



## AKELIUS RESIDENTIAL PROPERTY AB (PUBL)

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

€2,500,000,000

### Euro Medium Term Note Programme

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This Base Prospectus (the "**Base Prospectus**") has been approved by the Central Bank of Ireland (the "**Central Bank**"), which is the Irish competent authority under Regulation (EU) 2017/1129 (the "**Prospectus Regulation**"), as a base prospectus issued in compliance with the Prospectus Regulation for the purpose of giving information with regard to the issue of notes (the "**Notes**") issued under the €2,500,000,000 Euro Medium Term Note Programme (the "**Programme**") described in this Base Prospectus during the period of twelve months after the date hereof. The Central Bank has only approved this Base Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation. Such an approval should not be considered as an endorsement of Akelius Residential Property AB (publ) (the "**Issuer**") that is the subject of the Base Prospectus nor as an endorsement of the quality of the Notes. Investors should make their own assessment as to the suitability of investing in the Notes. Such approval relates only to the Notes issued under the Programme within twelve months after the date hereof which are admitted to trading on a regulated market for the purposes of Directive 2014/65/EU (as amended, "**MiFID II**") and/or which are to be offered to the public in any Member State of the European Economic Area. Application will be made to the Irish Stock Exchange trading as Euronext Dublin ("**Euronext Dublin**") for Notes issued under the Programme within twelve months after the date hereof to be admitted to the official list (the "**Official List**") and to trading on the regulated market of Euronext Dublin. The regulated market of Euronext Dublin is a regulated market for the purposes of MiFID II. The Programme also permits Notes to be issued on the basis that they will not be admitted to listing, trading and/or quotation by any competent authority, stock exchange and/or quotation system or to be admitted to listing, trading and/or quotation by such other or further competent authorities, stock exchanges and/or quotation systems as may be agreed with the Issuer. This Base Prospectus will remain valid for the period of twelve months after the date hereof. For the avoidance of doubt, the Issuer shall have no obligation to supplement this Base Prospectus in the event of any significant new factor, material mistake or material inaccuracy after the end of its 12-month validity period.

As at the date of this Base Prospectus, the long-term senior obligations of the Issuer are rated BBB by S&P Global Ratings Europe Limited ("**S&P**"). S&P is established in the European Union and registered under Regulation (EC) No 1060/2009, as amended (the "**CRA Regulation**").

Tranches of Notes may be rated or unrated. A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency. Whether or not each credit rating applied for in relation to the relevant Series of Notes will be issued by a credit rating agency established in the European Union and registered under the CRA Regulation will be disclosed in the Final Terms. In general, European regulated investors are restricted from using a rating for regulatory purposes if such rating is not issued by a credit rating agency established in the European Union and registered under the CRA Regulation (or is endorsed and published or distributed by subscription by such a credit rating agency in accordance with the CRA Regulation). **A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, revision or withdrawal at any time by the assigning rating agency.**

*Investing in Notes issued under the Programme involves certain risks. The principal risk factors that may affect the ability of the Issuer to fulfil its obligations under the Notes are discussed under "Risk Factors" below.*

The Notes have not been, and will not be, registered under the United States Securities Act of 1933, as amended (the "**Securities Act**") or with any securities regulatory authority of any state or other jurisdiction of the United States, and Notes in bearer form are subject to U.S. tax law requirements. The Notes may not be offered, sold or (in the case of Notes in bearer form) delivered within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the Securities Act ("**Regulation S**")) except in certain transactions exempt from the registration requirements of the Securities Act.

#### Arranger

DANSKE BANK

#### Dealers

BARCLAYS  
BNP PARIBAS  
DANSKE BANK

BAYERISCHE LANDESBANK  
COMMERZBANK  
SWEDBANK

18 October 2019

## IMPORTANT NOTICES

### Responsibility for this Base Prospectus

Akelius Residential Property AB (publ) (the "**Issuer**") accepts responsibility for the information contained in this Base Prospectus and any Final Terms and declares that, to the best of its knowledge, the information contained in this Base Prospectus is in accordance with the facts and makes no omission likely to affect its import.

### Final Terms/Drawdown Prospectus

Each Tranche (as defined herein) of Notes will be issued on the terms set out herein under "*Terms and Conditions of the Notes*" (the "**Conditions**") as completed by a document specific to such Tranche called final terms (the "**Final Terms**") or in a separate prospectus specific to such Tranche (the "**Drawdown Prospectus**") as described under "*Final Terms and Drawdown Prospectuses*" below.

### Other relevant information

This Base Prospectus must be read and construed together with any supplements hereto and with any information incorporated by reference herein and, in relation to any Tranche of Notes which is the subject of Final Terms, must be read and construed together with the relevant Final Terms. In the case of a Tranche of Notes which is the subject of a Drawdown Prospectus, each reference in this Base Prospectus to information being specified or identified in the relevant Final Terms shall be read and construed as a reference to such information being specified or identified in the relevant Drawdown Prospectus unless the context requires otherwise.

If at any time the Issuer shall be required to prepare a supplement to the Base Prospectus pursuant to the requirements of Article 23 of the Prospectus Regulation, the Issuer will prepare and make available an appropriate supplement to this Base Prospectus which, in respect of any subsequent issue of Notes to be listed on the Official List and admitted to trading on the regulated market of Euronext Dublin, shall constitute a supplemental base prospectus as required pursuant to Article 23 of the Prospectus Regulation.

### Unauthorised information

No person has been authorised to give any information or to make any representation not contained in or not consistent with this Base Prospectus or any other document entered into in relation to the Programme or any information supplied by the Issuer or such other information as is in the public domain and, if given or made, such information or representation should not be relied upon as having been authorised by the Issuer or any Dealer (as defined below).

The Issuer has confirmed to the Dealers named under "*Subscription and Sale*" below that (a) this Base Prospectus contains all information with respect to the Issuer, to the Issuer and its subsidiaries taken as a whole (the "**Group**") and to the Notes, which is material in the context of the issue and offering of the Notes (including all information which, according to the particular nature and circumstances of the Issuer and to the type of the Notes, is necessary to enable investors to make an informed assessment of the assets and liabilities, financial position, profits and losses, and prospects of the Issuer, of the rights attaching to the Notes and the reason for the issuance of the Notes and its impact on the Issuer), (b) the statements contained in this Base Prospectus, are in every material particular true and accurate and not misleading in any material respect, (c) the opinions and intentions expressed in this Base Prospectus with regard to the Issuer and to the Group are honestly held, have been reached after considering all relevant circumstances and are based on reasonable assumptions, (d) there are no other facts in relation to the Issuer, the Group or the Notes the omission of which would, in the context of the issue and offering of the Notes, make any statement in this Base Prospectus misleading in any material respect, and (e) all reasonable enquiries have been made by the Issuer to ascertain such facts and to verify the accuracy of all such information and statements.

Neither the Dealers nor any of their respective affiliates have authorised the whole or any part of this Base Prospectus and none of them makes any representation or warranty or accepts any responsibility as to the accuracy or completeness of the information contained in this Base Prospectus or any responsibility for the acts or omissions of the Issuer or any other person (other than the relevant Dealer) in connection with the issue and offering of the Notes. Neither the delivery of this Base Prospectus or any Final Terms nor the offering, sale or delivery of any Note shall, in any circumstances, create any implication that the

information contained in this Base Prospectus is true subsequent to the date hereof or the date upon which this Base Prospectus has been most recently amended or supplemented or that there has been no adverse change, or any event reasonably likely to involve any adverse change, in the prospects or financial or trading position of the Issuer since the date hereof or, if later, the date upon which this Base Prospectus has been most recently amended or supplemented or that any other information supplied in connection with the Programme is correct at any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same.

To the fullest extent permitted by law, the Arranger, the Trustee and the Dealers accept no responsibility whatsoever for the contents of this Base Prospectus. The Arranger, the Trustee and each Dealer accordingly disclaims all and any liability whether arising in tort or contract or otherwise which it might otherwise have in respect of this Base Prospectus.

Certain information in this Base Prospectus has been extracted or derived from independent sources. Where this is the case, the source has been identified. The issuer does not accept any responsibility for the accuracy of such information nor has the Issuer independently verified any such information. The Issuer confirms that this information has been accurately reproduced, and so far as the Issuer is aware and is able to ascertain from information available from such sources, no facts have been omitted which would render the reproduced information inaccurate or misleading.

### **Restrictions on distribution**

The distribution of this Base Prospectus and any Final Terms and the offering, sale and delivery of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Base Prospectus or any Final Terms comes are required by the Issuer and the Dealers to inform themselves about and to observe any such restrictions. For a description of certain restrictions on offers, sales and deliveries of Notes and on the distribution of this Base Prospectus or any Final Terms and other offering material relating to the Notes, see "*Subscription and Sale*".

In particular, the Notes have not been, and will not be, registered under the Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States, and Notes in bearer form are subject to U.S. tax law requirements. The Notes may not be offered, sold or (in the case of Notes in bearer form) delivered within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S) except in certain transactions exempt from the registration requirements of the Securities Act. For a description of these and certain further restrictions on offers, sales and transfers of Notes, see "*Subscription and Sale*".

**NEITHER THE PROGRAMME NOR THE NOTES HAVE BEEN APPROVED OR DISAPPROVED BY THE U.S. SECURITIES AND EXCHANGE COMMISSION (THE "SEC"), ANY STATE SECURITIES COMMISSION IN THE UNITED STATES OR ANY OTHER U.S. REGULATORY AUTHORITY, NOR HAS ANY OF THE FOREGOING AUTHORITIES PASSED UPON OR ENDORSED THE MERITS OF ANY OFFERING OF NOTES OR THE ACCURACY OR ADEQUACY OF THIS BASE PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENCE IN THE UNITED STATES.**

Neither this Base Prospectus nor any Final Terms constitutes an offer or an invitation to subscribe for or purchase any Notes and should not be considered as a recommendation by the Issuer, the Dealers or any of them that any recipient of this Base Prospectus or any Final Terms should subscribe for or purchase any Notes. Each recipient of this Base Prospectus or any Final Terms shall be taken to have made its own investigation and appraisal of the condition (financial or otherwise) of the Issuer.

**IMPORTANT – EEA RETAIL INVESTORS** If the Final Terms (or Drawdown Prospectus, as the case may be) in respect of any Notes includes a legend entitled "*Prohibition of Sales to EEA Retail Investors*", the Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area ("**EEA**"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; or (ii) a customer within the meaning of Directive (EU) 2016/97 (the "**Insurance Distribution Directive**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II. Consequently, no key information document required by Regulation (EU) No 1286/2014 (as amended or superseded) (the "**PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and

therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

**MiFID II product governance / target market** – The Final Terms (or Drawdown Prospectus, as the case may be) in respect of any Notes will include a legend entitled "*MiFID II product governance/Professional investors and ECPs only target market*" which will outline the target market assessment in respect of the Notes and which channels for distribution of the Notes are appropriate. Any person subsequently offering, selling or recommending the Notes (a "**distributor**") should take into consideration the target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the target market assessment) and determining appropriate distribution channels.

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

### **Benchmark Regulation**

Interest and/or other amounts payable under the Notes may be calculated by reference to certain reference rates. Any such reference rate may constitute a benchmark for the purposes of Regulation (EU) 2016/1011 (the "**Benchmark Regulation**"). If any such reference rate does constitute such a benchmark, the Final Terms will indicate whether or not the benchmark is provided by an administrator included in the register of administrators and benchmarks established and maintained by the European Securities and Markets Authority ("**ESMA**") pursuant to Article 36 (*Register of administrators and benchmarks*) of the Benchmark Regulation. Transitional provisions in the Benchmark Regulation may have the result that the administrator of a particular benchmark is not required to appear in the register of administrators and benchmarks at the date of the Final Terms. The registration status of any administrator under the Benchmark Regulation is a matter of public record and, save where required by applicable law, the Issuer does not intend to update the Final Terms to reflect any change in the registration status of the administrator.

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

The Final Terms in respect of any Notes may include a legend entitled "*Singapore Securities and Futures Act Product Classification*" which will state the product classification of the Notes pursuant to section 309B(1) of the Securities and Futures Act (Chapter 289 of Singapore) (the "**SFA**"). The Issuer will make a determination in relation to each issue about the classification of the Notes being offered for purposes of section 309B(1)(a). Any such legend included on the applicable Final Terms will constitute notice to "relevant persons" for the purposes of section 309B(1)(c) of the SFA.

### **Certain definitions**

In this Base Prospectus, unless otherwise specified, references to a "**Member State**" are references to a Member State of the EEA, references to "**EUR**", "**euros**", "**euro**" and "**€**" are to the currency introduced at the start of the third stage of European economic and monetary union, and as defined in Article 2 of Council Regulation (EC) No 974/98 of 3 May 1998 on the introduction of the euro, as amended, references to "**U.S.\$**", "**\$**", "**U.S. dollars**" or "**USD**" are to the lawful currency for the time being of the United States, references to "**£**", "**sterling**" and "**GBP**" are to the lawful currency for the time being of the United Kingdom, references to "**CAD**" and "**Canadian Dollar**" are to the lawful currency for the time being of Canada, references to "**SEK**" are to the lawful currency for the time being of the Kingdom of Sweden and references to "**DKK**" are to the lawful currency for the time being of the Kingdom of Denmark.

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

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

## **Stabilisation**

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

## **FORWARD-LOOKING STATEMENTS**

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

Forward-looking statements are set forth in a number of places in this Base Prospectus and the Issuer has based these forward-looking statements on its current views with respect to future events and financial performance. These views involve uncertainties and are subject to certain risks, the occurrence of which could cause actual results to differ materially from those predicted in the forward-looking statements contained in this Base Prospectus and from past results, performance or achievements. Although the Issuer believes that the estimates and the projections reflected in its forward-looking statements are reasonable, if one or more of the risks or uncertainties materialise or occur, including those which the Issuer has identified in this Base Prospectus, or if any of the Issuer's underlying assumptions prove to be incomplete or incorrect, the Group's actual results of operations may vary from those expected, estimated or projected.

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

## CONTENTS

	<b>Page</b>
IMPORTANT NOTICES .....	i
FORWARD-LOOKING STATEMENTS .....	iv
OVERVIEW OF THE PROGRAMME .....	1
RISK FACTORS .....	5
INFORMATION INCORPORATED BY REFERENCE .....	19
FINAL TERMS AND DRAWDOWN PROSPECTUSES .....	20
FORMS OF THE NOTES .....	21
TERMS AND CONDITIONS OF THE NOTES .....	26
FORM OF FINAL TERMS .....	63
USE OF PROCEEDS .....	73
DESCRIPTION OF THE ISSUER AND THE GROUP .....	74
ALTERNATIVE PERFORMANCE MEASURES .....	92
BOARD OF DIRECTORS, MANAGEMENT AND AUDITORS .....	96
TAXATION .....	98
SUBSCRIPTION AND SALE .....	101
GENERAL INFORMATION .....	105
INDEX OF DEFINED TERMS .....	108

## OVERVIEW OF THE PROGRAMME

*The following overview of key features of the Programme is qualified in its entirety by the remainder of this Base Prospectus. Words and expressions defined in "Forms of the Notes" or "Terms and Conditions of the Notes" below shall have the same meanings in this overview of key features of the Programme.*

<b>Issuer:</b>	Akelius Residential Property AB (publ) (the " <b>Issuer</b> ")
<b>Legal Entity Identifier:</b>	213800REBFN6T3PU8L97
<b>Website of Issuer:</b>	www.akelius.com
<b>Programme Amount:</b>	Up to €2,500,000,000 (or the equivalent in other currencies at the date of issue) aggregate principal amount of Notes outstanding at any one time. The Issuer may increase the amount of the Programme in accordance with the terms of the Dealer Agreement.
<b>Arranger:</b>	Danske Bank A/S (the " <b>Arranger</b> ")
<b>Dealers:</b>	Barclays Bank Ireland PLC Barclays Bank PLC Bayerische Landesbank BNP Paribas Commerzbank Aktiengesellschaft Danske Bank A/S Swedbank AB (publ)  and any other Dealer appointed from time to time by the Issuer either generally or in respect of the Programme or in relation to a particular Tranche of Notes
<b>Principal Paying Agent:</b>	Deutsche Bank AG, London Branch (the " <b>Principal Paying Agent</b> ")
<b>Transfer Agent:</b>	Deutsche Bank Luxembourg S.A.
<b>Registrar:</b>	Deutsche Bank Luxembourg S.A. (the " <b>Registrar</b> ")
<b>Trustee:</b>	Deutsche Trustee Company Limited (the " <b>Trustee</b> ")
<b>Currencies:</b>	Notes may be denominated in Euros or in any other currency or currencies, subject to compliance with all applicable legal and/or regulatory and/or central bank requirements.
<b>Method of Issue:</b>	Notes will be issued in Series. Each Series may comprise one or more Tranches issued on different issue dates. The Notes of each Series will all be subject to identical terms, except that the issue date and the amount of the first payment of interest may be different in respect of different Tranches. The Notes of each Tranche will all be subject to identical terms in all respects save that a Tranche may comprise Notes of different denominations.
<b>Denominations:</b>	Notes will be issued in such denominations as may be agreed between the Issuer and the relevant Dealer(s) (subject to compliance with all applicable legal and/or regulatory and/or central bank requirements), save that the minimum denomination of each Note will be EUR 100,000 (or the equivalent in any other currency).
<b>Maturities:</b>	Any maturity, subject to compliance with all applicable legal and/or regulatory and/or central bank requirements.  Any Notes in respect of which the issue proceeds are received by the Issuer in the United Kingdom and which have a maturity of less than one year

must (a) have a minimum redemption value and minimum denomination of £100,000 (or its equivalent in other Specified Currencies) **provided, however, that** the minimum denominations will always be the equivalent of at least EUR 100,000 per Note and be issued only to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their business; or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses or (b) be issued in other circumstances which do not constitute a contravention of section 19 of the Financial Services and Markets Act 2000 ("**FSMA**") by the Issuer.

- Listing and Trading:** Each Series may be admitted to trading on the regulated market of Euronext Dublin and/or admitted to listing, trading and/or quotation by any other competent authority, stock exchange and/or quotation system as may be agreed between the Issuer and the relevant Dealer and specified in the relevant Final Terms or may be issued on the basis that they will not be admitted to listing, trading and/or quotation by any competent authority, stock exchange and/or quotation system.
- Status of Notes:** The Notes shall constitute unsecured and unsubordinated obligations of the Issuer and shall at all times rank *pari passu* and without any preference among themselves. The payment obligations of the Issuer under the Notes shall, save for such exceptions as may be provided by applicable legislation, at all times rank at least *pari passu* with all its other present and future unsecured and unsubordinated obligations.
- Final Terms or Drawdown Prospectus:** Notes issued under the Programme may be issued either (1) pursuant to this Base Prospectus and associated Final Terms or (2) pursuant to a Drawdown Prospectus. The terms and conditions applicable to any particular Tranche of Notes will be the Conditions as completed by the relevant Final Terms or, as the case may be, as supplemented, amended and/or replaced by the relevant Drawdown Prospectus.
- Issue Price:** Notes may be issued at any price, as specified in the relevant Final Terms or Drawdown Prospectus. The price and amount of Notes to be issued under the Programme will be determined by the Issuer and the relevant Dealer(s) at the time of issue in accordance with prevailing market conditions.
- Clearing Systems:** Euroclear Bank SA/NV ("**Euroclear**") and/or Clearstream Banking S.A. ("**Clearstream, Luxembourg**" and together with Euroclear, the "**ICSDs**") and/or, in relation to any Tranche of Notes, any other clearing system as may be specified in the relevant Final Terms.
- Forms of Notes:** Notes may be issued in bearer form ("**Bearer Notes**") or in registered form ("**Registered Notes**"). Bearer Notes will not be exchangeable for Registered Notes and Registered Notes will not be exchangeable for Bearer Notes. No single Series or Tranche may comprise both Bearer Notes and Registered Notes.
- Each Tranche of Bearer Notes will initially be in the form of either a temporary global note (the "**Temporary Global Note**") or a permanent global note (the "**Permanent Global Note**"), in each case as specified in the relevant Final Terms (each a "**Global Note**"). Each Global Note which is not intended to be issued in new global note form ("**NGN**"), as specified in the relevant Final Terms, will be deposited on or around the relevant Issue Date with a depositary or a common depositary for Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system and each Global Note which is intended to be issued in NGN form, as specified in the relevant Final Terms, will be deposited on or around the relevant



Issue Date with a common safekeeper for Euroclear and/or Clearstream, Luxembourg. Each Temporary Global Note will be exchangeable for a Permanent Global Note or, if so specified in the relevant Final Terms, for Definitive Notes. If the TEFRA D Rules are specified in the relevant Final Terms as applicable, certification as to non-U.S. beneficial ownership will be a condition precedent to any exchange of an interest in a Temporary Global Note or receipt of any payment of interest in respect of a Temporary Global Note.

