by the Holder(s), the Agent shall send a copy of the communication to the Issuer.
- 20.2 Should the Issuer want to replace the Agent, it may send a communication in accordance with Clause 20.1 to each Holder with a copy to the Agent.
- 20.3 A communication pursuant to Clause 20.1 shall include:
- (a) each request for a decision by the Holders;
  - (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 Holder 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 20.1);
  - (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;
  - (e) the stipulated time period within which the Holder 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 20.1); and

(f) if the voting shall be made electronically, instructions for such voting.

20.4 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 Holder, the Issuer shall upon request from such Holder provide the Holder with necessary information from the register kept by the CSD.

20.5 When the requisite majority consents of the total Adjusted Nominal Amount pursuant to Clauses 18.5 and 18.6 have been received in a Written Procedure, the relevant decision shall be deemed to be adopted pursuant to Clause 18.5 or 18.6, as the case may be, even if the time period for replies in the Written Procedure has not yet expired.

## **21. AMENDMENTS AND WAIVERS**

21.1 The Issuer and the Agent (acting on behalf of the Holders) may agree to amend these Terms and Conditions or waive any provision in these Terms and Conditions, provided that:

- (a) such amendment or waiver is not prejudicial to the interest of the Holders, 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; or
- (c) such amendment or waiver has been duly approved by the Holders in accordance with Clause 18 (*Decisions by Holders*).

21.2 The consent of the Holders is not necessary to approve the particular form of any amendment or waiver to these Terms and Conditions. It is sufficient if such consent approves the substance of the amendment or waiver.

21.3 The Agent shall promptly notify the Holders of any amendments or waivers made in accordance with Clause 21.1, setting out the date from which the amendment or waiver will be effective, and ensure that any amendments to these Terms and Conditions are available on the website of the Agent and the Issuer shall ensure that such amendments to these Terms and Conditions are available on the website of the Issuer. The Issuer shall ensure that any amendments to these Terms and Conditions are duly registered with the CSD.

21.4 An amendment or waiver to these Terms and Conditions shall take effect on the date determined by the Holders' Meeting, in the Written Procedure or by the Agent, as the case may be.

## **22. APPOINTMENT AND REPLACEMENT OF THE AGENT**

### **22.1 Appointment of Agent**

22.1.1 By subscribing for Capital Securities, each initial Holder appoints the Agent to act as its agent and security agent in all matters relating to the Capital Securities and these Terms and Conditions, 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 Capital Securities held by such Holder, 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 Capital Securities, each subsequent Holder confirms such appointment and authorisation for the Agent to act on its behalf.

- 22.1.2 Each Holder shall immediately upon request by the Agent provide the Agent with any such documents, including a written power of attorney (in form and substance satisfactory to the Agent), as the Agent deems necessary for the purpose of exercising its rights and/or carrying out its duties under these Terms and Conditions. The Agent is under no obligation to represent a Holder which does not comply with such request.
- 22.1.3 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 these Terms and Conditions.
- 22.1.4 The Agent is entitled to fees for its work and to be indemnified for costs, losses and liabilities on the terms set out in these Terms and Conditions and the Agent's obligations as agent and security agent under these Terms and Conditions are conditioned upon the due payment of such fees and indemnifications.
- 22.1.5 The Agent may act as agent and/or security agent for several issues of securities issued by or relating to the Issuer and other Group Companies notwithstanding potential conflicts of interest.

## 22.2 **Duties of the Agent**

- 22.2.1 The Agent shall represent the Holders in accordance with these Terms and Conditions. However, the Agent is not responsible for the execution, validity or enforceability of these Terms and Conditions.
- 22.2.2 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 these Terms and Conditions shall be available to the Holders at the office of the Agent during normal business hours.
- 22.2.3 Upon request by a Holder, the Agent may distribute to the Holders any information from such Holder which relates to the Capital Securities (at the discretion of the Agent). The Agent may require that the requesting Holder 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 Holder disclose the identity of any other Holder who has consented to the Agent in doing so.
- 22.2.4 When acting in accordance with these Terms and Conditions, the Agent is always acting with binding effect on behalf of the Holders. The Agent shall carry out its duties under these Terms and Conditions in a reasonable, proficient and professional manner, with reasonable care and skill.
- 22.2.5 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 these Terms and Conditions.
- 22.2.6 The Agent shall treat all Holders equally and, when acting pursuant to these Terms and Conditions, act with regard only to the interests of the Holders 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 these Terms and Conditions.