Each Permanent Global Note will be exchangeable for Definitive Notes in accordance with its terms. Definitive Notes will, if interest-bearing, have Coupons attached and, if appropriate, a Talon for further Coupons.

Each Tranche of Registered Notes will initially be represented by a Global Registered Note which will either be: (a) in the case of Note which is not to be held under the new safekeeping structure ("**New Safekeeping Structure**" or "NSS"), registered in the name of a common depository (or its nominee) for Euroclear and/or Clearstream, Luxembourg and the relevant Global Registered Note will be deposited on or about the issue date with the common depository; or (b) in the case of a note to be held under the New Safekeeping Structure, registered in the name of a common safekeeper (or its nominee) for Euroclear and/or Clearstream, Luxembourg and the relevant Global Registered Note will be deposited on or about the Issue Date with the common safekeeper for Euroclear and/or Clearstream, Luxembourg.

**Negative Pledge and other Covenants:**

The terms of the Notes contain a negative pledge provision, as well as covenants which restrict the Issuer from incurring Financial Indebtedness unless it meets certain financial ratio levels. See "*Terms and Conditions of the Notes – Condition 5 (Covenants)*".

**Interest:**

Notes may be interest-bearing or non-interest bearing. Interest (if any) may accrue at a fixed rate or a floating rate and the method of calculating interest may vary between the issue date and the maturity date of the relevant Series. Interest on the Notes will not be contingent in an amount that is determined by reference to the receipts, sales, income, profits or cashflow or the Issuer or a related person, or the change in value of any property held by the Issuer or a related person. Interest may be subject to a Rate Adjustment in certain circumstances (as described in Condition 7A (*Adjustment of Interest Rate*)).

**Redemption:**

Unless previously redeemed, or purchased and cancelled, Notes will be redeemed at their Final Redemption Amount (as specified in the relevant Final Terms) on the Maturity Date.

**Optional Redemption:**

Subject to certain conditions, Notes may be redeemed before the Maturity Date (i) at the option of the Issuer (as described in Condition 9(c) (*Redemption and Purchase – Redemption at the option of the Issuer*)) or (ii) at the option of the Noteholders (in the circumstances described in Condition 9(e) (*Redemption and Purchase – Redemption at the option of Noteholders*)) and/or upon a Change of Control (as described in Condition 9(f) (*Redemption and Purchase – Change of Control Put Option*)), in each case, to the extent (if at all) specified in the relevant Final Terms.

**Tax Redemption:**

Except as described in "*Optional Redemption*" above, early redemption will only be permitted for tax reasons, as described in Condition 9(b) (*Redemption and Purchase – Redemption for tax reasons*).

**Taxation:**

All payments of principal and interest in respect of the Notes and the Coupons by or on behalf of the Issuer shall be made free and clear of, and without withholding or deduction for or on account of, any present or future

taxes, duties, assessments or governmental charges of whatever nature ("**Taxes**") imposed, levied, collected, withheld or assessed by or on behalf of the Kingdom of Sweden or any authority therein or thereof having the power to tax, unless such withholding or deduction of Taxes is required by law. In that event, the Issuer shall (subject to certain exceptions) pay such additional amounts as will result in receipt by the Noteholders and the Couponholders of such amounts as would have been received by them had no such withholding or deduction been required. See "*Terms and Conditions of the Notes—Taxation*".

- Risk Factors:** Investing in Notes issued under the Programme involves certain risks. The principal risk factors that may affect the ability of the Issuer to fulfil its respective obligations under the Notes are discussed under "*Risk Factors*" below.
- Governing Law:** English law.
- Ratings:** The long-term senior obligations of the Issuer are rated BBB by S&P.
- Tranches of Notes issued under the Programme will be rated or unrated. Where a Tranche of Notes is rated, such rating will not necessarily be the same as the rating(s) (if any) assigned to the Issuer or the rating(s) assigned to Notes already issued. Where a Tranche of Notes is rated, the applicable rating(s) will be specified in the relevant Final Terms. A rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the assigning rating organisation. Any change in the rating of Notes could adversely affect the price that a purchase would be willing to pay for Notes. Whether or not each credit rating applied for in relation to the relevant Series of Notes will be issued by a credit rating agency established in the European Union and registered under the CRA Regulation will be disclosed in the Final Terms.
- Selling Restrictions:** For a description of certain restrictions on offers, sales and deliveries of Notes and on the distribution of offering material in the United States of America, the European Economic Area, the United Kingdom, the Kingdom of Sweden, Japan and Singapore, see "*Subscription and Sale*" below.
- Use of proceeds:** The net proceeds from each issue of Notes will be used for the general corporate purposes of the Group and for the repayment of some of the Group's existing indebtedness. If, in respect of any particular issue, there is a particular identified use of proceeds, this will be stated in the applicable Final Terms. In particular, if so specified in the applicable Final Terms, the Issuer will apply the net proceeds from an offer of Notes specifically for Green Projects. Such Notes may also be referred to as "**Green Bonds**". See "*Use of Proceeds*" below.

## **RISK FACTORS**

Any investment in the Notes is subject to a number of risks. Prior to investing in the Notes, prospective investors should carefully consider risk factors associated with any investment in the Notes, the business of the Issuer and the industry in which it operates together with all other information contained in this Base Prospectus, including, in particular the risk factors described below. Words and expressions defined in the "Terms and Conditions of the Notes" (the "**Conditions**") below or elsewhere in this Base Prospectus have the same meanings in this section.

Prospective investors should note that the risks relating to the Issuer, the industry in which it operates and the Notes summarised in the section of this Base Prospectus headed "Overview" are the risks that the Issuer believes to be the most essential to an assessment by a prospective investor of whether to consider an investment in the Notes. However, as the risks which the Issuer faces relate to events and depend on circumstances that may or may not occur in the future, prospective investors should consider not only the information on the key risks summarised in the section of this Base Prospectus headed "Overview" but also, among other things, the risks and uncertainties described below.

The following is not an exhaustive list or explanation of all risks which investors may face when making an investment in the Notes and should be used as guidance only. Additional risks and uncertainties relating to the Issuer that are not currently known to the Issuer, or that either currently deems immaterial, may individually or cumulatively also have a material adverse effect on the business, prospects, results of operations and/or financial position of the Issuer and, if any such risk should occur, the price of the Notes may decline and investors could lose all or part of their investment. Investors should consider carefully whether an investment in the Notes is suitable for them in light of the information in this Base Prospectus and their personal circumstances.

The risk factors in this section are categorised as follows:

"Risk factors that are specific and material to the Issuer and the Group" with the subcategories:

- "Risks relating to the financial position of the Issuer and the Group";
- "Risks relating to the industry and the market"; and
- "Legal and regulatory risks", as well as

"Risk factors that are specific and material to the Notes"

When a risk factor is relevant in more than one category, such risk factor is presented only under the category deemed to be the most relevant for such risk factor. The most significant risk factor under each category is presented first. The other risk factors are not ordered by significance or probability of the risk being materialised. The significance is assessed mainly on the basis of two criteria, (i) the probability that the risk will materialise and (ii) the magnitude of the negative effect the materialised risk may have on the Issuer and the Group and any investors. In order to present the assessment of the significance of the risks on the basis of the criteria in a clear and concrete manner, the risk factors are described with quantitative information and/or a qualitative scale with the designations low, medium and high.

### **Risk factors that are specific and material to the Issuer and the Group**

#### **Risks relating to the financial position of the Issuer and the Group**

##### ***Risk of change in value***

The Group's properties are recorded at fair value in the balance sheet, based on the Issuer's internal valuations, and changes in property value are recorded in the income statement. As a general rule, fair value is determined on the basis of prices in an active market and corresponds to the value attributed to the asset in a transaction between informed parties that are independent of each other and have an interest in the transaction being completed. On 30 June 2019, the Group's property portfolio consisted of 47,436 apartments. According to the Issuer's internal valuation, property holdings comprised a total value of EUR 12,199 million on that date. The Issuer's internal valuation is based, among other things, on a number of assumptions. There is, therefore, a risk that the valuations have been based on assumptions that

are entirely or partly inaccurate, which may give an incorrect reflection of the value of the Group's property portfolio and thus the Group's financial position.

Further, the value of the Group's properties are affected by a number of factors, including property-specific factors such as rent levels and operating costs (see "*Operating costs, etc*" below), as well as market-specific such as supply and demand for residential property and yield requirements, cost of capital and applied interest rates on comparable transactions on the property markets where the Group operates (see "*Interest risk*" below). In addition, the value of the Group's property is also affected by the potential that properties may be disposed of through sales. Large reductions in property value may decrease the Group's credit rating and reduce its ability to obtain financing (see more under "*Financing risk*" below) and to invest in new properties and property developments projects, as part of the Group's ongoing ordinary course operations.

The risk of such property-specific or market-specific factors occurring that adversely affect the value of the Group's property is deemed to be high. Given that the Group's balance sheet predominantly consists of property and that several adverse consequences may arise in the event of valuation decreases, it may have a highly material adverse effect on the Group's operations, results and financial position if the risk is materialised.

### ***Interest risk***

On 30 June 2019, the Group's loan-to-value ratio was 40 per cent. Loans, excluding the Group's 60-year subordinated hybrid loan, amounted to EUR 4,951 million with an average interest rate level of 2.58 per cent. and an average fixed-rate term of 4.6 years. The Group's total interest expenses for debt, including the 60-year subordinated hybrid loan, amounted to EUR 143 million during 2018 and is one of the Group's largest cost items.

The Group's interest rate levels are affected by underlying market rates as well as credit margins on the loan amount. Interest rates have historically fluctuated due to, and are in the future likely to be affected by, a number of different factors. Such factors include macroeconomic factors as well as inflation expectations, the households' financial capacity and confidence, and monetary policy (see more under "*Financing risk*" below), as well as factors linked to the Group's operations and industry, such as demand for rental properties. Because some of the Group's loans incur interest at floating rates, changes in interest rates can lead to increased interest expenses for the Group.

The risk that interest rates may increase and result in increases to the Group's interest expenses, and adversely affect the value of the Group's property, is deemed to be high (see "*Risk of change in value*" above). Considering the Group's loan-to-value ratio and that interest expenses are one of the Group's largest cost items, such increases can have a highly material adverse effect on the Group's operations, results and financial position, if the risk is materialised.

### ***Financing risk***

The Group depends on external financing for, among other things, its liquidity, refinancing its debt when it falls due and for property development. On 30 June 2019, the Group's loans, excluding the 60-year subordinated hybrid loan, amounted to EUR 4,951 million. If financing cannot be obtained on acceptable terms there is a high risk that both acquisitions and development projects could be postponed in the future. Delayed property upgrades affect the present value of development projects, which in turn has an adverse impact on the property value (see "*Risk of change in value*" above).

As a part of the Group's strategy to seek capital market financing on favourable terms and conditions, the Issuer has applied for and received the long-term credit rating BBB (stable outlook) from S&P. If S&P should downgrade the Group's current credit ratings or if other credit rating agencies should give the Issuer or its outstanding debt instruments low credit ratings, the risk is high that the Group would only be able to obtain future financing on less favourable terms and conditions, primarily in the form of higher interest rates (see "*Interest risk*" above).

The Group's ability to obtain financing is affected not only by the Group's financial position, but also by macroeconomic factors. For example, disruptions in the capital markets and interest rate volatility may negatively affect the Group's ability to obtain financing (see "*Interest risk*" above and "*Macroeconomic factors*" below).

The risk that the Group may be unable to obtain financing or be unable to extend, increase or refinance its outstanding debt, or only be able to obtain such financing on unfavourable terms and conditions is deemed to be low. However, due to the Group's dependency on external financing, any such limitation could however have a material adverse effect on the Group's operations, results and financial position if such risk materialises.

### ***Macroeconomic factors***

The Group's main business is to own and manage properties, a line of business which to a substantial extent is affected by macroeconomic factors such as general economic trends, regional economic development, employment rate development, changes in infrastructure, population growth and other demographic trends, inflation, interest rate levels, access to financing, and other factors outside of the Group's control. In light of the Group's loan volume, which as of 30 June 2019, amounted to EUR 4,951 million, the Group is particularly exposed to factors that increase its borrowing costs such as generally increased interest rates (see "*Interest risk*" above) and increased risk premiums from lenders.

Growth in the broader economy affects the employment rates, salary levels and household financial capacity and confidence, which are significant factors for supply and demand on the housing market and thus affect the Group's vacancy rates and rent levels. In light of the fact that the Group's property portfolio mainly consists of residential properties, the Group's liquidity is to a large extent dependent on revenues from its rental properties and decreasing rental revenues and increased vacancy rates could lead to decreasing property prices on the real estate market in general (see "*Risk of change in value*" above).

The risk that several macroeconomic factors occur that may have high material adverse effect on the Group's operations, results and financial position is deemed to be low. However, the risk that some negative macroeconomic factors may occur is deemed to be high. The negative effect of such factors depends on the macroeconomic factor and its severity. For instance, increased market interest rates (see "*Interest risk*" above) or deteriorated access to financing (see more under "*Financing risk*" above) may have a high material adverse effect on the Group's operations, results and financial position, while changes in infrastructure or population structure may have a low material adverse effect for the Group.

### ***Financial undertakings***

The Group receives financing from banks, the public capital markets and the private capital markets. The Group has in total, as of 30 June 2019, loans from banks in seven countries, nine issued bond loans and one commercial paper programme as well as an issued hybrid bond. The Group has provided security and guarantees for some of these loans. All loan agreements, excluding the hybrid bond, are subject to financial undertakings (so-called covenants) that contain, among other things, provisions concerning ownership of the Group companies receiving loans, interest coverage ratio and loan-to-value ratio.

The risk that the Group will breach one or several of these covenants is deemed to be low. However, should such a breach occur, it may lead to the loan or loans being terminated for immediate repayment, or security, consisting of among other things mortgages on the Group's properties, being enforced by the lender, which may have a highly material adverse effect on the Group's operations, results and financial position.

### ***Liquidity risk***

The Group's ability to fulfil its payment obligations at the relevant due date depends to a large extent on its ability to obtain loan financing when needed and on favourable terms, and, secondarily, on the Group's ability to sell properties. The Group's ability to obtain loan financing and carry out property sales is in turn connected with other risks described in this section, in particular "*Financing risk*" and "*Risk of change in value*".

On 30 June 2019, the Group's short-term liabilities amounted to EUR 721 million. If the Group's ability to secure funds to meet its payment obligations deteriorates, there is a risk that short-term financing would only be granted on less favourable terms and conditions. This could result in a considerable increase of the Group's costs for securing short-term financing.

The risk that the Group will not have the ability to meet payment obligations on the relevant due date is deemed to be medium. However, if the Group is unable to obtain short-term financing on acceptable

terms and conditions, it could have a highly material adverse effect on the Group operations, results and financial position if the risk is materialised.

### ***Currency risk***

A substantial part of the Group's property investments are made in currencies other than EUR, which is the Group's reporting currency. The value of the Group's assets may deteriorate as a result of changes in exchange rates against EUR. If such deterioration occurs in countries where EUR is not the official currency, it could negatively affect the value of the Group's assets in such countries.

The risk that such exchange rate changes would occur that decrease the value on the Group's assets to such extent that would have an impact on the financial position of the Group is deemed to be low. However, because more than half of the assets recorded on the Group's balance sheet are located outside the Euro-zone and in countries without an official currency linked to EUR, it may have a highly material adverse effect on the Group's operations, results and financial position.

Furthermore, 60 per cent. of the Group's operating income and operating costs are denominated in other currencies than EUR, such as SEK, USD and CAD. Assets and liabilities denominated in local currencies are converted into EUR on the basis of exchange rates applicable on the relevant balance sheet date and revenues and expenses denominated in local currencies converted on the basis of an average exchange rate during the relevant period. Changes in the exchange rate of EUR in relation to local currencies affect the recorded value of such items in the Group's consolidated financial statements even though the fair value, as measured in the local currency, is not affected. The probability of exchange rate fluctuations is deemed to be high. The impact of such changes on the Group's operations, results and financial position if the risk is materialised is not deemed to be material, but such exchange rate fluctuations may have a highly material adverse effect on the income, costs and balance items as expressed in EUR.

### **Risks relating to the industry and the market**

#### ***Operating costs, etc.***

The Group's operating costs mainly consist of utility costs such as costs for electricity, cleaning, water and heat, as well as other costs such as property taxes (see "*Tax risks*" below) and site leasehold fees. Several of the goods and services in most of the markets in which the Group operates may only be purchased from one operator. Therefore, the Group has limited control over these costs.

In the Swedish market, among others, the cost of utilities is included in the rent, meaning that the cost of heat, water and, in some cases, electricity is included in the amount paid by the lessee. In certain markets where the Group operates, especially in Sweden and Germany (see "*Changes in rental regulations*" below), rent levels (including utilities) are limited by rental regulations.

The risk that the Group's operating costs and other costs attributable to the Group's properties may be raised is deemed to be high. However, even if the Group cannot be compensated for such increased costs through rent increases, regulation in lease agreements or renegotiation of lease agreements, it may have a low material adverse effect on the Group's operations, results and financial positions.

#### ***Project risks***

During 2018, the Group invested EUR 349 million in property development projects, of which EUR 142 million was attributable to apartment upgrades, EUR 77 million was attributable to upgrade of common areas, EUR 101 million was attributable to rationalisation projects and EUR 29 million was attributable to property maintenance. The Group had upgraded 45.9 per cent. of its apartments as at 30 June 2019. By upgrading properties and, occasionally, individual apartments, the Group can typically charge higher rent levels. Property valuation is partly based on estimated rent levels. The value of the Group's properties and its rent levels may thus be adversely affected if the Group cannot carry out property development projects due to e.g. lack of funding or regulatory barriers (see "*Financing risk*" above and "*Changes in other laws and regulations*" below).

Furthermore, the Group has to obtain the necessary governmental decisions and permits in order to carry out property development projects. For instance, about one-half of the Group's approximately 14,000 apartments in Berlin are located in socially protected areas where special permits are required for carrying out upgrades. Increased regulatory requirements have led to a higher administrative burden for the Group

and an inability to complete upgrades with the same high standard as otherwise. It is likely that the number of socially protected areas will increase in Berlin, from the current 57 areas to at least over 80 areas, and thus apply to more of the Group's properties in Berlin.

Changes in permits, plans, regulations or legislation may also cause property development projects to be delayed (resulting in lost rental revenue), become more expensive to undertake or not to be carried out at all. Such changes may, for example, prohibit the Group from upgrading properties and apartments or from developing properties and apartments in the way that the Group has planned (see "*Changes in other laws and regulations*" below).

Moreover, in order to carry out profitable property development projects, the Group must be able (among other things) to retain and recruit competent construction, project planning, design, architecture and sales personnel to procure contracts for execution of the projects on terms acceptable to the Group.

The risk that the Group would not be able to carry out property development projects due to lack of funding, regulatory barriers or delays or barriers related to necessary governmental decisions and permits or a lack of skills and manpower is deemed to be medium. Considering the Group's main business is to own and manage property, it may have a low material adverse effect on the Group's operations, results and financial position if the risk is materialised.

### ***Insurance risk***

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 Group's properties are located in some of the world's larger and most significant cities, which have experienced terrorist attacks and natural disasters. In these cities, the Group's buildings are often older, exclusive and may also have been designated with antiquarian building classification and different forms of preservation listings. If any of these buildings were to be damaged, it is uncertain whether they could be restored to the previous condition and to the same value. If any of these events were to happen, there is a risk that the Group's insurance cover will not fully replace possibly destroyed properties. However, the probability of the occurrence of such events is deemed to be low. Considering that the Group has properties in several cities and that it is unlikely that a disaster would occur in all cities at the same time, the occurrence of the risk would have a low material effect on the Group's operations, results and financial position.

### **Legal and regulatory risks**

#### ***Tax risks***

Tax is a significant cost item for the Group. For example, the Group pays tax on its profits in the countries where the Group carries out its operations. Therefore, the Group is affected by the tax rules applicable from time to time in seven different countries.

Even though the Group's business activities are carried out in accordance with the Group's interpretation of applicable tax laws and regulations, and in accordance with advice from tax advisors, the Group's interpretation may be incorrect and such regulations may change with possible retroactive effect. Furthermore, future changes in applicable laws and regulations may affect the assumptions underlying the Group's current business. Moreover, tax rates may change in the future and other changes to regulations may occur that affect the assumptions underlying the Group's property ownership, property transactions or business in general.

Changes in taxes, such as company tax and property tax, or other public impositions in the countries where the Group operates could adversely affect the premises for the Group's operations, including the ability to carry out development projects. There is a high risk that tax rates will change in the future or that other changes will occur in the state and municipal systems that affect the Group's property holdings.

On 1 January 2019, new tax regulations entered into force in Sweden concerning, among other things, interest deduction limits for the business sector. The regulations are based on EU Directive 2016/1164 concerning the establishment of rules against tax avoidance practices that directly affect the functioning of the internal market and involve a general limitation on interest deductions in the business sector.

According to the regulations, a company's net interest expense, i.e. the difference between the company's taxable interest income and deductible interest expenses, will only be deductible up to 30 per cent. of the company's taxable EBITDA (i.e. earnings before interest, taxes, depreciation and amortisation). On 30 June 2019, the Group had loans, excluding subordinated hybrid loans of EUR 4,951 million with an average interest rate level of 2.58 per cent. The regulations 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.

The risk of changes in tax legislation or in practice that result in, for example, changes in the Group's ability to make tax depreciations or use loss carry-forwards, is deemed to be high. Given that the Group is dependent on tax laws and regulations in a number of countries and that changes may affect the Group's tax burden adversely, the occurrence of the risk could have a highly material adverse effect on the Group's operations, results and financial position.

#### ***Changes in rental regulations***

The Group's operations consist of owning and managing mainly residential property. A negative trend in rental regulations in one or several countries or regions where the Group operates may lead to lower rental revenues, or rents that do not increase to expected levels which could have an adverse effect on the value of the Group's property. This is, among other things, due to the inclusion of rental assumptions in property valuations (see "*Risk of change in value*" above).

61 per cent. of the total value of the Group's property portfolio on 31 December 2018, was located in Germany and Sweden, where rental regulations are more restrictive regarding rent increases among other things, than the other countries in which the Group owns property. Given the Group's large property holdings in these countries, the Group is particularly exposed to additional regulatory restrictions on rental increases, and in respect of Germany both on federal and state level. In Berlin, where the Group owned property corresponding to 23 per cent. of the total value of the property portfolio on 31 December 2018, the Senate of Berlin passed a bill according to which rents will in certain cases not be permitted to be raised at all during a 5-year period from 2020. The legislation is likely to enter into force during 2020. In addition, the Senate plans as of the date of this Base Prospectus to implement a rent cap in Berlin with levels lower than current rent caps. According to German media coverage, this may mean rent reductions for current tenants and lower rents for new tenants. There is a risk that the plans result in a passed bill which limits the rent for the Group's properties in Berlin to EUR 8 per sqm per month. The Group's average rent in Berlin was EUR 8.30 per sqm per month at the end of June 2019.

The risk of changes in rental regulations which lead to lower rental revenues that are lower than estimated, and thereby result in decreased property valuations is deemed to be medium. Given the Group's area of business and its large property holdings, such regulatory developments could have a medium material adverse effect on the Group's operations, results and financial position.

#### ***Changes in other laws and regulations***

The Group's business consists in owning and managing mainly residential properties, which means that the Group's business is regulated and affected by numerous laws and regulatory codes as well as different processes and decisions relating to such rules, both at the political as well as the civil servant level. The Group's properties are upgraded as part of the Group's real estate management. The regulations that affect the Group's business therefore consist of, *inter alia*, the Swedish Planning and Building Act and equivalent foreign regulations, construction norms, safety regulations, rules concerning permissible building materials, antiquarian building classifications and different forms of preservation listings. Changes in these regulations may result in increased costs for the Group and limit its ability to develop its properties in a desirable manner.

In order for the Group's properties to be used and developed as intended (for example through upgrades), different permits and decisions may also be required, including, among others, zoning plans and different forms of land parcelling, which are granted and given by municipalities and governmental authorities, and which are decided at both the political and the civil servant level. There is a risk that, in the future, the Group will not be granted permits or decisions needed in order to use and develop its properties in a desirable manner. Furthermore, decisions could be appealed and thus significantly delayed. Additionally, decision-making practices and political will or direction may change in the future in a way that is negative for the Group.



There is a medium risk that changes in laws and codes of regulations will cause the Group to be subject to increased costs and limit its ability to use and develop its properties in a desirable manner. Considering the Group's estimated exposure to such changes in laws and regulations, they would be deemed to have a low material adverse effect on the Group's business, results and financial position.

#### ***Disputes relating to property transactions***

During the period beginning on 1 January 2018 up to and including 30 June 2019, the Group acquired 149 properties and divested 94 properties. The Group has a strategy of acquiring carefully selected properties, rather than occasionally purchasing large property portfolios. In comparison with other real property companies, the Group performs many property transactions. Due to the Group's high level of activity in the real estate market, in multiple jurisdictions, there is a risk that the Group may become involved in disputes or subject to significant claims relating to property transactions. Such disputes and claims may be time consuming, interrupt the Group's daily operations, result in claims for significant amounts and result in significant costs for the Group. The probability that this risk materialises is deemed to be medium.

Considering that large expenses may occur if the Group loses one or more disputes concerning property transactions, it may have a medium material adverse effect on the Group's results and financial position.

#### ***Risks related to EU's General Data Protection Regulation***

The Group stores personal data and other confidential information relating to its current and previous approximately 85,000 tenants in seven countries and is thus obligated to follow data protection and privacy legislation where the Group conducts its business. The Group partly develops and maintains its IT solutions internally and its strategy is to do this to a greater extent in the future. Therefore, the Group cannot rely on third parties with respect to processing personal data.

The EU's General Data Protection Regulation (EU) 2016/679 ("**GDPR**") concerning rules and regulations for personal data processing and other data protection and privacy rules in the countries where the Group is operating limits the Group's abilities to collect and process personal data relating to, among other things, its tenants and employees.

The application of GDPR and its implementation in different national legislation is subject to interpretation and development. There is a risk that these statutes will be interpreted and applied in a manner that is not in line with the Group's current data protection routines. The Group is thus subject to a risk that personal data will be used erroneously, lost, disclosed or processed in violation of the applicable rules concerning data protection and privacy by the Group or by a third party (contracted by the Group). However, the probability that the risk materialises is deemed to be low.

Sanctions pursuant to GDPR could be comprehensive. If the Group processes personal data in violation of GDPR, the Group risks being subject of administrative fines up to a maximum of the higher of (i) four per cent. of the Group's total worldwide annual turnover, and (ii) EUR 20 million. During the 2018 fiscal year the Group's turnover was EUR 482 million.

#### **Risk factors that are specific and material to the Notes**

##### ***The Notes will constitute unsecured obligations of the Issuer***

The Issuer's obligations under Notes issued under the Programme will be unsecured. Accordingly, any claims against the Issuer under the Notes would be unsecured claims. The Issuer's ability to pay such claims will depend upon, among other factors, its liquidity, overall financial strength and ability to generate cash flows, which could be affected by (*inter alia*) the circumstances described in these risk factors. Any such factors could affect the Issuer's ability to make payment of interest and principal under the Notes.

##### ***Claims of Noteholders under the Notes are effectively subordinated to those of certain other creditors of the Issuer and to creditors of the Issuer's subsidiaries***

Notes issued under the Programme will be unsecured and unsubordinated obligations of the Issuer. The Notes will rank equally with all of the Issuer's other unsecured and unsubordinated indebtedness; however, the Notes will be effectively subordinated to the Issuer's secured indebtedness and

securitisations, if any, to the extent of the value of the assets securing such transactions, and will be subject to certain preferential obligations under Swedish law, such as wages of employees.

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

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

***There is no public trading market for the Notes and an active trading market may not develop or be sustained in the future***

There is no active trading market for investments in Notes issued under the Programme. If investments in the Notes are traded after their initial issuance, then they might trade at a discount to their initial offering price, depending upon prevailing interest rates, the market for similar securities, general economic conditions and the Issuer's financial condition. Although application has been made for Notes issued under the Programme to be listed on the Official List maintained by Euronext Dublin and to be admitted to trading on the regulated market of Euronext Dublin, there can be no assurance that such application will be accepted, that an active trading market will develop or, if developed, that it can be sustained. If an active trading market for investments in the Notes does not develop or is not maintained, then the market or trading price and liquidity of investments in the Notes may be adversely affected.

***The Notes are subject to optional redemption by the Issuer***

If, in the case of any particular Tranche of Notes, the relevant Final Terms specifies that the Notes are redeemable at the Issuer's option in certain circumstances, this optionality is likely to limit the market value of Notes. The market value of the Notes generally will not rise substantially above the price at which they can be redeemed. In such circumstances, the Issuer may be expected to redeem Notes when its cost of borrowing is lower than the interest rate on the Notes. At those times, an investor generally would not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Notes being redeemed and may only be able to do so at a significantly lower rate. Potential investors should consider reinvestment risk in light of other investments available at that time.

***The market price of the Notes is subject to a high degree of volatility***

The market price of investments in Notes issued under the Programme could be subject to significant fluctuations in response to actual or anticipated variations in the Issuer's operating results, adverse business developments, changes to the regulatory environment in which the Issuer operates, changes in financial estimates by securities analysts and the actual or expected sale by the Issuer of other debt securities, as well as other factors, including the trading market for notes issued by the Kingdom of Sweden. In addition, in recent years, the global financial markets have experienced significant price and volume fluctuations that, if repeated in the future, could adversely affect the market price of investments in the Notes without regard to the Issuer's financial condition or results of operations.

***The Notes may not be a suitable investment for all investors***

Each potential investor in Notes issued under the Programme 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 Notes, the merits and risks of investing in the Notes and the information contained or incorporated by reference in this Base Prospectus;

- (ii) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact such investment 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 Notes, including where the currency for principal or interest payments is different from the potential investor's currency;
- (iv) understand thoroughly the terms of the Notes and be familiar with the behaviour of any relevant indices and financial markets; 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.

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

The credit ratings of Notes issued under the Programme may not reflect the potential impact of all risks related to structure, market and other factors that may affect the value of the Notes. Credit ratings assigned to the Notes do not necessarily mean that they are a suitable investment. A rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the assigning rating organisation. Similar ratings on different types of notes do not necessarily mean the same thing. Any change in the credit ratings of Notes issued under the Programme or the Issuer could adversely affect the price that a subsequent purchaser will be willing to pay for investments in the Notes. The significance of each rating should be analysed independently from any other rating.

***Modification and Waivers***

The Conditions contain provisions for calling meetings of Noteholders to consider matters affecting interests generally. These provisions permit defined majorities to bind all Noteholders including Noteholders who did not attend and vote at the relevant meeting and Noteholders who voted in a manner contrary to the majority.

The Conditions also provide that the Trustee may, subject to and in accordance with the Trust Deed without the consent of the Noteholders, agree to (i) any modification of the Conditions or the Trust Deed (other than in respect of a Reserved Matter (as defined in the Trust Deed)) which, in the opinion of the Trustee is not materially prejudicial to the interests of the Noteholders and, to (ii) any modification of the Conditions or the Trust Deed, which in the opinion of the Trustee is of a formal, minor or technical nature or to correct a manifest error. The Trustee may also, subject to and in accordance with the Trust Deed, without the consent of the Noteholders, authorise or waive any proposed breach or breach of the Notes or the Trust Deed or determine that any Event of Default or Potential Event of Default (as defined in the Trust Deed) shall not be treated as such if, in the opinion of the Trustee, the interests of the relevant Noteholders would not be materially prejudiced thereby.

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

The Final Terms relating to any specific Tranche of Notes may provide that it will be the Issuer's intention to apply the proceeds from an offer of those Notes specifically for projects and activities that promote climate-friendly and/or other environmental purposes (either in those words or otherwise) ("**Green Projects**"). Prospective investors should have regard to the information in the relevant Final Terms regarding such use of proceeds and must determine for themselves the relevance of such information for the purpose of any investment in such Notes together with any other investigation such investor deems necessary. In particular no assurance is given by the Issuer or any Dealer that the use of such proceeds for any Green Projects will satisfy, whether in whole or in part, any present or future investor expectations or requirements as regards any investment criteria or guidelines with which such investor or its investments are required to comply, whether by any present or future applicable law or regulations or by its own by-laws or other governing rules or investment portfolio mandates (in particular with regard to any direct or indirect environmental, sustainability or social impact of any projects or uses, the subject of or related to, the relevant Green Project). Furthermore, it should be noted that there is

currently no clearly defined definition (legal, regulatory or otherwise) of, nor market consensus as to what constitutes, a "green" or "sustainable" or an equivalently-labelled project or as to what precise attributes are required for a particular project to be defined as "green" or "sustainable" or such other equivalent label nor can any assurance be given that such a clear definition or consensus will develop over time. Accordingly, no assurance is or can be given to investors that any projects or uses the subject of, or related to, any Green Projects will meet any or all investor expectations regarding such "green", "Green" or other equivalently-labelled performance objectives or that any adverse environmental, social and/or other impacts will not occur during the implementation of any projects or uses the subject of, or related to, any Green Projects.

No assurance or representation is given as to the suitability or reliability for any purpose whatsoever of any opinion or certification of any third party (whether or not solicited by the Issuer) which may be made available in connection with the issue of any Notes and in particular with any Green Projects to fulfil any environmental, sustainability, social and/or other criteria. For the avoidance of doubt, any such opinion or certification is not, nor shall be deemed to be, incorporated in and/or form part of this Base Prospectus. Any such opinion or certification is not, nor should be deemed to be, a recommendation by the Issuer or any Dealer or any other person to buy, sell or hold any such Notes. Any such opinion or certification is only current as of the date that such opinion or certification was initially issued. Prospective investors must determine for themselves the relevance of any such opinion or certification and/or the information contained therein and/or the provider of such opinion or certification for the purpose of any investment in such Notes. Currently, the providers of such opinions and certifications are not subject to any specific regulatory or other regime or oversight.

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

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

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

None of the Dealers will verify or monitor the proposed use of proceeds of Notes issued under the Programme.

***Because the Global Notes and the Global Registered Notes are held by or on behalf of Euroclear and Clearstream, Luxembourg, investors will have to rely on their procedures for transfer, payment and communication with the Issuer***

Notes issued under the Programme may be represented by one or more Global Notes or Global Registered Notes. Such Global Notes or Global Registered Notes will be deposited with (in the case of a CGN or a Note not to be held under the NSS) a common depository for Euroclear and Clearstream, Luxembourg, or (in the case of NGN or a Note to be held under the NSS) Euroclear and Clearstream, Luxembourg as common safekeeper. Except in the circumstances described in the relevant Global Note or Global Registered Note, investors will not be entitled to receive Definitive Notes or Individual Note Certificates. Euroclear and Clearstream, Luxembourg will maintain records of the beneficial interests in the Global Notes or Global Registered Notes. While the Notes are represented by one or more Global Notes or Global Registered Notes, investors will be able to trade their beneficial interests only through Euroclear and Clearstream, Luxembourg.

While the Notes are represented by one or more Global Notes or Global Registered Notes, the Issuer will discharge its payment obligations under the Notes by making payments to (in the case of CGN or a Note that is not to be held under the NSS) the common depository for Euroclear and Clearstream, Luxembourg, or (in the case of NGN or a Note that is to be held under the NSS) Euroclear and Clearstream, Luxembourg as common safekeeper for distribution to their account holders. A holder of a beneficial interest in a Global Note or a Global Registered Note must rely on the procedures of Euroclear and Clearstream, Luxembourg to receive payments under the relevant Notes. The Issuer has no responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in the Global Notes or the Global Registered Notes.

***The Issuer may create and issue further Notes***

The Issuer may from time to time without the consent of the Noteholders create and issue further Notes, having terms and conditions that are the same as those of an existing Series, or the same except for the amount of the first payment of interest, which new Notes may be consolidated and form a single series with the outstanding Notes of the relevant Series even if doing so may adversely affect the value of the original Notes of that Series.

***Notes where denominations involve integral multiples***

In relation to any issue of Notes which have denominations consisting of a minimum Specified Denomination plus one or more higher integral multiples of another smaller amount, it is possible that such Notes may be traded in amounts that are not integral multiples of such minimum Specified Denomination. In such a case a holder who, as a result of trading such amounts, holds an amount which is less than the minimum Specified Denomination in his account with the relevant clearing system at the relevant time may not receive a Definitive Note in respect of such holding (should Definitive Notes be printed) and would need to purchase a principal amount of Notes such that its holding amounts to a Specified Denomination.

If Definitive Notes are issued, Noteholders should be aware that Definitive Notes which have a denomination that is not an integral multiple of the minimum Specified Denomination may be illiquid and difficult to trade. However, this will not affect Noteholders' entitlement to interest and principal in respect of any Note.

***Fixed rate Notes are exposed to specific market risks***

A holder of a security with a fixed interest rate is exposed to the risk that the price of such security falls as a result of changes in the current interest rate on the capital markets (the "**Market Interest Rate**"). While the nominal rate of a security with a fixed interest rate is fixed for a specified period, the Market Interest Rate typically changes on a daily basis. As the Market Interest Rate changes, the price of such security is likely to change in the opposite direction. If the Market Interest Rate increases, the price of such security typically falls, until the yield of such security is approximately equal to the Market Interest Rate. If the Market Interest Rate falls, the price of a security with a fixed compensation rate typically increases, until the yield of such security is approximately equal to the Market Interest Rate. Investors should be aware that movements of the Market Interest Rate can adversely affect the price of the fixed rate Notes and can lead to losses for the Noteholders if they sell such Notes.

### ***Floating Rate Notes***

Floating rate Notes bear interest by reference to an underlying reference rate. Unlike fixed rate Notes, the interest income on floating rate Notes is variable and, at the time of purchase, investors are not able to determine a yield for floating rate Notes. As such, the return on investment cannot be compared with that of investments which have fixed interest periods. Investors are also exposed to the reinvestment risk of the interest income if the Market Interest Rates decline.

### ***Risks relating to Notes which are linked to "benchmarks"***

Interest rates or other types of rates and indices which are deemed to be "benchmarks" are the subject of ongoing national and international regulatory discussions and proposals for reform. Some of these reforms are already effective whilst others are still to be implemented. The Benchmark Regulation, applicable in full since 1 January 2018, could have a material impact on any Notes linked to LIBOR, EURIBOR, CIBOR, NIBOR, STIBOR or another "benchmark" rate or index, in particular, if the methodology or other terms of the "benchmark" are changed in order to comply with the terms of the Benchmark Regulation, and such changes could (amongst other things) have the effect of reducing or increasing the rate or level, or affecting the volatility of the published rate or level, of the benchmark. In addition, the Benchmark Regulation stipulates that each administrator of a "benchmark" regulated thereunder must be licensed by the competent authority of the Member State where such administrator is located. There is a risk that administrators of certain "benchmarks" will fail to obtain a necessary licence, preventing them from continuing to provide such "benchmarks". Other administrators may cease to administer certain "benchmarks" because of the additional costs of compliance with the Benchmark Regulation and other applicable regulations, and the risks associated therewith. There is also a risk that certain benchmarks may continue to be administered but may in time become obsolete. As an example of such benchmark reforms, in the United Kingdom the Financial Conduct Authority has announced that it will no longer persuade or compel banks to submit rates for the calculation of the LIBOR benchmark after 2021. The continued publication of LIBOR on the current basis (or at all) therefore cannot and will not be guaranteed after 2021 and alternative reference rates that are based firmly on transactions, such as reformed SONIA (the Sterling Over Night Index Average) are beginning to be used.

On 21 September 2017, the European Central Bank announced that it would be part of a new working group tasked with the identification and adoption of a "risk free overnight rate" which can serve as a basis for an alternative to current benchmarks used in a variety of financial instruments and contracts in the euro area.

Following the implementation of any such potential reforms, the manner of administration of benchmarks may change, with the result that they may perform differently than in the past, or the benchmark could be eliminated entirely, or there could be other consequences that cannot be predicted. The elimination of the LIBOR benchmark or any other benchmark, or changes in the manner of administration of any benchmark, could require or result in an adjustment to the interest calculation provisions of the Conditions (as further described in Condition 7(e) (*Benchmark Discontinuation*)), or result in adverse consequences to holders of any Notes linked to such benchmark (including Floating Rate Notes whose interest rates are linked to LIBOR, EURIBOR, CIBOR, NIBOR, STIBOR or any other such benchmark that is subject to reform). Furthermore, even prior to the implementation of any changes, uncertainty as to the nature of alternative reference rates and as to potential changes to such benchmark may adversely affect such benchmark during the term of the relevant Notes, the return on the relevant Notes and the trading market for securities (including the Notes) based on the same benchmark.

The "*Terms and Conditions of the Notes*" set out below provide for certain fallback arrangements in the event that a published benchmark, such as LIBOR, (including any page on which such benchmark may be published (or any successor service)) becomes unavailable, including the possibility that the rate of interest could be set by reference to a successor rate or an alternative reference rate following the Issuer's consultation with an Independent Adviser (as defined below) and that such successor rate or alternative reference rate may be adjusted (if required) in order to reduce or eliminate, to the extent reasonably practicable in the circumstances, any economic prejudice or benefit (as applicable) to investors arising out of the replacement of the relevant benchmark. In certain circumstances the ultimate fallback of interest for a particular Interest Period may result in the rate of interest for the last preceding Interest Period being used. This may result in the effective application of a fixed rate for Floating Rate Notes based on the rate which was last observed on the Relevant Screen Page. In addition, due to the uncertainty concerning the

availability of successor rates and alternative reference rates and the involvement of an Independent Adviser, the relevant fallback provisions may not operate as intended at the relevant time.