- 22.2.7 The Agent shall be entitled to disclose to the Holders any event or circumstance directly or indirectly relating to the Issuer or the Capital Securities. Notwithstanding the foregoing, the Agent may if it considers it to be beneficial to the interests of the Holders delay disclosure or refrain from disclosing certain information.
- 22.2.8 The Agent is entitled to engage external experts when carrying out its duties under these Terms and Conditions. The Issuer shall on demand by the Agent pay all costs for external experts engaged for the purpose of investigating or considering a matter relating to the Issuer which the Agent reasonably believes may be detrimental to the interests of the Holders under these Terms and Conditions.
- 22.2.9 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 these Terms and Conditions.
- 22.2.10 Notwithstanding any other provision of these Terms and Conditions 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.
- 22.2.11 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 Holders, 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.
- 22.2.12 The Agent shall give a notice to the Holders (i) before it ceases to perform its obligations under these Terms and Conditions by reason of the non-payment by the Issuer of any fee or indemnity due to the Agent under these Terms and Conditions, or (ii) if it refrains from acting for any reason described in Clause 22.2.11.
- 22.2.13 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.

### 22.3 **Limited liability for the Agent**

- 22.3.1 The Agent will not be liable to the Holders for damage or loss caused by any action taken or omitted by it under or in connection with these Terms and Conditions, unless directly caused by its negligence or wilful misconduct. The Agent shall never be responsible for indirect loss.
- 22.3.2 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 addressed to the Agent or if the Agent has acted with reasonable care in a situation when the Agent considers that it is detrimental to the interests of the Holders to delay the action in order to first obtain instructions from the Holders.
- 22.3.3 The Agent shall not be liable for any delay (or any related consequences) in crediting an account with an amount required pursuant to these Terms and Conditions to be paid by the Agent to the Holders, 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.

22.3.4 The Agent shall have no liability to the Holders for damage caused by the Agent acting in accordance with instructions of the Holders given in accordance with Clause 18 (*Decisions by Holders*) or a demand given by Holders in accordance with these Terms and Conditions.

22.3.5 Any liability towards the Issuer which is incurred by the Agent in acting under, or in relation to, these Terms and Conditions shall not be subject to set-off against the obligations of the Issuer to the Holders under these Terms and Conditions.

22.3.6 The Agent is not liable for information provided to the Holders by or on behalf of the Issuer or by any other Person.

#### 22.4 **Replacement of the Agent**

22.4.1 Subject to Clause 22.4.6, the Agent may resign by giving notice to the Issuer and the Holders, in which case the Holders shall appoint a successor Agent at a Holders' Meeting convened by the retiring Agent or by way of Written Procedure initiated by the retiring Agent.

22.4.2 Subject to Clause 22.4.6, if the Agent is insolvent or becomes subject to bankruptcy proceedings, 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.

22.4.3 A Holder (or Holders) 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 Holder on the Business Day immediately following the day on which the notice is received by the Issuer and shall, if given by several Holders, be given by them jointly), require that a Holders' Meeting is held for the purpose of dismissing the Agent and appointing a new Agent. The Issuer may, at a Holders' Meeting convened by it or by way of Written Procedure initiated by it, propose to the Holders that the Agent be dismissed and a new Agent appointed.

22.4.4 If the Holders have not appointed a successor Agent within ninety (90) days after (i) the earlier of the notice of resignation was given or the resignation otherwise took place or (ii) the Agent was dismissed through a decision by the Holders, 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.

22.4.5 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 these Terms and Conditions.

22.4.6 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.

22.4.7 Upon the appointment of a successor, the retiring Agent shall be discharged from any further obligation in respect of these Terms and Conditions but shall remain entitled to the benefit of these Terms and Conditions and remain liable under these Terms and Conditions in respect of any action which it took or failed to take whilst acting as Agent. Its successor, the Issuer and

each of the Holders shall have the same rights and obligations amongst themselves under these Terms and Conditions as they would have had if such successor had been the original Agent.

- 22.4.8 In the event that there is a change of the Agent in accordance with this Clause 22.4, 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 these Terms and Conditions. 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.