Any such consequences could have a material adverse effect on the value of and return on any such Floating Rate Notes. Moreover, any of the above matters or any other significant change to the setting or existence of any relevant reference rate could affect the ability of the relevant Issuer to meet its obligations under the Floating Rate Notes or could have a material adverse effect on the value or liquidity of, and the amount payable under, the Floating Rate Notes. Investors should consult their own independent advisers and make their own assessment about the potential risks imposed by the Benchmark Regulation reforms in making any investment decision with respect to any Notes linked to or referencing a benchmark.

#### ***Zero coupon Notes***

Zero coupon Notes do not provide for interest payments. They are issued at a discount to their principal amount or an accumulated interest basis. Instead of periodic interest payments, the difference between the redemption amount and the issue price constitutes interest income until maturity. A holder of a zero coupon Note is particularly exposed to the risk that the price of such Note falls as a result of changes in the Market Interest Rate. Prices of zero coupon Notes are more volatile than prices of fixed rate Notes and are likely to respond to a greater degree to Market Interest Rate changes than interest bearing notes with a similar maturity.

#### ***Exchange rate risks and exchange controls may result in investors receiving less interest or principal than expected***

The Issuer will pay principal and interest on the Notes in the Specified Currency. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the "**Investor's Currency**") other than the Specified Currency. These include the risk that exchange rates may significantly change (including changes due to devaluation of the Specified Currency or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to the Specified Currency would decrease (1) the Investor's Currency equivalent yield on the Notes, (2) the Investor's Currency equivalent value of the principal payable on the Notes and (3) the Investor's Currency equivalent market value of the Notes. Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, investors may receive less interest or principal than expected, or no interest or principal.

#### ***Inflation risk***

The value of future payments of interest and principal may be reduced as a result of inflation as the real rate of interest on an investment in the Notes will be reduced at rising inflation rates and may be negative if the inflation rate rises above the nominal rate of interest on the Notes.

#### ***Legal investment considerations may restrict certain investments***

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

#### ***Payments on the Notes may be subject to U.S. withholding tax under FATCA***

The United States has enacted rules, commonly referred to as "**FATCA**", that generally impose a new reporting and withholding regime with respect to certain payments made by entities that are classified as financial institutions under FATCA. The United States has entered into an intergovernmental agreement regarding the implementation of FATCA with the Kingdom of Sweden (the "**IGA**"). Under the IGA, as currently drafted, the Issuer does not expect payments made on or with respect to the Notes to be subject to withholding under FATCA. However, significant aspects of when and how FATCA will apply remain uncertain, and no assurance can be given that withholding under FATCA will not become relevant with

respect to payments made on or with respect to the Notes in the future. Prospective investors should consult their own tax advisors regarding the potential impact of FATCA.



## INFORMATION INCORPORATED BY REFERENCE

The following information shall be deemed to be incorporated in, and to form part of, this Base Prospectus:

1. the audited annual consolidated financial statements of the Issuer in respect of the year ended 31 December 2017 (prepared in accordance with the international financial reporting standards (IFRS) within the meaning of Regulation 1606/2002/EC (or as otherwise adopted or amended from time to time)) (the "**2017 Financial Statements**") and the audit report from Öhrlings PricewaterhouseCoopers AB in respect of the 2017 Financial Statements, as set out on pages 92–147 (inclusive) of the Issuer's annual report for 2017:  
<http://mb.cision.com/Main/3302/2484026/813082.pdf>
2. the audited annual consolidated financial statements of the Issuer in respect of the year ended 31 December 2018 (prepared in accordance with the international financial reporting standards (IFRS) within the meaning of Regulation 1606/2002/EC (or as otherwise adopted or amended from time to time)) (the "**2018 Financial Statements**") and the audit report from Ernst & Young AB in respect of the 2018 Financial Statements, as set out on pages 100–167 (inclusive) of the Issuer's annual report for 2018:  
<https://mb.cision.com/Main/3302/2764352/1008077.pdf>
3. the unaudited interim consolidated financial statements of the Issuer in respect of the six-month period ended 30 June 2019 (prepared in accordance with the international financial reporting standards (IFRS) within the meaning of Regulation 1606/2002/EC (or as otherwise adopted or amended from time to time)) (the "**January to June 2019 Interim Financial Statements**") as set out on pages 1 – 39 (inclusive) of the Issuer's interim report for the first six months of 2019:  
<https://mb.cision.com/Main/3302/2888678/1095529.pdf>
4. The section entitled "*Terms and Conditions of the Notes*" on pages 27 to 60 of the Base Prospectus dated 12 May 2017:  
[http://www.ise.ie/debt\\_documents/Base%20Prospectus\\_113ddf9f-3c73-4a89-80fc-9a4f27fee2fd.PDF](http://www.ise.ie/debt_documents/Base%20Prospectus_113ddf9f-3c73-4a89-80fc-9a4f27fee2fd.PDF)
5. The section entitled "*Terms and Conditions of the Notes*" on pages 27 to 63 of the Base Prospectus dated 21 June 2018:  
[https://www.ise.ie/debt\\_documents/Base%20Prospectus\\_5f412919-1828-4e65-ab71-a85b9e5e5ec4.PDF](https://www.ise.ie/debt_documents/Base%20Prospectus_5f412919-1828-4e65-ab71-a85b9e5e5ec4.PDF)

save, that any statement contained in a document which is incorporated by reference herein shall be modified or superseded for the purpose of this Base Prospectus to the extent that a statement contained herein modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not, except as so modified or superseded, constitute a part of this Base Prospectus.

Copies of the documents specified above as containing information incorporated by reference in this Base Prospectus may be inspected, free of charge, during usual business hours at the specified offices of the Principal Paying Agent and also on the website of the Issuer (<https://www.akelius.com/en/investor/financial/reports>). Any information contained in or incorporated by reference in any of the documents incorporated by reference from 1 to 5 above which is not incorporated by reference in this Base Prospectus is either not relevant to investors or is covered elsewhere in this Base Prospectus and, for the avoidance of doubt, unless specifically incorporated by reference into this Base Prospectus, information contained on the website does not form part of this Base Prospectus.

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

## FINAL TERMS AND DRAWDOWN PROSPECTUSES

In this section the expression "**necessary information**" means, in relation to any Tranche of Notes, the information necessary to enable investors to make an informed assessment of the assets and liabilities, financial position, profits and losses and prospects of the Issuer and of the rights attaching to the Notes and the reasons for the issuance and its impact on the Issuer. In relation to the different types of Notes which may be issued under the Programme, the Issuer has included in this Base Prospectus all of the necessary information except for information relating to the Notes which is not known at the date of this Base Prospectus and which can only be determined at the time of an individual issue of a Tranche of Notes.

Any information relating to the Notes which is not included in this Base Prospectus and which is required in order to complete the necessary information in relation to a Tranche of Notes will be contained either in the relevant Final Terms or in a Drawdown Prospectus.

For a Tranche of Notes which is the subject of Final Terms, those Final Terms will, for the purposes of that Tranche only, complete this Base Prospectus and must be read in conjunction with this Base Prospectus. The terms and conditions applicable to any particular Tranche of Notes which is the subject of Final Terms are the Conditions described in the relevant Final Terms as completed to the extent described in the relevant Final Terms.

The terms and conditions applicable to any particular Tranche of Notes which is the subject of a Drawdown Prospectus will be the Conditions as supplemented, amended and/or replaced to the extent described in the relevant Drawdown Prospectus. In the case of a Tranche of Notes which is the subject of a Drawdown Prospectus, each reference in this Base Prospectus to information being specified or identified in the relevant Final Terms shall be read and construed as a reference to such information being specified or identified in the relevant Drawdown Prospectus unless the context requires otherwise.

## FORMS OF THE NOTES

### Bearer Notes

Each Tranche of Notes in bearer form ("**Bearer Notes**") will initially be in the form of either a temporary global note in bearer form (the "**Temporary Global Note**"), without interest coupons, or a permanent global note in bearer form (the "**Permanent Global Note**"), without interest coupons, in each case as specified in the relevant Final Terms. Each Temporary Global Note or, as the case may be, Permanent Global Note (each a "**Global Note**") which is not intended to be issued in new global note ("**NGN**") form, as specified in the relevant Final Terms, will be deposited on or around the issue date of the relevant Tranche of the Notes with a depository or a common depository for Euroclear Bank SA/NV as operator of the Euroclear System ("**Euroclear**") and/or Clearstream Banking S.A. ("**Clearstream, Luxembourg**") and/or any other relevant clearing system and each Global Note which is intended to be issued in NGN form, as specified in the relevant Final Terms, will be deposited on or around the issue date of the relevant Tranche of the Notes with a common safekeeper for Euroclear and/or Clearstream, Luxembourg.

On 13 June 2006 the European Central Bank (the "**ECB**") announced that Notes in NGN form are in compliance with the "Standards for the use of EU securities settlement systems in ESCB credit operations" of the central banking system for the euro (the "**Eurosystem**"), **provided that** certain other criteria are fulfilled. At the same time the ECB also announced that arrangements for Notes in NGN form will be offered by Euroclear and Clearstream, Luxembourg as of 30 June 2006 and that debt securities in global bearer form issued through Euroclear and Clearstream, Luxembourg after 31 December 2006 will only be eligible as collateral for Eurosystem operations if the NGN form is used.

In the case of each Tranche of Bearer Notes, the relevant Final Terms will also specify whether United States Treasury Regulation §1.163-5(c)(2)(i)(C) (the "**TEFRA C Rules**") or United States Treasury Regulation §1.163-5(c)(2)(i)(D) (the "**TEFRA D Rules**") are applicable in relation to the Notes or, if the Notes do not have a maturity of more than 365 days, that neither the TEFRA C Rules nor the TEFRA D Rules are applicable.

### *Temporary Global Note exchangeable for Permanent Global Note*

If the relevant Final Terms specifies the form of Notes as being "Temporary Global Note exchangeable for a Permanent Global Note", then the Notes will initially be in the form of a Temporary Global Note which will be exchangeable, in whole or in part, for interests in a Permanent Global Note, without interest coupons, not earlier than 40 days after the issue date of the relevant Tranche of the Notes upon certification as to non-U.S. beneficial ownership. No payments will be made under the Temporary Global Note unless exchange for interests in the Permanent Global Note is improperly withheld or refused. In addition, interest payments in respect of the Notes cannot be collected without such certification of non-U.S. beneficial ownership.

Whenever any interest in the Temporary Global Note is to be exchanged for an interest in a Permanent Global Note, the Issuer shall procure (in the case of first exchange) the delivery of a Permanent Global Note, duly authenticated and, in the case of a NGN, effectuated, to the bearer of the Temporary Global Note or (in the case of any subsequent exchange) an increase in the principal amount of the Permanent Global Note in accordance with its terms against:

- (i) presentation and (in the case of final exchange) presentation and surrender of the Temporary Global Note to or to the order of the Principal Paying Agent; and
- (ii) receipt by the Principal Paying Agent of a certificate or certificates of non-U.S. beneficial ownership,

within 7 days of the bearer requesting such exchange.

### *Temporary Global Note exchangeable for Definitive Notes*

If the relevant Final Terms specifies the form of Notes as being "Temporary Global Note exchangeable for Definitive Notes" and also specifies that the TEFRA C Rules are applicable or that neither the TEFRA C Rules or the TEFRA D Rules are applicable, then the Notes will initially be in the form of a Temporary Global Note which will be exchangeable, in whole but not in part, for Bearer Notes in definitive form ("**Definitive Notes**") not earlier than 40 days after the issue date of the relevant Tranche of the Notes.

If the relevant Final Terms specifies the form of Notes as being "Temporary Global Note exchangeable for Definitive Notes" and also specifies that the TEFRA D Rules are applicable, then the Notes will initially be in the form of a Temporary Global Note which will be exchangeable, in whole or in part, for Definitive Notes not earlier than 40 days after the issue date of the relevant Tranche of the Notes upon certification as to non-U.S. beneficial ownership. Interest payments in respect of the Notes cannot be collected without such certification of non-U.S. beneficial ownership.

Whenever the Temporary Global Note is to be exchanged for Definitive Notes, the Issuer shall procure the prompt delivery (free of charge to the bearer) of such Definitive Notes, duly authenticated and with Coupons and Talons attached (if so specified in the relevant Final Terms), in an aggregate principal amount equal to the principal amount of the Temporary Global Note to the bearer of the Temporary Global Note against the surrender of the Temporary Global Note to or to the order of the Principal Paying Agent within 30 days of the bearer requesting such exchange.

In relation to any issue of Notes which have a denomination consisting of the minimum Specified Denomination plus a higher integral multiple of another smaller amount, the Temporary Global Note shall only be exchangeable for Definitive Notes in the limited circumstances specified in the Temporary Global Note.

***Permanent Global Note exchangeable for Definitive Notes***

If the relevant Final Terms specifies the form of Notes as being "Permanent Global Note exchangeable for Definitive Notes", then the Notes will initially be in the form of a Permanent Global Note which will be exchangeable in whole, but not in part, for Definitive Notes:

- (i) on the expiry of such period of notice as may be specified in the relevant Final Terms; or
- (ii) at any time, if so specified in the relevant Final Terms; or
- (iii) if the relevant Final Terms specifies "in the limited circumstances described in the Permanent Global Note", then if either of the following events occurs:
  - (a) Euroclear or Clearstream, Luxembourg or any other relevant clearing system is closed for business for a continuous period of 14 days (other than by reason of legal holidays) or announces an intention permanently to cease business or
  - (b) any of the circumstances described in Condition 13 (*Events of Default*) occurs.

Whenever the Permanent Global Note is to be exchanged for Definitive Notes, the Issuer shall procure the prompt delivery (free of charge to the bearer) of such Definitive Notes, duly authenticated and with Coupons and Talons attached (if so specified in the relevant Final Terms), in an aggregate principal amount equal to the principal amount of Notes represented by the Permanent Global Note to the bearer of the Permanent Global Note against the surrender of the Permanent Global Note to or to the order of the Principal Paying Agent within 30 days of the bearer requesting such exchange.

In relation to any issue of Notes which have a denomination consisting of the minimum Specified Denomination plus a higher integral multiple of another smaller amount, the Permanent Global Note shall only be exchangeable for Definitive Notes in the limited circumstances specified in the Permanent Global Note.

***Terms and Conditions applicable to the Notes***

The terms and conditions applicable to any Definitive Note will be endorsed on that Note and will consist of the terms and conditions set out under "*Terms and Conditions of the Notes*" below and the provisions of the relevant Final Terms which supplement those terms and conditions.

The terms and conditions applicable to any Note in global form will differ from those terms and conditions which would apply to the Note were it in definitive form to the extent described under "*Summary of Provisions Relating to the Notes while in Global Form*" below.

### ***Legend concerning United States persons***

In the case of any Tranche of Bearer Notes having a maturity of more than 365 days, the Notes in global form, the Notes in definitive form and any Coupons and Talons appertaining thereto will bear a legend to the following effect:

*"Any United States person who holds this obligation will be subject to limitations under the United States income tax laws, including the limitations provided in Sections 165(j) and 1287(a) of the Internal Revenue Code"*

### **Registered Notes**

Each Tranche of Registered Notes will be represented by either individual Note Certificates in registered form ("**Individual Note Certificates**") or a global note in registered form (a "**Global Registered Note**"), in each case as specified in the relevant Final Terms.

In a press release dated 22 October 2008, "*Evolution of the custody arrangement for international debt securities and their eligibility in Eurosystem credit operations*", the ECB announced that it has assessed the new holding structure and custody arrangements for registered notes which the ICSDs had designed in cooperation with market participants and that Notes to be held under the new structure (the "**New Safekeeping Structure**" or "**NSS**") would be in compliance with the "*Standards for the use of EU securities settlement systems in ESCB credit operations*" of the central banking system for the euro (the "**Eurosystem**"), subject to the conclusion of the necessary legal and contractual arrangements. The press release also stated that the new arrangements for Notes to be held in NSS form will be offered by Euroclear and Clearstream, Luxembourg as of 30 June 2010 and that registered debt securities in global registered form held issued through Euroclear and Clearstream, Luxembourg after 30 September 2010 will only be eligible as collateral in Eurosystem operations if the New Safekeeping Structure is used.

Each Global Registered Note will either be: (a) in the case of a Note which is not to be held under the NSS, registered in the name of a common depository (or its nominee) for Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system and the relevant Global Registered Note will be deposited on or about the issue date with the common depository and will be exchangeable in accordance with its terms; or (b) in the case of a Note to be held under the NSS, be registered in the name of a common safekeeper (or its nominee) for Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system and the relevant Global Registered Note will be deposited on or about the issue date with the common safekeeper for Euroclear and/or Clearstream, Luxembourg and will be exchangeable for Individual Note Certificates in accordance with its terms.

If the relevant Final Terms specifies the form of Notes as being "Global Registered Note exchangeable for Individual Note Certificates", then the Notes will initially be in the form of a Global Registered Note which will be exchangeable in whole, but not in part, for Individual Note Certificates:

- (a) on the expiry of such period of notice as may be specified in the relevant Final Terms; or
- (b) at any time, if so specified in the relevant Final Terms; or
- (c) if the relevant Final Terms specifies "in the limited circumstances described in the Global Registered Note", then if either of the following events occurs:
  - (i) Euroclear or Clearstream, Luxembourg or any other relevant clearing system is closed for business for a continuous period of 14 days (other than by reason of legal holidays) or announces an intention permanently to cease business; or
  - (ii) any of the circumstances described in Condition 13 (*Events of Default*) occurs.

Whenever the Global Registered Note is to be exchanged for Individual Note Certificates, the Issuer shall procure that Individual Note Certificates will be issued in an aggregate principal amount equal to the principal amount of the Global Registered Note within five business days of the delivery, by or on behalf of the registered holder of the Global Registered Note to the Registrar of such information as is required to complete and deliver such Individual Note Certificates (including, without limitation, the names and addresses of the persons in whose names the Individual Note Certificates are to be registered and the

principal amount of each such person's holding) against the surrender of the Global Registered Note at the specified office of the Registrar.

Such exchange will be effected in accordance with the provisions of the Trust Deed and the Agency Agreement and the regulations concerning the transfer and registration of Notes scheduled to the Agency Agreement and, in particular, shall be effected without charge to any Noteholder, but against such indemnity as the Registrar may require in respect of any tax or other duty of whatsoever nature which may be levied or imposed in connection with such exchange.

In relation to any issue of Notes which have a denomination consisting of the minimum Specified Denomination plus a higher integral multiple of another smaller amount, the Global Registered Note shall only be exchangeable for Individual Note Certificates in the limited circumstances described in the Global Registered Note.

#### ***Terms and Conditions applicable to the Notes***

The terms and conditions applicable to any Individual Note Certificate will be endorsed on that Individual Note Certificate and will consist of the terms and conditions set out under "*Terms and Conditions of the Notes*" below and the provisions of the relevant Final Terms which complete those terms and conditions.

The terms and conditions applicable to any Global Registered Note will differ from those terms and conditions which would apply to the Note were it in definitive form to the extent described under "*Summary of Provisions Relating to the Notes while in Global Form*" below.

#### **Summary of Provisions relating to the Notes while in Global Form**

##### ***Clearing System Accountholders***

In relation to any Tranche of Notes represented by a Global Note in bearer form, references in the terms and conditions of the Notes to "Noteholder" are references to the bearer of the relevant Global Note which, for so long as the Global Note is held by a depositary or a common depositary, in the case of a CGN, or a common safekeeper, in the case of an NGN, for Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system, will be that depositary or common depositary or, as the case may be, common safekeeper.

In relation to any Tranche of Notes represented by a Global Registered Note, references in the terms and conditions of the Notes to "Noteholder" are references to the person in whose name such Global Registered Note is for the time being registered in the Register which, for so long as the Global Registered Note is held by or on behalf of a common depositary or a common safekeeper for Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system, will be that common safekeeper or common depositary or a nominee for that common depositary or common safekeeper.

Each of the persons shown in the records of Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system as being entitled to an interest in a Global Note or a Global Registered Note (each an "**Accountholder**") must look solely to Euroclear and/or Clearstream, Luxembourg and/or such other relevant clearing system (as the case may be) for such Accountholder's share of each payment made by the Issuer to the holder of such Global Note or Global Registered Note and in relation to all other rights arising under the Global Note or Global Registered Note. The extent to which, and the manner in which, Accountholders may exercise any rights arising under the Global Note or Global Registered Note will be determined by the respective rules and procedures of Euroclear and Clearstream, Luxembourg and any other relevant clearing system from time to time. For so long as the relevant Notes are represented by a Global Note or Global Registered Note, Accountholders shall have no claim directly against the Issuer in respect of payments due under the Notes and such obligations of the Issuer will be discharged by payment to the holder of such Global Note or Global Registered Note.

### *Conditions applicable to Global Notes*

Each Global Note and Global Registered Note will contain provisions which modify the terms and conditions of the Notes as they apply to the Global Note or Global Registered Note. The following is a summary of certain of those provisions:

*Payments:* All payments in respect of the Global Note or Global Registered Note which, according to the terms and conditions of the Notes, require presentation and/or surrender of a Note, Note Certificate or Coupon will be made against presentation and (in the case of payment of principal in full with all interest accrued thereon) surrender of the Global Note or Global Registered Note to or to the order of any Paying Agent and will be effective to satisfy and discharge the corresponding liabilities of the Issuer in respect of the Notes. On each occasion on which a payment of principal or interest is made in respect of the Global Note, the Issuer shall procure that in respect of a CGN the payment is noted in a schedule thereto and in respect of an NGN the payment is entered *pro rata* in the records of Euroclear and Clearstream, Luxembourg.

*Payment Business Day:* in the case of a Global Note or a Global Registered Note, shall be: if the currency of payment is euro, any day which is a TARGET Settlement Day and a day on which dealings in foreign currencies may be carried on in each (if any) Additional Financial Centre; or, if the currency of payment is not euro, any day which is a day on which dealings in foreign currencies may be carried on in the Principal Financial Centre of the currency of payment and in each (if any) Additional Financial Centre.

*Payment Record Date:* Each payment in respect of a Global Registered Note will be made to the person shown as the Noteholder in the Register at the close of business (in the relevant clearing system) on the Clearing System Business Day before the due date for such payment (the "**Record Date**") where "**Clearing System Business Day**" means a day on which each clearing system for which the Global Registered Note is being held is open for business.

*Exercise of put option:* In order to exercise the option contained in Condition 9(e) (*Redemption at the option of Noteholders*) or Condition 9(f) (*Change of Control Put Option*) the bearer of a Permanent Global Note or the holder of a Global Registered Note must, within the period specified in the Conditions for the deposit of the relevant Note and put notice, give written notice of such exercise to the Principal Paying Agent specifying the principal amount of Notes in respect of which such option is being exercised. Any such notice will be irrevocable and may not be withdrawn.

*Partial exercise of call option:* In connection with an exercise of the option contained in Condition 9(c) (*Redemption at the option of the Issuer*) in relation to some only of the Notes, the Permanent Global Note or Global Registered Note may be redeemed in part in the principal amount specified by the Issuer in accordance with the Conditions and the Notes to be redeemed will not be selected as provided in the Conditions but in accordance with the rules and procedures of Euroclear and/or Clearstream, Luxembourg (to be reflected in the records of Euroclear and/or Clearstream, Luxembourg as either a pool factor or a reduction in principal amount, at their discretion).

*Notices:* Notwithstanding Condition 20 (*Notices*), while all the Notes are represented by a Permanent Global Note (or by a Permanent Global Note and/or a Temporary Global Note) or a Global Registered Note and the Permanent Global Note is (or the Permanent Global Note and/or the Temporary Global Note are), or the Global Registered Note is, deposited with a depository or a common depository for Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system or a common safekeeper, notices to Noteholders may be given by delivery of the relevant notice to Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system and, in any case, such notices shall be deemed to have been given to the Noteholders in accordance with Condition 20 (*Notices*) on the date of delivery to Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system.

## TERMS AND CONDITIONS OF THE NOTES

*The following is the text of the terms and conditions which, as completed by the relevant Final Terms or as supplemented, amended and/or replaced by the relevant Drawdown Prospectus, will be endorsed on each Note in definitive form issued under the Programme. The terms and conditions applicable to any Note in global form will differ from those terms and conditions which would apply to the Note were it in definitive form to the extent described under "Forms of the Notes - Summary of Provisions Relating to the Notes while in Global Form" above.*

### 1. Introduction

- (a) **Programme:** Akelius Residential Property AB (publ) (the "**Issuer**") has established a Euro Medium Term Note Programme (the "**Programme**") for the issuance of up to EUR 2,500,000,000 in aggregate principal amount of notes (the "**Notes**").
- (b) **Final Terms:** Notes issued under the Programme are issued in series (each a "**Series**") and each Series may comprise one or more tranches (each a "**Tranche**") of Notes. Each Tranche is the subject of a final terms (the "**Final Terms**") which supplements these terms and conditions (the "**Conditions**"). The terms and conditions applicable to any particular Tranche of Notes are these Conditions as completed by the relevant Final Terms. The relevant Final Terms should be read in conjunction with these Conditions.
- (c) **Trust Deed:** The Notes are constituted by, are subject to, and have the benefit of, a trust deed dated 18 October 2019 (as amended or supplemented from time to time, the "**Trust Deed**") between the Issuer and Deutsche Trustee Company Limited as trustee (the "**Trustee**", which expression includes all persons for the time being trustee or trustees appointed under the Trust Deed).
- (d) **Agency Agreement:** The Notes are the subject of an issue and paying agency agreement dated 12 May 2017 (as amended or supplemented from time to time, the "**Agency Agreement**") between the Issuer, Deutsche Bank AG, London Branch as principal paying agent (the "**Principal Paying Agent**", which expression includes any successor principal paying agent appointed from time to time in connection with the Notes), Deutsche Bank Luxembourg S.A. as registrar (the "**Registrar**", which expression includes any successor registrar appointed from time to time in connection with the Notes), the paying agents named therein (together with the Principal Paying Agent, the "**Paying Agents**", which expression includes any successor or additional paying agents appointed from time to time in connection with the Notes), the transfer agents named therein (together with the Registrar, the "**Transfer Agents**", which expression includes any successor or additional transfer agents appointed from time to time in connection with the Notes) and the Trustee. In these Conditions references to the "**Agents**" are to the Paying Agents and the Transfer Agents and any reference to an "**Agent**" is to any one of them.
- (e) **The Notes:** The Notes may be issued in bearer form ("**Bearer Notes**"), or in registered form ("**Registered Notes**"). All subsequent references in these Conditions to "Notes" are to the Notes which are the subject of the relevant Final Terms. Copies of the relevant Final Terms are available for viewing at the registered office of the Issuer at Svärdvägen 3A, P.O. Box 104, SE-182 12 Danderyd, Kingdom of Sweden.
- (f) **Summaries:** Certain provisions of these Conditions are summaries of the Trust Deed and the Agency Agreement and are subject to their detailed provisions. Noteholders (as defined below) and the holders of the related interest coupons, if any, (the "**Couponholders**" and the "**Coupons**", respectively) and any Talons are bound by, and are deemed to have notice of, all the provisions of the Trust Deed and the Agency Agreement applicable to them. Copies of the Trust Deed and the Agency Agreement are available for inspection by Noteholders during normal business hours at the Specified Offices of each of the Agents, the initial Specified Offices of which are set out below.



## 2. Interpretation

(a) **Definitions:** In these Conditions the following expressions have the following meanings:

"**Accounting Principles**" means the international financial reporting standards (IFRS) within the meaning of Regulation 1606/2002/EC (or as otherwise adopted or amended from time to time);

"**Accrual Yield**" has the meaning given in the relevant Final Terms;

"**Additional Business Centre(s)**" means the city or cities specified as such in the relevant Final Terms;

"**Additional Financial Centre(s)**" means the city or cities specified as such in the relevant Final Terms;

"**Adjusted Profit Before Taxes**"<sup>1</sup> means, in respect of the Relevant Period, without duplication, the consolidated profit before taxes of the Group from ordinary activities according to the latest Financial Report(s), adjusted for:

- (a) depreciations;
- (b) impairments;
- (c) expenses for property sales;
- (d) Net Interest Expenses;
- (e) change in value (realised or unrealised) of properties;
- (f) exchange rate differences that are included in the profit before taxes;
- (g) change in value of derivative instruments;
- (h) change in value (realised or unrealised) of available-for-sale investments and Liquid Financial Assets (if and when applicable); and
- (i) non-recurring or exceptional items,

in each case subject to the determination specified in the Conditions;

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

- (i) in the case of a Successor Rate, is formally recommended in relation to the replacement of the Original Reference Rate with the Successor Rate by any Relevant Nominating Body; or
- (ii) (if no such recommendation has been made, or in the case of an Alternative Rate) the Issuer determines, following consultation with the Independent Adviser and acting in good faith, is recognised or acknowledged as being in customary usage in international debt capital markets transactions which reference the Original Reference Rate, where such rate has been replaced by the Successor Rate or the Alternative Rate (as the case may be); or

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<sup>1</sup> For an illustration as to how the measure "Adjusted Profit Before Taxes" is calculated, please see the section entitled "*Alternative Performance Measures - Description of alternative performance measures*" in the Base Prospectus relating to the Programme dated 18 October 2019.

- (iii) (if the Issuer determines that no such customary market usage is recognised or acknowledged) the Issuer, in its discretion, following consultation with the Independent Adviser and acting in good faith, determines to be appropriate;

**"Alternative Rate"** means an alternative to the Reference Rate which the Issuer determines in accordance with Condition 7(e)(ii) has replaced the Original Reference Rate in customary market usage in the international debt capital markets for the purposes of determining rates of interest (or the relevant component part thereof) for the same interest period and in the same Specified Currency as the Notes or, if the Independent Adviser determines there is no such rate, such other rate as the Issuer determines (following consultation with the Independent Adviser and acting in good faith) is most comparable to the relevant Reference Rate;

**"Affiliate"** means 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;

**"Benchmark Amendments"** has the meaning given to it in Condition 7(e)(iv);

**"Benchmark Event"** means:

- (a) the Original Reference Rate ceasing to be published for a period of at least 5 Business Days or ceasing to exist; or
- (b) a public statement by the administrator of the Original Reference Rate that it will, by a specified date within the following six months, 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); or
- (c) a public statement by the supervisor of the administrator of the Original Reference Rate that the Original Reference Rate has been or will, by a specified date within the following six months, be permanently or indefinitely discontinued; or
- (d) 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 within the following six months; or
- (e) it has become unlawful for any Paying Agent, Calculation Agent, the Issuer or other party to calculate any payments due to be made to any Noteholder using the Original Reference Rate;

**"Business Day"** means:

- (a) in relation to any sum payable in euro, a TARGET Settlement Day and a day on which commercial banks and foreign exchange markets settle payments generally in each (if any) Additional Business Centre; and
- (b) in relation to any sum payable in a currency other than euro, a day on which commercial banks and foreign exchange markets settle payments generally in London, in the Principal Financial Centre of the relevant currency and in each (if any) Additional Business Centre;

**"Business Day Convention"**, in relation to any particular date, has the meaning given in the relevant Final Terms and, if so specified in the relevant Final Terms, may have different meanings in relation to different dates and, in this context, the following expressions shall have the following meanings:

- (a) **"Following Business Day Convention"** means that the relevant date shall be postponed to the first following day that is a Business Day;

- (b) **"Modified Following Business Day Convention"** or **"Modified Business Day Convention"** means that the relevant date shall be postponed to the first following day that is a Business Day unless that day falls in the next calendar month in which case that date will be the first preceding day that is a Business Day;
- (c) **"Preceding Business Day Convention"** means that the relevant date shall be brought forward to the first preceding day that is a Business Day;
- (d) **"FRN Convention"**, **"Floating Rate Convention"** or **"Eurodollar Convention"** means that each relevant date shall be the date which numerically corresponds to the preceding such date in the calendar month which is the number of months specified in the relevant Final Terms as the Specified Period after the calendar month in which the preceding such date occurred **provided, however, that:**
  - (i) if there is no such numerically corresponding day in the calendar month in which any such date should occur, then such date will be the last day which is a Business Day in that calendar month;
  - (ii) if any such date would otherwise fall on a day which is not a Business Day, then such date will be the first following day which is a Business Day unless that day falls in the next calendar month, in which case it will be the first preceding day which is a Business Day; and
  - (iii) if the preceding such date occurred on the last day in a calendar month which was a Business Day, then all subsequent such dates will be the last day which is a Business Day in the calendar month which is the specified number of months after the calendar month in which the preceding such date occurred; and
- (e) **"No Adjustment"** means that the relevant date shall not be adjusted in accordance with any Business Day Convention;

**"Calculation Agent"** means the Principal Paying Agent or such other Person specified in the relevant Final Terms as the party responsible for calculating the Rate(s) of Interest and Interest Amount(s) and/or such other amount(s) as may be specified in the relevant Final Terms;

**"Calculation Amount"** has the meaning given in the relevant Final Terms;

**"Calculation Date"** means each of 31 March, 30 June, 30 September and 31 December of each relevant year;

**"Call Option Notice"** has the meaning given to such term in Condition 9(c);

**"Capital Markets Indebtedness"** means any indebtedness for money borrowed or raised which is in the form of, or represented by, bonds, notes or other securities which are listed or capable of being quoted, listed, dealt in or traded on a stock exchange or other regularly operating securities market or over-the-counter-market;

**"Change of Control"** has the meaning given to such term in Condition 9(f);

**"Change of Control Put Option"** has the meaning given to such term in Condition 9(f);

**"Change of Control Notice"** has the meaning given to such term in Condition 9(f);

**"Change of Control Put Period"** has the meaning given to such term in Condition 9(f);

**"Change of Control Put Option Notice"** has the meaning given to such term in Condition 9(f);

**"Change of Control Put Option Receipt"** has the meaning given to such term in Condition 9(f);

**"CIBOR"** means, in respect of any currency and any period specified hereon, the interest rate benchmark known as the Copenhagen interbank offered rate which is calculated and published by a designated distributor (currently Nasdaq Copenhagen) in accordance with the requirements from time to time of the Finance Denmark based on estimated interbank borrowing rates for

Danish kroner for a number of designated maturities which are provided by a panel of contributor banks;

**"Consolidated Net Financial Indebtedness"** means the Financial Indebtedness of the Group (excluding any Subordinated Debt) less the Group's consolidated total cash, cash equivalents and Liquid Financial Assets, in each case on a consolidated basis determined in accordance with the Accounting Principles as shown in the latest Financial Report;

**"Credit Facilities"** means any credit agreements providing for revolving credit loans, term loans, swing line loans, commercial paper notes, in each case, as amended, restated, modified, renewed, refunded, restructured, supplemented, replaced or refinanced in whole or in part from time to time, including any amendment increasing the amount of Financial Indebtedness incurred or available to be borrowed thereunder, extending the maturity of any Financial Indebtedness incurred thereunder or contemplated thereby or deleting, adding or substituting one or more parties thereto;

**"Coupon Sheet"** means, in respect of a Note, a coupon sheet relating to the Note;

**"DA Selected Bond"** means the selected government security or securities agreed between the Issuer and an investment bank or financial institution of international standing determined to be appropriate by the Issuer (which, for the avoidance of doubt, could be the Determination Agent, if applicable) as having an actual or interpolated maturity comparable with the remaining term of the Notes (or, if a Par Call Commencement Date is specified in the applicable Final Terms, the period to the Par Call Commencement Date), that would be utilised, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities denominated in the Specified Currency and of a comparable maturity to the remaining term of the Notes (or, if a Par Call Commencement Date is specified in the applicable Final Terms, the period to the Par Call Commencement Date);

**"Day Count Fraction"** means, in respect of the calculation of an amount for any period of time (the **"Calculation Period"**), such day count fraction as may be specified in these Conditions or the relevant Final Terms and:

- (a) if **"Actual/Actual (ICMA)"** is so specified, means:
  - (i) where the Calculation Period is equal to or shorter than the Regular Period during which it falls, the actual number of days in the Calculation Period divided by the product of (1) the actual number of days in such Regular Period and (2) the number of Regular Periods in any year; and
  - (ii) where the Calculation Period is longer than one Regular Period, the sum of:
    - (A) the actual number of days in such Calculation Period falling in the Regular Period in which it begins divided by the product of (1) the actual number of days in such Regular Period and (2) the number of Regular Periods in any year; and
    - (B) the actual number of days in such Calculation Period falling in the next Regular Period divided by the product of (a) the actual number of days in such Regular Period and (2) the number of Regular Periods in any year;
- (b) if **"Actual/Actual (ISDA)"** is so specified, means the actual number of days in the Calculation Period divided by 365 (or, if any portion of the Calculation Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Calculation Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Calculation Period falling in a non-leap year divided by 365);
- (c) if **"Actual/365 (Fixed)"** is so specified, means the actual number of days in the Calculation Period divided by 365;

- (d) if "**Actual/360**" is so specified, means the actual number of days in the Calculation Period divided by 360;
- (e) if "**30/360**" is so specified, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows

Day Count Fraction =

$$\frac{[360x(Y_2 - Y_1)] + [30x(M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

"**Y1**" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"**Y2**" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"**M1**" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"**M2**" is the calendar month, expressed as number, in which the day immediately following the last day included in the Calculation Period falls;

"**D1**" is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D1 will be 30; and

"**D2**" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31 and D1 is greater than 29, in which case D2 will be 30";

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

Day Count Fraction =

$$\frac{[360x(Y_2 - Y_1)] + [30x(M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

"**Y1**" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"**Y2**" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"**M1**" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"**M2**" is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"**D1**" is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D1 will be 30; and

"**D2**" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31, in which case D2 will be 30; and

- (g) if "**30E/360 (ISDA)**" is so specified, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

Day Count Fraction =

$$\frac{[360x(Y_2 - Y_1)] + [30x(M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

"**Y1**" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"**Y2**" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"**M1**" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"**M2**" is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"**D1**" is the first calendar day, expressed as a number, of the Calculation Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case D1 will be 30; and

"**D2**" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless (i) that day is the last day of February but not the Maturity Date or (ii) such number would be 31, in which case D2 will be 30,

**provided, however, that** in each such case the number of days in the Calculation Period is calculated from and including the first day of the Calculation Period to but excluding the last day of the Calculation Period;

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

"**Early Redemption Amount (Tax)**" means, in respect of any Note, its principal amount or such other amount as may be specified in the relevant Final Terms;

"**Early Termination Amount**" means, in respect of any Note, its principal amount or such other amount as may be specified in these Conditions or the relevant Final Terms;

"**Equity Contribution**" means any issue of equity securities made by the Issuer to its shareholder(s) or a third party or any unconditional equity contribution made to a Group Company by a third party (including direct and indirect shareholders but not including another Group Company).