## **23. APPOINTMENT AND REPLACEMENT OF THE ISSUING AGENT**

- 23.1 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 Capital Securities.
- 23.2 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.
- 23.3 The Issuer may (with prior notification to the Agent), from time to time replace the Issuing Agent with another reputable independent financial institution of good standing. If the Issuing Agent is unable or unwilling to continue to act as the Issuing Agent or fails to determine a Reset Interest Rate or calculate the related Interest Amount or effect the required publication thereof (in each case as required pursuant to these Terms and Conditions), the Issuer shall forthwith appoint another reputable independent financial institution of good standing engaged in the interbank market that is closely connected with the calculation or determination to be made by the Issuing Agent to act as such in its place. The Issuing Agent may not resign its duties or be removed without a successor approved by the CSD having been appointed as aforesaid. If the Issuer fails to appoint a successor Issuing Agent in a timely manner, then the Issuing Agent shall be entitled to appoint as its successor a reputable independent financial institution of good standing engaged in the inter-bank market that is closely connected with the calculation or determination to be made by the Issuing Agent which the Issuer shall approve.
- 23.4 All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of Clause 10 (*Interest*) by the Issuing Agent shall (in the absence of manifest error) be binding on the Issuer, the Issuing Agent, the Agent and all Holders and (in the absence of wilful default, gross negligence and fraud) no liability to the Holders or the Issuer shall attach to the Issuing Agent in connection with the exercise or non-exercise by it of any of its powers, duties and discretions.

## **24. APPOINTMENT AND REPLACEMENT OF THE CSD**

- 24.1 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.

24.2 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 Holder or the listing of the Capital Securities listed on the corporate bond list of Nasdaq Stockholm (or any other Regulated Market, as applicable). The replacing CSD must be authorised to professionally conduct clearing operations pursuant to the Swedish Securities Market Act (*Sw. lag (2007:528) om värdepappersmarknaden*).

## **25. NO DIRECT ACTIONS BY HOLDERS**

25.1 A Holder may not take any action or take any legal steps whatsoever against the Issuer or a Subsidiary to enforce or recover any amount due or owing to it pursuant to these Terms and Conditions, 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 Group Companies in relation to any of the liabilities of the Issuer or a Subsidiary under these Terms and Conditions. Such steps may only be taken by the Agent.

25.2 Clause 25.1 shall not apply if the Agent has been instructed by the Holders in accordance with these Terms and Conditions 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 Holder to provide documents in accordance with Clause 22.1.2), 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 these Terms and Conditions or by any reason described in Clause 22.2.11, such failure must continue for at least forty (40) Business Days after notice pursuant to Clause 22.2.12 before a Holder may take any action referred to in Clause 25.1.

## **26. TIME-BAR**

26.1 The right to receive repayment of the principal of the Capital Securities 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 Holders' right to receive payment has been time-barred and has become void.

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

## **27. NOTICES**

27.1 Any notice or other communication to be made under or in connection with these Terms and Conditions:

- (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 as notified by the Agent to the Issuer from time to time, and, if sent by email by the Issuer, to such email address as 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 (Sw. *Bolagsverket*) on the Business Day prior to dispatch or such address as notified by the Issuer to the Agent from time to time or, if sent by email by the Agent, to such email address as notified by the Issuer to the Agent from time to time; and
- (c) if to the Holders, shall be given at their addresses as registered with the CSD, on the Business Day prior to dispatch, and by either courier delivery (if practicable possible) or letter for all Holders, provided that the same means of communication shall be used for all Holders. A notice to the Holders shall also be published on the websites of the Issuer and the Agent.

27.2 Any notice or other communication made by one Person to another under or in connection with these Terms and Conditions 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 27.1 or, in case of letter, three (3) Business Days after being deposited postage prepaid in an envelope addressed to the address specified in Clause 27.1 or, in case of email to the Agent or the Issuer, when received in legible form by the email address specified in Clause 27.1.

27.3 Failure to send a notice or other communication to a Holder or any defect in it shall not affect its sufficiency with respect to other Holders.

## **28. FORCE MAJEURE AND LIMITATION OF LIABILITY**

28.1 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.

28.2 The Issuing Agent shall have no liability to the Holders if it has observed reasonable care. The Issuing Agent shall never be responsible for indirect damage.

28.3 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.

28.4 The provisions in this Clause 28 apply unless they are inconsistent with the provisions of the Central Securities Depositories and Financial Instruments Accounts Act which provisions shall take precedence.

## **29. GOVERNING LAW AND JURISDICTION**

29.1 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.

- 29.2 Any dispute or claim arising in relation to these Terms and Conditions shall, subject to Clause 29.3, be determined by Swedish courts and the District Court of Stockholm shall be the court of first instance.
- 29.3 The submission to the jurisdiction of the Swedish courts shall not limit the right of the Agent (or the Holders, as applicable) to take proceedings against the Issuer in any court which may otherwise exercise jurisdiction over the Issuer or any of its assets.

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