"**EURIBOR**" means, in respect of any specified currency and any specified period, the interest rate benchmark known as the Euro zone interbank offered rate which is calculated and published by a designated distributor (currently Thomson Reuters) in accordance with the requirements from time to time of the European Money Markets Institute (or any other person which takes over the administration of that rate) based on estimated interbank borrowing rates for a number of designated currencies and maturities which are provided, in respect of each such currency, by a panel of contributor banks (details of historic EURIBOR rates can be obtained from the designated distributor);

"**Extraordinary Resolution**" has the meaning given in the Trust Deed;

"**Final Redemption Amount**" means, in respect of any Note, its principal amount or such other amount as may be specified in the relevant Final Terms;

**"Financial Indebtedness"** means any indebtedness (excluding any indebtedness owed to another member of the Group) in respect of:

- (a) monies borrowed or raised, including Market Loans;
- (b) the amount of any liability in respect of any finance leases, to the extent the arrangement is or would have been treated as a finance lease in accordance with the Accounting Principles (a lease which in the accounts of the Group is treated as an asset and a corresponding liability);
- (c) receivables sold or discounted (other than any receivables to the extent they are sold on a non-recourse basis);
- (d) any counter-indemnity obligation in respect of a guarantee, indemnity, bond, standby or documentary letter of credit or any other instrument issued by a bank or financial institution; and
- (e) (without double counting) any guarantee or other assurance against financial loss in respect of a type referred to in the above items (a)–(d),

in each case only if and to the extent the relevant amount is recorded as "indebtedness" in accordance with the Accounting Principles;

**"Financial Report"** means the annual audited consolidated financial statements of the Group, the annual audited unconsolidated financial statements of the Issuer and the quarterly interim consolidated reports of the Group (which may be unaudited) or the quarterly interim unconsolidated reports of the Issuer (which may be unaudited);

**"First Interest Payment Date"** means the date specified in the relevant Final Terms;

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

**"Fixed Coupon Amount"** has the meaning given in the relevant Final Terms;

**"Gross Redemption Yield"** means, with respect to a security, the gross redemption yield on such security, expressed as a percentage and calculated by a Determination Agent appointed by the Issuer on the basis set out by the United Kingdom Debt Management Office in the paper *"Formulae for Calculating Gilt Prices from Yields"* page 5, Section One: Price/Yield Formulae *"Conventional Gilts; Double-dated and Undated Gilts with Assumed (or Actual) Redemption on a Quasi-Coupon Date"* (published 8 June 1998 and updated on 15 January 2002 and 16 March 2005, and as further amended, updated, supplemented or replaced from time to time) or, if such formula does not reflect generally accepted market practice at the time of redemption, a gross redemption yield calculated in accordance with generally accepted market practice at such time as determined by the Issuer following consultation with an investment bank or financial institution of international standing determined to be appropriate by the Issuer (which, for the avoidance of doubt, could be the Determination Agent, if applicable);

**"Group"** means the Issuer and its Subsidiaries from time to time (each a **"Group Company"**);

**"Holder"** in the case of Bearer Notes, has the meaning given in Condition 3(b) (*Form, Denomination, Title and Transfer – Title to Bearer Notes*) and, in the case of Registered Notes, has the meaning given in Condition 3(d) (*Form, Denomination, Title and Transfer – Title to Registered Notes*);

**"Independent Adviser"** means an independent financial institution of international repute or an independent financial adviser with appropriate expertise appointed by the Issuer under Condition 7(e)(i);

**"Interest Amount"** means, in relation to a Note and an Interest Period, the amount of interest payable in respect of that Note for that Interest Period;

**"Interest Commencement Date"** means the Issue Date of the Notes or such other date as may be specified as the Interest Commencement Date in the relevant Final Terms;

**"Interest Determination Date"** has the meaning given in the relevant Final Terms;

**"Interest Payment Date"** means the First Interest Payment Date and any other date or dates specified as such in, or determined in accordance with the provisions of, the relevant Final Terms and, if a Business Day Convention is specified in the relevant Final Terms:

- (a) as the same may be adjusted in accordance with the relevant Business Day Convention; or
- (b) if the Business Day Convention is the FRN Convention, Floating Rate Convention or Eurodollar Convention and an interval of a number of calendar months is specified in the relevant Final Terms as being the Specified Period, each of such dates as may occur in accordance with the FRN Convention, Floating Rate Convention or Eurodollar Convention at such Specified Period of calendar months following the Interest Commencement Date (in the case of the First Interest Payment Date) or the previous Interest Payment Date (in any other case);

**"Interest Period"** means each period beginning on (and including) the Interest Commencement Date or any Interest Payment Date and ending on (but excluding) the next Interest Payment Date;

**"ISDA Definitions"** means the 2006 ISDA Definitions (as amended and updated as at the date of issue of the first Tranche of the Notes of the relevant Series (as specified in the relevant Final Terms) as published by the International Swaps and Derivatives Association, Inc.);

**"Issue Date"** has the meaning given in the relevant Final Terms;

**"LIBOR"** means, in respect of any specified currency and any specified period, the interest rate benchmark known as the London interbank offered rate which is calculated and published by a designated distributor (currently Thomson Reuters) in accordance with the requirements from time to time of ICE Benchmark Administration Limited (or any other person which takes over the administration of that rate) based on estimated interbank borrowing rates for a number of designated currencies and maturities which are provided, in respect of each such currency, by a panel of contributor banks (details of the historic LIBOR rules can be obtained from the designed distributor);

**"Liquid Financial Assets"** means the consolidated aggregate value of the following assets held by any member of the Group according to the latest Financial Report:

- (a) debt securities or debt instruments which (at the time of acquisition): (i) are quoted, listed, dealt in or traded on: a regulated stock exchange; or other regularly operating securities market; (ii) have a rating of "BBB-" or higher from S&P or Fitch or "Baa3" or higher by Moody's or the equivalent of such rating by such rating organisation or, if no rating of Moody's, Fitch or S&P then exists, the equivalent of such rating by any other internationally or domestically recognised rating agency; and (iii) represent no more than one per cent. of the outstanding nominal amount of such individual debt security or debt instrument;
- (b) equity securities of any Person (at the time of acquisition): (i) which are quoted, listed, dealt in or traded on: a regulated stock exchange; or other regularly operating securities market; (ii) where such Person has a long-term issuer credit rating (or equivalent) of "BBB-" or higher from S&P or Fitch or "Baa3" or higher by Moody's or the equivalent of such rating by such rating organisation or, if no rating of Moody's, Fitch or S&P then exists, the equivalent of such rating by any other internationally or domestically recognised rating agency; and (iii) that represents no more than one per cent. of the total amount of such equity securities; and
- (c) investments in any fund that (at the time of such investment in the fund by such member of the Group) invests exclusively in investments of the type described in paragraphs (a)



and (b) above which fund may also hold cash and cash equivalents pending investment or distribution;

"**Margin**" has the meaning given in the relevant Final Terms;

"**Market Loans**" means any loan or other indebtedness where an entity issues commercial paper, certificates, convertibles, subordinated debentures, bonds or any other debt securities (including, for the avoidance of doubt, under any medium term note programmes and other market funding programmes), provided in each case that such instruments and securities are or can be subject to trade on Nasdaq Stockholm or any other regulated market (as defined in Directive 2004/39/EC on markets in financial instruments) or an unregulated recognised market place;

"**Maturity Date**" has the meaning given in the relevant Final Terms;

"**Maximum Rate of Interest**" has the meaning given in the relevant Final Terms;

"**Maximum Redemption Amount**" has the meaning given in the relevant Final Terms;

"**Minimum Rate of Interest**" has the meaning given in the relevant Final Terms;

"**Minimum Redemption Amount**" has the meaning given in the relevant Final Terms;

"**Moody's**" means Moody's Investors Service, Inc., a division of Moody's Corporation;

"**Net Financial Indebtedness**" means the nominal amount of Financial Indebtedness of the Group (excluding any Subordinated Debt) incurred minus the nominal amount of Financial Indebtedness of the Group (excluding any Subordinated Debt) repaid;

"**Net Interest Expenses**" means, for the Relevant Period, the Total Interest Expenses for that Relevant Period, after deducting the interest and other income payable in that Relevant Period to any Group Company (other than by another member of the Group) on any cash, cash equivalents or Liquid Financial Assets (excluding, in the case of Liquid Financial Assets, any one-off gains or any realised or unrealised value changes with respect to such assets) according to the latest Financial Report(s);

"**Net Unencumbered Assets**" means (without duplication) on a consolidated basis determined in accordance with the Accounting Principles, the value of any investment property (including any investment property classified as assets held for sale) of the Group not subject to any Security Interest acquired plus the value of any other asset of the Group over which all Security Interests have been released since the immediately preceding Calculation Date for which a Financial Report has been published plus the value of all other assets of the Group not subject to any Security Interest acquired minus the value of such assets which (i) have been disposed of or (ii) have become subject to a Security Interest;

"**Net Unsecured Financial Indebtedness**" means the nominal amount of Unsecured Financial Indebtedness incurred minus the nominal amount of Unsecured Financial Indebtedness repaid;

"**NIBOR**" means, in respect of Norwegian Kroner and for any specified period, the interest rate benchmark known as the Norwegian interbank offered rate which is calculated and published by a designated distributor (currently Oslo Børs) in accordance with the requirements from time to time of the Norwegian association for banks, insurance companies and financial institutions, Finance Norway – FNO based on estimated interbank borrowing rates for Norwegian Kroner for a number of designated maturities which are provided by a panel of contributor banks (details of historic NIBOR rates can be obtained from the designated distributor);

"**Noteholder**", in the case of Bearer Notes, has the meaning given in Condition 3(b) (*Form, Denomination, Title and Transfer - Title to Bearer Notes*) and, in the case of Registered Notes, has the meaning given in Condition 3(d) (*Form, Denomination, Title and Transfer - Title to Registered Notes*);

"**Optional Redemption Amount (Change of Control)**" means, in respect of any Note, its principal amount or such other amount as may be specified in the relevant Final Terms;

**"Optional Redemption Amount (Call)"** means, in respect of any Note, its principal amount, the Make Whole Redemption Price and/or such other amount as may be specified in the relevant Final Terms and in each case the Optional Redemption Amount (Call) shall be specified in the Final Terms and may constitute different amounts which depend on the date of the Call Option Notice;

**"Optional Redemption Amount (Put)"** means, in respect of any Note, its principal amount or such other amount as may be specified in the relevant Final Terms;

**"Optional Redemption Date (Call)"** means at any time following the expiry of the notice period set out in Condition 9(c) (or the relevant Final Terms) or on the dates specified in the relevant Final Terms, in each case as specified in the relevant Final Terms;

**"Optional Redemption Date (Change of Control)"** has the meaning given in Condition 9(f);

**"Optional Redemption Date (Put)"** has the meaning given in the relevant Final Terms;

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

**"Par Call Commencement Date"** has the meaning given in the relevant Final Terms;

**"Payment Business Day"** means:

- (a) if the currency of payment is euro, any day which is:
  - (i) a day on which banks in the relevant place of presentation are open for presentation and payment of bearer debt securities and for dealings in foreign currencies; and
  - (ii) in the case of payment by transfer to an account, a TARGET Settlement Day and a day on which dealings in foreign currencies may be carried on in each (if any) Additional Financial Centre; or
- (b) if the currency of payment is not euro, any day which is:
  - (i) a day on which banks in the relevant place of presentation are open for presentation and payment of bearer debt securities and for dealings in foreign currencies; and
  - (ii) in the case of payment by transfer to an account, a day on which dealings in foreign currencies may be carried on in the Principal Financial Centre of the currency of payment and in each (if any) Additional Financial Centre;

**"Permitted Financial Indebtedness"** means any of the following items of Financial Indebtedness:

- (a) the incurrence by the Issuer or any of its Subsidiaries of Financial Indebtedness under Credit Facilities, **provided that** the principal amount of Financial Indebtedness incurred under the Credit Facilities does not exceed, individually or in the aggregate, 2 per cent. of Total Assets (according to the most recent Financial Report available at the time of incurrence of such Permitted Financial Indebtedness); and
- (b) the incurrence by the Issuer or any of its Subsidiaries of Financial Indebtedness which refinances existing Financial Indebtedness with an aggregate principal amount that is equal to or less than the aggregate principal amount of the refinanced Financial Indebtedness (including, for the avoidance of doubt, costs related to such refinancing);

**"Permitted Security Interest"** means:

- (a) any Security Interest created as security for any Securitised Capital Markets Indebtedness;

- (b) any Security Interest arising by operation of law and in the ordinary course of business of the Issuer or any of its Subsidiaries which does not (either alone or together with any one or more other such Security Interests) materially impair the operation of such business and which has not been enforced against the assets to which it attaches; and
- (c) in the case of any entity which becomes a Subsidiary of any member of the Group after the Issue Date of the first Tranche of the Notes, any Security Interest securing Capital Markets Indebtedness existing over its assets at the time it becomes such a Subsidiary **provided that** (i) the Security Interest was not created in contemplation of or in connection with it becoming a Subsidiary, (ii) the amounts secured have not been increased in contemplation of or in connection with such acquisition and (iii) the Security Interest has not been extended to any additional undertakings, assets or revenues in contemplation of or in connection with such acquisition;

**"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;

**"Principal Financial Centre"** means, in relation to any currency, the principal financial centre for that currency **provided, however, that:**

- (a) in relation to euro, it means the principal financial centre of such Member State of the European Union as is selected (in the case of a payment) by the payee or (in the case of a calculation) by the Calculation Agent; and
- (b) in relation to New Zealand dollars, it means either Wellington or Auckland as is selected (in the case of a payment) by the payee or (in the case of a calculation) by the Calculation Agent;

**"Put Option Notice"** means a notice which must be delivered to a Paying Agent by any Noteholder wanting to exercise a right to redeem a Note at the option of the Noteholder under Condition 9(e);

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

**"Put Option Receipt"** means a receipt issued by a Paying Agent to a depositing Noteholder upon deposit of a Note with such Paying Agent by any Noteholder wanting to exercise a right to redeem a Note at the option of the Noteholder pursuant to Condition 9(e);

**"Rate of Interest"** means the rate or rates (expressed as a percentage per annum) of interest payable in respect of the Notes specified in the relevant Final Terms or calculated or determined in accordance with the provisions of these Conditions and/or the relevant Final Terms;

**"Redemption Amount"** means, as appropriate, the Final Redemption Amount, the Early Redemption Amount (Tax), the Optional Redemption Amount (Call), the Optional Redemption Amount (Change of Control), the Optional Redemption Amount (Put), the Early Termination Amount or such other amount in the nature of a redemption amount as may be specified in the relevant Final Terms;

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

**"Reference Banks"** has the meaning given in the relevant Final Terms or, if none, four major banks selected by the Issuer (or an independent investment bank, commercial bank or stockbroker appointed by the Issuer) in the market that is most closely connected with the Reference Rate;

**"Reference Bond"** shall be as set out in the relevant Final Terms or, if not so specified or to the extent that such Reference Bond specified in the Final Terms is no longer outstanding on the relevant Reference Date, the DA Selected Bond;

**"Reference Bond Price"** means, with respect to any Reference Date, (i) the arithmetic average of the Reference Government Bond Dealer Quotations for such date of redemption, after excluding the highest and lowest such Reference Government Bond Dealer Quotations, or (ii) if fewer than five such Reference Government Bond Dealer Quotations are received, the arithmetic average of all such quotations;

**"Reference Bond Rate"** means, with respect to any Reference Date, the rate per annum equal to the yield to maturity or interpolated yield to maturity (on the relevant day count basis) of the Reference Bond, assuming the price for the Reference Bond (expressed as a percentage of its principal amount) equal to the Reference Bond Price for such Reference Date;

**"Reference Date"** means the date which is two business days prior to the despatch of the notice of redemption under Condition 9(c) (*Redemption at the Option of the Issuer*) or such other date as may be specified in the relevant Final Terms;

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

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

**"Reference Price"** has the meaning given in the relevant Final Terms;

**"Reference Rate"** means EURIBOR, or LIBOR, CIBOR, NIBOR, STIBOR or as specified in the relevant Final Terms in respect of the currency and period specified in the relevant Final Terms;

**"Register"** has the meaning given to such term in Condition 3(d);

**"Regular Period"** means:

- (a) in the case of Notes where interest is scheduled to be paid only by means of regular payments, each period from and including the Interest Commencement Date to but excluding the First Interest Payment Date and each successive period from and including one Interest Payment Date to but excluding the next Interest Payment Date;
- (b) in the case of Notes where, apart from the first Interest Period, interest is scheduled to be paid only by means of regular payments, each period from and including a Regular Date falling in any year to but excluding the next Regular Date, where **"Regular Date"** means the day and month (but not the year) on which any Interest Payment Date falls; and
- (c) in the case of Notes where, apart from one Interest Period other than the first Interest Period, interest is scheduled to be paid only by means of regular payments, each period from and including a Regular Date falling in any year to but excluding the next Regular Date, where **"Regular Date"** means the day and month (but not the year) on which any Interest Payment Date falls other than the Interest Payment Date falling at the end of the irregular Interest Period.

**"Relevant Date"** means, in relation to any payment, whichever is the later of (a) the date on which the payment in question first becomes due and (b) if the full amount payable has not been received in the Principal Financial Centre of the currency of payment by the Principal Paying Agent or the Trustee on or prior to such due date, the date on which (the full amount having been so received) notice to that effect has been given to the Noteholders;

**"Relevant Financial Centre"** has the meaning given in the relevant Final Terms;

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

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

**"Relevant Period"** means each period of 12 consecutive calendar months;

**"Relevant Screen Page"** means the page, section or other part of a particular information service (including, without limitation, Reuters) specified as the Relevant Screen Page in the relevant Final Terms, or such other page, section or other part as may replace it on that 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 rates or prices comparable to the Reference Rate;

**"Relevant Time"** has the meaning given in the relevant Final Terms;

**"Reporting Date"** means a date falling no later than 30 calendar days after the publication of each of (i) the annual audited consolidated financial statements of the Group; and (ii) the quarterly interim consolidated reports of the Group (which may be unaudited);

**"Reserved Matter"** means any proposal to change any date fixed for payment of principal or interest in respect of the Notes, to reduce the amount of principal or interest payable on any date in respect of the Notes (save for any such reduction of interest following a Step Down Event pursuant to Condition 7A (*Adjustment of Interest Rate*)), to alter the method of calculating the amount of any payment in respect of the Notes on redemption or maturity in each case, other than any change arising from the occurrence of a Benchmark Event or any Benchmark Amendments, or the date for any such payment, to change the currency of any payment under the Notes, to modify any of the provisions of Condition 5 (*Covenants*), to change the quorum requirements relating to meetings or the majority required to pass an Extraordinary Resolution or to amend the definition of Reserved Matter;

**"S&P"** means S&P Global Ratings Europe Limited;

**"Secured Consolidated Net Financial Indebtedness"** means the aggregate principal amount of all outstanding Consolidated Net Financial Indebtedness of the Group that is secured by a Security Interest on properties or other assets of the Group;

**"Secured Financial Indebtedness"** means the aggregate principal amount of all outstanding Financial Indebtedness of the Group (excluding any Subordinated Debt) that is secured by a Security Interest on properties or other assets of the Group;

**"Secured Net Financial Indebtedness"** means the nominal amount of the Secured Financial Indebtedness incurred minus the nominal amount of the Secured Financial Indebtedness repaid;

**"Securitized Capital Markets Indebtedness"** means any Capital Markets Indebtedness incurred in respect of or in connection with any securitisation, asset-backed or similar financing arrangement relating to assets and/or receivables of the Issuer or any of its Subsidiaries and where the recourse of the holders of such Capital Market Indebtedness against the Issuer or the relevant Subsidiary is limited solely to such assets, receivables or any income generated from such assets or receivables;

**"Security Interest"** means any mortgage, charge, pledge, lien or other security interest including, without limitation, anything analogous to any of the foregoing under the laws of any jurisdiction;

**"Specified Currency"** has the meaning given in the relevant Final Terms;

"**Specified Denomination(s)**" has the meaning given in the relevant Final Terms;

"**Specified Office**" has the meaning given in the Agency Agreement;

"**Specified Period**" has the meaning given in the relevant Final Terms;

"**STIBOR**" means, in respect of Swedish Kronor and for any specified period, the interest rate benchmark known as the Stockholm interbank offered rate which is calculated and published by a designated distributor (currently Nasdaq Stockholm) based on estimated interbank borrowing rates for Swedish Kronor for a number of designated maturities which are provided by a panel of contributor banks (details of historic STIBOR rates can be obtained from the designated distributor);

"**Subordinated Debt**" means any indebtedness of the Group (i) which is treated as equity in accordance with the Accounting Principles and/or (ii) which is subordinated to the obligations of the Issuer under these Conditions (whether treated as equity or financial liabilities in accordance with the Accounting Principles);

"**Subsidiary**" means any entity whose financial statements at any time are required by law or in accordance with generally accepted accounting principles to be fully consolidated with those of the Issuer;

"**Successor Rate**" means a successor to or replacement of the Original Reference Rate which is formally recommended by any Relevant Nominating Body;

"**Talon**" means a talon for further Coupons;

"**TARGET2**" means the Trans-European Automated Real-Time Gross Settlement Express Transfer payment system which utilises a single shared platform and which was launched on 19 November 2007;

"**TARGET Settlement Day**" means any day on which TARGET2 is open for the settlement of payments in euro;

"**Total Assets**" means the consolidated aggregate book value of the Group's total assets according to the latest Financial Report;

"**Total Net Assets**" means the Total Assets of the Group less the Group's total cash, cash equivalents and Liquid Financial Assets, in each case according to the latest Financial Report;

"**Total Interest Expenses**" means, for the Relevant Period, the aggregate amount of interest costs, upfront fees and prepayment fees whether paid, payable or capitalised by any Group Company according to the latest Financial Report(s) (calculated on a consolidated basis and excluding any interest on Subordinated Debt and excluding any one-off financing charges (including, without limitation, any one-off fees and/or break costs));

"**Unencumbered Assets**" means (without duplication) (i) the value of any investment property (including any investment property classified as assets held for sale), on a consolidated basis determined in accordance with the Accounting Principles, of the Group that is not subject to any Security Interest, plus (ii) the value of all other assets of the Group that are not subject to any Security Interest (where in case of both (i) and (ii), the values shall be equal to such amounts that appear or would appear on a consolidated balance sheet in the latest Financial Report prepared in accordance with the Accounting Principles);

"**Unsecured Consolidated Net Financial Indebtedness**" means the Unsecured Financial Indebtedness less the Group's total cash, cash equivalents and Liquid Financial Assets, in each case on a consolidated basis determined in accordance with the Accounting Principles as shown in the latest Financial Report;

"**Unsecured Financial Indebtedness**" means the aggregate principal amount of all outstanding Financial Indebtedness of the Group (excluding any Subordinated Debt) that is not secured by a Security Interest on properties or other assets of the Group; and

**"Zero Coupon Note"** means a Note specified as such in the relevant Final Terms.

(b) **Interpretation:** In these Conditions:

- (i) if the Notes are Zero Coupon Notes, references to Coupons and Couponholders are not applicable;
- (ii) if Talons are specified in the relevant Final Terms as being attached to the Notes at the time of issue, references to Coupons shall be deemed to include references to Talons;
- (iii) if Talons are not specified in the relevant Final Terms as being attached to the Notes at the time of issue, references to Talons are not applicable;
- (iv) any reference to principal shall be deemed to include the Redemption Amount, any additional amounts in respect of principal which may be payable under Condition 12 (*Taxation*), any premium payable in respect of a Note and any other amount in the nature of principal payable pursuant to these Conditions;
- (v) any reference to interest shall be deemed to include any additional amounts in respect of interest which may be payable under Condition 12 (*Taxation*) and any other amount in the nature of interest payable pursuant to these Conditions;
- (vi) references to Notes being "outstanding" shall be construed in accordance with the Trust Deed;
- (vii) if an expression is stated in Condition 2(a) (*Definitions*) to have the meaning given in the relevant Final Terms, but the relevant Final Terms gives no such meaning or specifies that such expression is "not applicable" then such expression is not applicable to the Notes; and
- (viii) any reference to the Trust Deed or the Agency Agreement shall be construed as a reference to the Trust Deed or the Agency Agreement, as the case may be, as amended and/or supplemented up to and including the Issue Date of the Notes.

### 3. **Form, Denomination, Title and Transfer**

- (a) **Bearer Notes:** Bearer Notes are in the Specified Denomination(s) with Coupons and, if specified in the relevant Final Terms, a Talon attached at the time of issue. In the case of a Series of Bearer Notes with more than one Specified Denomination, Bearer Notes of one Specified Denomination will not be exchangeable for Bearer Notes of another Specified Denomination.
- (b) **Title to Bearer Notes:** Title to Bearer Notes and the Coupons will pass by delivery. In the case of Bearer Notes, "**Holder**" means the holder of such Bearer Note and "**Noteholder**" and "**Couponholder**" shall be construed accordingly.
- (c) **Registered Notes:** Registered Notes are in the Specified Denomination(s), which may include a minimum denomination specified in the relevant Final Terms and higher integral multiples of a smaller amount specified in the relevant Final Terms.
- (d) **Title to Registered Notes:** The Registrar will maintain the register (the "**Register**") in accordance with the provisions of the Agency Agreement. A certificate (each, a "**Note Certificate**") will be issued to each Holder of Registered Notes in respect of its registered holding. Each Note Certificate will be numbered serially with an identifying number which will be recorded in the Register. In the case of Registered Notes, "**Holder**" means the person in whose name such Registered Note is for the time being registered in the Register (or, in the case of a joint holding, the first named thereof) and "**Noteholder**" shall be construed accordingly.
- (e) **Ownership:** The Holder of any Note or Coupon shall (except as otherwise required by law) be treated as its absolute owner for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any other interest therein, any writing thereon or, in the case of Registered Notes, on the Note Certificate relating thereto (other than the endorsed form of transfer) or any notice of any previous loss or theft thereof) and no Person shall be liable for so

treating such Holder. No person shall have any right to enforce any term or condition of any Note under the Contracts (Rights of Third Parties) Act 1999.

- (f) **Transfers of Registered Notes:** Subject to paragraphs (i) (*Closed periods*) and (j) (*Regulations concerning transfers and registration*) below, a Registered Note may be transferred upon surrender of the relevant Note Certificate, with the endorsed form of transfer duly completed, at the Specified Office of the Registrar or any Transfer Agent, together with such evidence as the Registrar or (as the case may be) such Transfer Agent may reasonably require to prove the title of the transferor and the authority of the individuals who have executed the form of transfer; **provided, however, that** a Registered Note may not be transferred unless the principal amount of Registered Notes transferred and (where not all of the Registered Notes held by a Holder are being transferred) the principal amount of the balance of Registered Notes not transferred are Specified Denominations. Where not all the Registered Notes represented by the surrendered Note Certificate are the subject of the transfer, a new Note Certificate in respect of the balance of the Registered Notes will be issued to the transferor.
- (g) **Registration and delivery of Note Certificates:** Within five business days of the surrender of a Note Certificate in accordance with paragraph (f) (*Transfers of Registered Notes*) above, the Registrar will register the transfer in question and deliver a new Note Certificate of a like principal amount to the Registered Notes transferred to each relevant Holder at its Specified Office or (as the case may be) the Specified Office of any Transfer Agent or (at the request and risk of any such relevant Holder) by uninsured first class mail (airmail if overseas) to the address specified for the purpose by such relevant Holder. In this paragraph, "**business day**" means a day on which commercial banks are open for general business (including dealings in foreign currencies) in the city where the Registrar or (as the case may be) the relevant Transfer Agent has its Specified Office.
- (h) **No charge:** The transfer of a Registered Note will be effected without charge by or on behalf of the Issuer or the Registrar or any Transfer Agent but against such indemnity as the Registrar or (as the case may be) such Transfer Agent may require in respect of any tax or other duty of whatsoever nature which may be levied or imposed in connection with such transfer.
- (i) **Closed periods:** Noteholders may not require transfers to be registered during the period of 15 days ending on the due date for any payment of principal or interest.
- (j) **Regulations concerning transfers and registration:** All transfers of Registered Notes and entries on the Register are subject to the detailed regulations concerning the transfer of Registered Notes scheduled to the Agency Agreement. The regulations may be changed by the Issuer with the prior written approval of the Registrar and the Trustee. A copy of the current regulations will be mailed (free of charge) by the Registrar to any Noteholder who requests in writing a copy of such regulations.

#### 4. **Status**

**Status of the Notes:** The Notes constitute unsecured and unsubordinated obligations of the Issuer and shall at all times rank *pari passu* and without any preference among themselves. The payment obligations of the Issuer under the Notes shall, save for such exceptions as may be provided by applicable legislation, at all times rank at least *pari passu* with all its other present and future unsecured and unsubordinated obligations.

#### 5. **Covenants**

##### (a) **Negative Pledge**

So long as any Note or Coupon remains outstanding (as defined in the Trust Deed), the Issuer shall not, and the Issuer shall procure that none of its Subsidiaries will, create or permit to subsist any Security Interest (other than a Permitted Security Interest) upon the whole or any part of its present or future undertaking, assets or revenues (including uncalled capital) to secure any Capital Markets Indebtedness or to secure any guarantee or indemnity in respect of any Capital Markets Indebtedness without at the same time or prior thereto (i) securing the Notes equally and rateably therewith to the satisfaction of the Trustee or (ii) providing such other security for the



Notes as the Trustee may in its absolute discretion consider to be not materially less beneficial to the interests of the Noteholders or as may be approved by an Extraordinary Resolution (as defined in the Trust Deed) of Noteholders.

(b) ***Maintenance of Unencumbered Assets***

For so long as any Note remains outstanding (as defined in the Trust Deed), the Issuer shall ensure that the sum of: (A) the Unencumbered Assets less the Group's consolidated total cash, cash equivalents and Liquid Financial Assets as of the immediately preceding Calculation Date for which a Financial Report has been published; and (B) the Net Unencumbered Assets recorded (to be added or deducted, as applicable) since the immediately preceding Calculation Date for which a Financial Report has been published, will at no time be less than 125 per cent. of the sum of: (x) the Unsecured Consolidated Net Financial Indebtedness as of the immediately preceding Calculation Date for which a Financial Report has been published; and (y) the Net Unsecured Financial Indebtedness incurred since the immediately preceding Calculation Date for which a Financial Report has been published.

(c) ***Limitation on the Incurrence of Financial Indebtedness***

So long as any Note remains outstanding (as defined in the Trust Deed), the Issuer undertakes that it will not, and will procure that none of its Subsidiaries will, incur any Financial Indebtedness (except for any Permitted Financial Indebtedness) if, immediately after giving effect to the incurrence of such additional Financial Indebtedness (taking into account the application of the net proceeds of such incurrence):

- (i) the ratio of (i) the sum of (x) the Consolidated Net Financial Indebtedness as of the immediately preceding Calculation Date for which a Financial Report has been published and (y) the Net Financial Indebtedness incurred since the immediately preceding Calculation Date for which a Financial Report has been published to (ii) the sum of (without duplication) (x) the Total Net Assets as of the immediately preceding Calculation Date for which a Financial Report has been published, (y) the purchase price of any investment property (including any investment property classified as assets held for sale) acquired or contracted for acquisition since the immediately preceding Calculation Date for which a Financial Report has been published and (z) the proceeds of any Financial Indebtedness incurred since the immediately preceding Calculation Date for which a Financial Report has been published (but only to the extent such proceeds were not used to acquire investment property (including any investment property classified as assets held for sale) or to reduce Financial Indebtedness) would exceed 60 per cent;
- (ii) the ratio of (i) the sum of (x) the Secured Consolidated Net Financial Indebtedness of the Group as of the immediately preceding Calculation Date for which a Financial Report has been published and (y) the Secured Net Financial Indebtedness incurred since the immediately preceding Calculation Date for which a Financial Report has been published to (ii) the sum of (without duplication) (x) Total Net Assets as of the immediately preceding Calculation Date for which a Financial Report has been published, (y) the purchase price of any investment property (including any investment property classified as assets held for sale) acquired or contracted for acquisition since the immediately preceding Calculation Date for which a Financial Report has been published and (z) the proceeds of any Financial Indebtedness incurred since the immediately preceding Calculation Date for which a Financial Report has been published (but only to the extent such proceeds were not used to acquire investment property (including any investment property classified as assets held for sale) or to reduce Financial Indebtedness) would exceed 45 per cent; or
- (iii) the ratio of (i) the aggregate amount of Adjusted Profit Before Taxes in the respective most recent four consecutive quarters ending prior to the Calculation Date for which a Financial Report has been published to (ii) the aggregate amount of Net Interest Expenses in the respective most recent four consecutive quarters ending prior to the Calculation Date for which a Financial Report has been published would be less than 1.50 to 1.00 (each of (i) and (ii) as determined by a responsible accounting or financial

officer of the Issuer (using their reasonable judgment) on a *pro forma* basis (including a *pro forma* application of the net proceeds therefrom), as if the additional Financial Indebtedness had been incurred at the beginning of such four quarter period).

- (d) **With** respect to the covenants contained in these Conditions 5(b) and (c), the Issuer will provide to the Trustee, on each Reporting Date, a certificate signed by two Authorised Signatories (as defined in the Trust Deed) of the Issuer confirming compliance with Conditions 5(b) and (c) by the Issuer or, if the Issuer has not complied with Conditions 5(b) or 5(c), giving details of such non-compliance. Any certificate addressed to the Trustee signed by two Authorised Signatories of the Issuer as to any of the amounts of any defined term or figure referred to in Conditions 5(b) and (c) may be relied upon by the Trustee, and shall be conclusive and binding on the Issuer and Noteholders.

6. **Fixed Rate Note Provisions**

- (a) **Application:** This Condition 6 (*Fixed Rate Note Provisions*) is applicable to the Notes only if the Fixed Rate Note Provisions are specified in the relevant Final Terms as being applicable.
- (b) **Accrual of interest:** The Notes bear interest from the Interest Commencement Date at the Rate of Interest payable in arrear on each Interest Payment Date, subject as provided in Condition 10 (*Payments - Bearer Notes*) and Condition 11 (*Payments - Registered Notes*). Each Note will cease to bear interest from the due date for final redemption unless, upon due presentation, payment of the Redemption Amount is improperly withheld or refused, in which case it will continue to bear interest in accordance with this Condition 6(b) (as well after as before judgment) until whichever is the earlier of (i) the day on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant Noteholder and (ii) the day which is seven days after the Principal Paying Agent or the Trustee has notified the Noteholders that it has received all sums due in respect of the Notes up to such seventh day (except to the extent that there is any subsequent default in payment).
- (c) **Fixed Coupon Amount:** The amount of interest payable in respect of each Note for any Interest Period shall be the relevant Fixed Coupon Amount and, if the Notes are in more than one Specified Denomination, shall be the relevant Fixed Coupon Amount in respect of the relevant Specified Denomination.
- (d) **Calculation of interest amount:** The amount of interest payable in respect of each Note for any period for which a Fixed Coupon Amount is not specified shall be calculated by applying the Rate of Interest to the Calculation Amount, multiplying the product by the relevant Day Count Fraction, rounding the resulting figure to the nearest sub-unit of the Specified Currency (half a sub-unit being rounded upwards) and multiplying such rounded figure by a fraction equal to the Specified Denomination of such Note divided by the Calculation Amount. For this purpose a "**sub-unit**" means, in the case of any currency other than euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, in the case of euro, means one cent.
- (e) **Notes accruing interest otherwise than a Fixed Coupon Amount:** This Condition 6(e) shall apply to Notes which are Fixed Rate Notes only where the Final Terms for such Notes specify that the Interest Payment Dates are subject to adjustment in accordance with the Business Day Convention specified therein. The relevant amount of interest payable in respect of each Note for any Interest Period for such Notes shall be calculated by the Calculation Agent by multiplying the product of the Rate of Interest and the Calculation Amount by the relevant Day Count Fraction and rounding the resultant figure to the nearest sub-unit of the Specified Currency (half a sub-unit being rounded upwards). The Calculation Agent shall cause the relevant amount of interest and the relevant Interest Payment Date to be notified to the Issuer, the Trustee, the Paying Agents, the Registrar (in the case of Registered Notes) and the Noteholders in accordance with Condition 20 (*Notices*) and, if the Notes are listed on a stock exchange and the rules of such exchange so requires, such exchange as soon as possible after their determination or calculation but in no event later than the fourth Business day thereafter or, if earlier in the case of notification to the stock exchange, the time required by the rules of the relevant stock exchange.

7. **Floating Rate Note Provisions**

- (a) **Application:** This Condition 7 (*Floating Rate Note Provisions*) is applicable to the Notes only if the Floating Rate Note Provisions are specified in the relevant Final Terms as being applicable.
- (b) **Accrual of interest:** The Notes bear interest from the Interest Commencement Date at the Rate of Interest payable in arrear on each Interest Payment Date, subject as provided in Condition 10 (*Payments - Bearer Notes*) and Condition 11 (*Payments - Registered Notes*). Each Note will cease to bear interest from the due date for final redemption unless, upon due presentation, payment of the Redemption Amount is improperly withheld or refused, in which case it will continue to bear interest in accordance with this Condition (before and after judgment) until whichever is the earlier of (i) the day on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant Noteholder and (ii) the day which is seven days after the Principal Paying Agent or the Trustee has notified the Noteholders that it has received all sums due in respect of the Notes up to such seventh day (except to the extent that there is any subsequent default in payment).
- (c) **Screen Rate Determination:** If Screen Rate Determination is specified in the relevant Final Terms as the manner in which the Rate(s) of Interest is/are to be determined, the Rate of Interest applicable to the Notes for each Interest Period will be determined by the Calculation Agent on the following basis:
- (i) if the Reference Rate is a composite quotation or customarily supplied by one entity, the Calculation Agent will determine the Reference Rate which appears on the Relevant Screen Page as of the Relevant Time on the relevant Interest Determination Date;
- (ii) if Linear Interpolation is specified as applicable in respect of an Interest Period in the applicable Final Terms, the Rate of Interest for such Interest Period shall be calculated by the Calculation Agent by straight-line linear interpolation by reference to two rates which appear on the Relevant Screen Page as of the Relevant Time on the relevant Interest Determination Date, where:
- (A) one rate shall be determined as if the relevant Interest Period were the period of time for which rates are available next shorter than the length of the relevant Interest Period; and
- (B) the other rate shall be determined as if the relevant Interest Period were the period of time for which rates are available next longer than the length of the relevant Interest Period;
- provided, however, that** if no rate is available for a period of time next shorter or, as the case may be, next longer than the length of the relevant Interest Period, then the Calculation Agent shall determine such rate at such time and by reference to such sources as it determines appropriate;
- (iii) in any other case, the Calculation Agent will determine the arithmetic mean of the Reference Rates which appear on the Relevant Screen Page as of the Relevant Time on the relevant Interest Determination Date;
- (iv) if, in the case of (i) above, such rate does not appear on that page or, in the case of (iii) above, fewer than two such rates appear on that page or if, in either case, the Relevant Screen Page is unavailable:
- (A) the Issuer (or an independent investment bank, commercial bank or stockbroker appointed by the Issuer) will request the principal Relevant Financial Centre office of each of the Reference Banks to provide a quotation of the Reference Rate at approximately the Relevant Time on the Interest Determination Date to prime banks in the Relevant Financial Centre interbank market in an amount that is representative for a single transaction in that market at that time and notify the Calculation Agent of such quotations provided; and

- (B) the Calculation Agent will determine the arithmetic mean of such quotations;  
and
- (v) if fewer than two such quotations are provided as requested, the Calculation Agent will determine the arithmetic mean of the rates (being the nearest to the Reference Rate, as determined by the Calculation Agent) quoted by major banks in the Principal Financial Centre of the Specified Currency, selected by the Issuer (or an independent investment bank, commercial bank or stockbroker appointed by the Issuer), at approximately 11.00 a.m. (local time in the Principal Financial Centre of the Specified Currency) on the first day of the relevant Interest Period for loans in the Specified Currency to leading European banks for a period equal to the relevant Interest Period and in an amount that is representative for a single transaction in that market at that time, such quotations to be notified to the Calculation Agent by the Issuer (or such independent investment bank, commercial bank or stockbroker appointed by the Issuer),

and the Rate of Interest for such Interest Period shall be the sum of the Margin and the rate or (as the case may be) the arithmetic mean so determined; **provided, however, that** if the Calculation Agent is unable to determine a rate or (as the case may be) an arithmetic mean in accordance with the above provisions in relation to any Interest Period, the Rate of Interest applicable to the Notes during such Interest Period will be the sum of the Margin and the rate or (as the case may be) the arithmetic mean last determined in relation to the Notes in respect of a preceding Interest Period.

- (d) **ISDA Determination:** If ISDA Determination is specified in the relevant Final Terms as the manner in which the Rate(s) of Interest is/are to be determined, the Rate of Interest applicable to the Notes for each Interest Period will be the sum of the Margin and the relevant ISDA Rate where "**ISDA Rate**" in relation to any Interest Period means a rate equal to the Floating Rate (as defined in the ISDA Definitions) that would be determined by the Calculation Agent under an interest rate swap transaction if the Calculation Agent were acting as Calculation Agent for that interest rate swap transaction under the terms of an agreement incorporating the ISDA Definitions and under which:
  - (i) the Floating Rate Option (as defined in the ISDA Definitions) is as specified in the relevant Final Terms;
  - (ii) the Designated Maturity (as defined in the ISDA Definitions) is a period specified in the relevant Final Terms;
  - (iii) the relevant Reset Date (as defined in the ISDA Definitions) is either (A) if the relevant Floating Rate Option is based on LIBOR for a currency, the first day of that Interest Period or (B) in any other case, as specified in the relevant Final Terms; and
  - (iv) if Linear Interpolation is specified as applicable in respect of an Interest Period in the applicable Final Terms, the Rate of Interest for such Interest Period shall be calculated by the Calculation Agent by straight-line linear interpolation by reference to two rates based on the relevant Floating Rate Option, where:
    - (A) one rate shall be determined as if the Designated Maturity were the period of time for which rates are available next shorter than the length of the relevant Interest Period; and
    - (B) the other rate shall be determined as if the Designated Maturity were the period of time for which rates are available next longer than the length of the relevant Interest Period,

**provided, however, that** if there is no rate available for a period of time next shorter than the length of the relevant Interest Period or, as the case may be, next longer than the length of the relevant Interest Period, then the Calculation Agent shall determine such rate at such time and by reference to such sources as it determines appropriate.

(e) **Benchmark Discontinuation:**

(i) *Independent Adviser*

If a Benchmark Event occurs in relation to an Original Reference Rate when any Rate of Interest (or any component part thereof) remains to be determined by reference to such Original Reference Rate, then the Issuer shall use its reasonable endeavours to appoint and consult with an Independent Adviser, as soon as reasonably practicable, with a view to the Issuer determining a Successor Rate, failing which an Alternative Rate (in accordance with Condition 7(e)(ii)) and, in either case, an Adjustment Spread if any (in accordance with Condition 7(e)(iii)) and any Benchmark Amendments (in accordance with Condition 7(e)(iv)) no later than 5 Business Days prior to the Interest Determination Date relating to the next succeeding Interest Period (the "**Interest Determination Cut-off Date**") for the purposes of determining the Rate of Interest applicable to the Notes for all future Interest Periods (subject to the subsequent operation of this Condition 7(e)).

An Independent Adviser appointed pursuant to this Condition 7(e) shall act in good faith as an expert and (in the absence of bad faith or fraud) shall have no liability whatsoever to the Issuer, the Paying Agents, the Noteholders or the Couponholders for any determination made by it or for any advice given to the Issuer in connection with any determination made by the Issuer, pursuant to this Condition 7(e).

(ii) *Successor Rate or Alternative Rate*

If the Issuer, following consultation with the Independent Adviser and acting in good faith, determines that:

(A) there is a Successor Rate, then such Successor Rate shall (subject to adjustment as provided in Condition 7(e)(iii)) subsequently be used in place of the Original Reference Rate to determine the Rate of Interest (or the relevant component part thereof) for all future payments of interest on the Notes (subject to the operation of this Condition 7(e)); or

(B) there is no Successor Rate but that there is an Alternative Rate, then such Alternative Rate shall (subject to adjustment as provided in Condition 7(e)(iii)) subsequently be used in place of the Original Reference Rate to determine the Rate of Interest (or the relevant component part thereof) for all future payments of interest on the Notes (subject to the operation of this Condition 7(e)).

(iii) *Adjustment Spread*

If the Issuer, following consultation with the Independent Adviser and acting in good faith, determines (x) that an Adjustment Spread is required to be applied to the Successor Rate or the Alternative Rate (as the case may be) and (y) the quantum of, or a formula or methodology for determining, such Adjustment Spread, then such Adjustment Spread shall be applied to the Successor Rate or the Alternative Rate (as the case may be).

(iv) *Benchmark Amendments*

If any Successor Rate, Alternative Rate or Adjustment Spread is determined in accordance with this Condition 7(e) and the Issuer, following consultation with the Independent Adviser and acting in good faith, determines (i) that amendments to these Conditions and/or the Trust Deed are necessary to ensure the proper operation of such Successor Rate, Alternative Rate and/or Adjustment Spread (such amendments, the "**Benchmark Amendments**") and (ii) the terms of the Benchmark Amendments, then the Issuer shall, subject to giving notice thereof in accordance with Condition 7(e)(v), without any requirement for the consent or approval of Noteholders, vary these Conditions and/or the Trust Deed to give effect to such Benchmark Amendments with effect from the date specified in such notice.

At the request of the Issuer, but subject to receipt by the Trustee of a certificate signed by two authorised signatories of the Issuer pursuant to Condition 7(e)(v), the Trustee shall (at the expense of the Issuer), without any requirement for the consent or approval of the Noteholders, be obliged to concur with the Issuer in effecting any Benchmark Amendments (including, *inter alia*, by the execution of a deed supplemental to or amending the Trust Deed), **provided that** the Trustee shall not be obliged so to concur if in the opinion of the Trustee doing so would impose more onerous obligations upon it or expose it to any additional duties, responsibilities or liabilities or reduce or amend the protective provisions afforded to the Trustee in these Conditions or the Trust Deed (including, for the avoidance of doubt, any supplemental trust deed) in any way.

In connection with any such variation in accordance with this Condition 7(e)(iv), the Issuer shall comply with the rules of any stock exchange on which the Notes are for the time being listed or admitted to trading.

(v) *Notices, etc.*

Any Successor Rate, Alternative Rate, Adjustment Spread and the specific terms of any Benchmark Amendments, determined under this Condition 7(e) will be notified promptly by the Issuer to the Trustee, the Calculation Agent, the Paying Agents and, in accordance with Condition 20 (*Notices*), the Noteholders. Such notice shall be irrevocable and shall specify the effective date of the Benchmark Amendments, if any.

No later than notifying the Trustee of the same, the Issuer shall deliver to the Trustee a certificate signed by two authorised signatories of the Issuer confirming (a)(i) that a Benchmark Event has occurred, (ii) the Successor Rate or, as the case may be, the Alternative Rate and, (iii) where applicable, any Adjustment Spread and/or the specific terms of any Benchmark Amendments, in each case as determined in accordance with the provisions of this Condition 7(e), and (b) certifying that the Benchmark Amendments are, in the Issuer's opinion (following consultation with the Independent Adviser and acting in good faith), necessary to ensure the proper operation of such Successor Rate, Alternative Rate and/or Adjustment Spread.

The Trustee shall be entitled to rely on such certificate (without liability to any person) as sufficient evidence thereof. The Successor Rate or Alternative Rate and the Adjustment Spread (if any) and the Benchmark Amendments (if any) specified in such certificate will (in the absence of manifest error or bad faith in the determination of the Successor Rate or Alternative Rate and the Adjustment Spread (if any) and the Benchmark Amendments (if any) and without prejudice to the Trustee's ability to rely on such certificate as aforesaid) be binding on the Issuer, the Trustee, the Calculation Agent, the Paying Agents, the Noteholders and the Couponholders.

(vi) *Survival of Original Reference Rate*

Without prejudice to the obligations of the Issuer under Conditions 7(e)(i), (ii), (iii) and (iv), the Original Reference Rate and the fallback provisions provided for in Conditions 7(c)(iv) and (v) will continue to apply unless and until the Calculation Agent has been notified of the Successor Rate or the Alternative Rate (as the case may be), any Adjustment Spread (if applicable) and Benchmark Amendments (if applicable), in accordance with Condition 7(e)(v).

(vii) *Fallbacks*

If, following the occurrence of a Benchmark Event and in relation to the determination of the Rate of Interest on the relevant Interest Determination Date, the Issuer is unable to appoint an Independent Adviser, or the Issuer fails to determine a Successor Rate or, failing which, an Alternative Rate prior to the Interest Determination Cut-off Date, the Rate of Interest applicable to the next succeeding Interest Period shall be equal to the Rate of Interest last determined in relation to the Notes in respect of the immediately preceding Interest Period (though substituting, where a different Margin or Maximum or Minimum Rate of Interest is to be applied to the relevant Interest Period from that which

applied to the last preceding Interest Period, the Margin or Maximum or Minimum Rate of Interest relating to the relevant Interest Period, in place of the Margin or Maximum or Minimum Rate of Interest relating to that last preceding Interest Period).

- (f) **Maximum or Minimum Rate of Interest:** If any Maximum Rate of Interest or Minimum Rate of Interest is specified in the relevant Final Terms, then the Rate of Interest shall in no event be greater than the maximum or be less than the minimum so specified.
- (g) **Calculation of Interest Amount:** The Calculation Agent will, as soon as practicable after the time at which the Rate of Interest is to be determined in relation to each Interest Period, calculate the Interest Amount payable in respect of each Note for such Interest Period. The Interest Amount will be calculated by applying the Rate of Interest for such Interest Period to the Calculation Amount, multiplying the product by the relevant Day Count Fraction, rounding the resulting figure to the nearest sub-unit of the Specified Currency (half a sub-unit being rounded upwards) and multiplying such rounded figure by a fraction equal to the Specified Denomination of the relevant Note divided by the Calculation Amount. For this purpose a "sub-unit" means, in the case of any currency other than euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, in the case of euro, means one cent.
- (h) **Publication:** The Calculation Agent will cause each Rate of Interest and Interest Amount determined by it, together with the relevant Interest Payment Date, and any other amount(s) required to be determined by it together with any relevant payment date(s) to be notified to the Paying Agents, the Issuer, the Trustee and each competent authority, stock exchange and/or quotation system (if any) by which the Notes have then been admitted to listing, trading and/or quotation as soon as practicable after such determination but (in the case of each Rate of Interest, Interest Amount and Interest Payment Date) in any event not later than the first day of the relevant Interest Period. Notice thereof shall also promptly be given to the Noteholders. The Calculation Agent will be entitled to recalculate any Interest Amount (on the basis of the foregoing provisions) without notice in the event of an extension or shortening of the relevant Interest Period. If the Calculation Amount is less than the minimum Specified Denomination the Calculation Agent shall not be obliged to publish each Interest Amount but instead may publish only the Calculation Amount and the Interest Amount in respect of a Note having the minimum Specified Denomination.
- (i) **Notifications etc:** All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this Condition by the Calculation Agent or, in the case of quotations given to the Issuer (or an independent investment bank, commercial bank or stockbroker appointed by the Issuer) under Condition 7(c), the Issuer (or such independent investment bank, commercial bank or stockbroker appointed by the Issuer) will (in the absence of manifest error) be binding on the Issuer, the Trustee, the Paying Agents, the Noteholders and the Couponholders and (subject as aforesaid) no liability to any such Person will attach to the Calculation Agent or the Issuer (or an independent investment bank, commercial bank or stockbroker appointed by the Issuer) in connection with the exercise or non-exercise by it of its powers, duties and discretions for such purposes.

#### 7A. **Adjustment of Interest Rate**

This Condition 7A shall apply to Notes which are Fixed Rate Notes or Floating Rate Notes only where the Final Terms state that the Notes are subject to a Ratings Step Up/Step Down and the Rate of Interest will be subject to adjustment in accordance with the Interest Ratchet (each such adjustment a "**Rate Adjustment**"). Any Rate Adjustment shall be effective from the Interest Period commencing on the Interest Payment Date immediately following the date of the relevant Step Up Event or the relevant Step Down Event until the date on which either a further Rate Adjustment becomes effective or the Notes cease to bear interest, as the case may be (and, in the case of Fixed Rate Notes, the relevant Fixed Coupon Amount shall be adjusted accordingly). For the avoidance of doubt, if a Step Up Event and a Step Down Event occur during the same Interest Period, there shall be no adjustment to the rate of interest applicable to the next following Interest Period or thereafter. There shall be no limit on the number of times that a Rate Adjustment may be made pursuant to this Condition during the term of the Notes, **provided always that** at no time during the term of the Notes will the rate of interest payable on the Notes be less than the Initial Rate of Interest and in the case of Floating Rate Notes only, any Minimum Rate of Interest

specified or more than the Initial Rate of Interest plus the Step Up Margin and in the case of Floating Rate Notes only, any Maximum Rate of Interest specified.

The Issuer will cause each Rate Adjustment to be notified to the Principal Paying Agent and the Trustee and notice thereof to be published in accordance with Condition 20 (*Notices*) as soon as possible after the occurrence of the relevant Step Up Event or Step Down Event, as the case may be, but in no event later than the tenth Business Day thereafter.

For so long as any of the Notes are outstanding, if the rating designation employed by S&P or any other applicable Rating Agency is changed from that described in the definition of "Specified Threshold" below, the Issuer shall determine (in good faith acting reasonably) the rating designation(s) of S&P or such other Rating Agency (as appropriate) as are most equivalent to the prior rating designation(s) of S&P or such other Rating Agency (as appropriate) and shall notify the Trustee and Noteholders thereof as soon as practicable thereafter, and this Condition 7A shall be construed accordingly.

Neither the Trustee nor any Agent nor the Calculation Agent is under any obligation to ascertain whether a Step Down Event or a Step Up Event, or any event which could lead to the occurrence of or could constitute a Step Down Event or Step Up Event, has occurred and until it shall have actual knowledge or express notice in writing pursuant to the Trust Deed to the contrary, the Trustee, the Agents and the Calculation Agent may assume that no change in the Rating or such Step Down Event or Step Up Event or other event has occurred.

Where:

**"Initial Rate of Interest"** means (a) in the case of Fixed Rate Notes, the Rate of Interest (expressed as a percentage per annum) initially payable in respect of the Notes specified in the relevant Final Terms; (b) in the case of Floating Rate Notes, the Rate of Interest that is payable in respect of the Notes as calculated in accordance with Condition 7 (*Floating Rate Note Provisions*);

**"Interest Ratchet"** means the following rates of interest:

- (a) in respect of any Interest Period commencing on or after the Interest Payment Date immediately following the date of the relevant Step Up Event: the Initial Rate of Interest plus the Step Up Margin per annum; and
- (b) in respect of any Interest Period commencing on or after the Interest Payment Date immediately following the date of the relevant Step Down Event: the Initial Rate of Interest;

**"Minimum Rating Requirement"** means that there shall be in existence a Rating equal to or higher than the Specified Threshold from at least one Rating Agency at any particular time;

**"Rating"** means the rating of the Notes;

**"Rating Agency"** means (i) any of Moody's Investors Service, Inc., a division of Moody's Corporation, S&P, Fitch Ratings Ltd. or any of their respective successors or affiliates, or (ii) if all such rating agencies referred to in (i) cease ratings business or cease to publish ratings in respect of investments, any other internationally recognised rating agency specified by the Issuer (in good faith acting reasonably) from time to time and, in each case, their successors, but excluding any rating agency providing a Rating on an unsolicited basis;

**"Specified Threshold"** means BBB- in relation to S&P, or the equivalent rating designation of any Rating Agency or such other threshold as is specified in the relevant Final Terms;

**"Step Down Event"** means the satisfaction of the Minimum Rating Requirement following the occurrence of a Step Up Event;

**"Step Up Event"** means a failure to meet the Minimum Rating Requirement at any time, unless the Minimum Rating Requirement is again satisfied on the day before the Interest Payment Date immediately following the relevant failure to meet the Minimum Rating Requirement; and



"Step Up Margin" has the meaning given to it in the Final Terms.

8. **Zero Coupon Note Provisions**

- (a) **Application:** This Condition 8 (*Zero Coupon Note Provisions*) is applicable to the Notes only if the Zero Coupon Note Provisions are specified in the relevant Final Terms as being applicable.
- (b) **Late payment on Zero Coupon Notes:** If the Redemption Amount payable in respect of any Zero Coupon Note is improperly withheld or refused, the Redemption Amount shall thereafter be an amount equal to the sum of:
  - (i) the Reference Price; and
  - (ii) the product of the Accrual Yield (compounded annually) being applied to the Reference Price on the basis of the relevant Day Count Fraction from (and including) the Issue Date to (but excluding) whichever is the earlier of (i) the day on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant Noteholder and (ii) the day which is seven days after the Principal Paying Agent or the Trustee has notified the Noteholders that it has received all sums due in respect of the Notes up to such seventh day (except to the extent that there is any subsequent default in payment).

9. **Redemption and Purchase**

- (a) **Scheduled redemption:** Unless previously redeemed, or purchased and cancelled, the Notes will be redeemed at their Final Redemption Amount on the Maturity Date, subject as provided in Condition 10 (*Payments - Bearer Notes*) and Condition 11 (*Payments - Registered Notes*).
- (b) **Redemption for tax reasons:** Unless the Issuer has given notice of redemption under Condition 9(c) or given a Change of Control Notice pursuant to Condition 9(f), the Notes may be redeemed at the option of the Issuer in whole, but not in part:
  - (i) at any time (unless the Floating Rate Note Provisions are specified in the relevant Final Terms as being applicable); or
  - (ii) on any Interest Payment Date (if the Floating Rate Note Provisions are specified in the relevant Final Terms as being applicable),

on giving not less than 30 nor more than 60 days' notice to the Trustee and the Noteholders, (which notice shall be irrevocable), at their Early Redemption Amount (Tax), together with interest accrued (if any) to the date fixed for redemption, if, immediately before giving such notice, the Issuer satisfies the Trustee that:

- (A) the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 12 (Taxation) as a result of any change in, or amendment to, the laws or regulations of the Kingdom of Sweden or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations (including a holding by a court of competent jurisdiction), which change or amendment becomes effective on or after the date of issue of the first Tranche of the Notes; and
- (B) such obligation cannot be avoided by the Issuer taking reasonable measures available to it,

**provided, however, that** no such notice of redemption shall be given earlier than:

- (1) where the Notes may be redeemed at any time, 90 days prior to the earliest date on which the Issuer would be obliged to pay such additional amounts if a payment in respect of the Notes were then due; or

- (2) where the Notes may be redeemed only on an Interest Payment Date, 60 days prior to the Interest Payment Date occurring immediately before the earliest date on which the Issuer would be obliged to pay such additional amounts if a payment in respect of the Notes were then due.

Prior to the publication of any notice of redemption pursuant to this Condition 9(b), the Issuer shall deliver or procure that there is delivered to the Trustee a certificate signed by two directors of the Issuer stating that the obligation referred to in (A) above cannot be avoided by the Issuer taking reasonable measures available to it. The Trustee shall be entitled to accept such certificate as sufficient evidence of the satisfaction of the circumstances set out above, in which event it shall be conclusive and binding on the Noteholders.

Upon the expiry of any such notice as is referred to in this Condition 9(b), the Issuer shall be bound to redeem the Notes in accordance with this Condition 9(b).

- (c) **Redemption at the option of the Issuer:** If the Call Option is specified in the relevant Final Terms as being applicable, unless a Change of Control Notice has been given pursuant to Condition 9(f) or a notice of redemption has been given pursuant to Condition 9(b), the Notes may be redeemed at the option of the Issuer in whole or, if so specified in the relevant Final Terms, in part on any Optional Redemption Date (Call) at the relevant Optional Redemption Amount (Call) on the Issuer's giving not less than 30 nor more than 60 days' notice to the Noteholders (the "**Call Option Notice**"), or such other period(s) as may be specified in the relevant Final Terms (which notice shall be irrevocable and shall oblige the Issuer to redeem the Notes or, as the case may be, the Notes specified in such notice on the relevant Optional Redemption Date (Call) at the Optional Redemption Amount (Call) plus accrued interest (if any) to the Optional Redemption Date (Call)).

The "**Make Whole Redemption Price**" will, in respect of any Note, be:

- (A) if "**Sterling Make Whole Redemption Amount**" is specified as being applicable in the relevant Final Terms, an amount equal to the higher of (i) 100 per cent. of the principal amount of such Note and (ii) the principal amount of such Note multiplied by the price (expressed as a percentage), as reported in writing to the Issuer by the Determination Agent, at which the Gross Redemption Yield on such Note at the Reference Date is equal to the Gross Redemption Yield at the Quotation Time on the Reference Date of the Reference Bond, plus the Redemption Margin (if any); or
- (B) if "**Non-Sterling Make Whole Redemption Amount**" is specified as being applicable in the relevant Final Terms, an amount equal to the higher of (i) 100 per cent. of the principal amount of such Note and (ii) the principal amount of such Note multiplied by the price (expressed as a percentage), as reported in writing to the Issuer by the Determination Agent, at which the yield to maturity on such Note (or, if a Par Call Commencement Date is specified in the relevant Final Terms, the yield at the Par Call Commencement Date) on the Reference Date is equal to the Reference Bond Rate at the Quotation Time on the Reference Date, plus the Redemption Margin (if any),

all as determined by the Determination Agent.

- (d) **Partial redemption:** If the Notes are to be redeemed in part only on any date in accordance with Condition 9(c) (*Redemption at the option of the Issuer*), in the case of Bearer Notes, the Notes to be redeemed shall be selected by the drawing of lots in such place and in such manner as may be fair and reasonable in the circumstances, taking account of prevailing market practices, subject to compliance with applicable law, the rules of each competent authority, stock exchange and/or quotation system (if any) by which the Notes have then been admitted to listing, trading and/or quotation and the notice to Noteholders referred to in Condition 9(c) (*Redemption at the option of the Issuer*) shall specify the serial numbers of the Notes so to be redeemed, and, in the case of Registered Notes, each Note shall be redeemed in part in the proportion which the aggregate principal amount of the outstanding Notes to be redeemed on the relevant Optional Redemption Date (Call) bears to the aggregate principal amount of outstanding Notes on such date. If any

Maximum Redemption Amount or Minimum Redemption Amount is specified in the relevant Final Terms, then the Optional Redemption Amount (Call) shall in no event be greater than the maximum or be less than the minimum so specified.

- (e) **Redemption at the option of Noteholders:** If the Put Option is specified in the relevant Final Terms as being applicable, the Issuer shall, at the option of the Holder of any Note redeem such Note on the Optional Redemption Date (Put) specified in the relevant Put Option Notice at the relevant Optional Redemption Amount (Put) together with interest (if any) accrued to such date. In order to exercise the option contained in this Condition 9(e), the Holder of a Note must, not less than 30 days nor more than 60 days before the relevant Optional Redemption Date (Put) (or such other period(s) as may be specified in the relevant Final Terms), deposit with any Paying Agent such Note (together with any unmatured Coupons relating thereto) or Note Certificate (as applicable) and a duly completed Put Option Notice in the form obtainable from any Paying Agent. The Paying Agent with which a Note or Note Certificate (as applicable) is so deposited shall deliver a duly completed Put Option Receipt to the depositing Noteholder. No Note or Note Certificate (as applicable), once deposited with a duly completed Put Option Notice in accordance with this Condition 9(e) (*Redemption and Purchase – Redemption at the option of Noteholders*), may be withdrawn, **provided, however, that** if, prior to the relevant Optional Redemption Date (Put), any such Note becomes immediately due and payable or, upon due presentation of any such Note on the relevant Optional Redemption Date (Put) payment of the redemption moneys is improperly withheld or refused, the relevant Paying Agent shall mail notification thereof to the depositing Noteholder at such address as may have been given by such Noteholder in the relevant Put Option Notice and shall in the case of a Bearer Note, hold such Note at its Specified Office for collection by the depositing Noteholder against surrender of the relevant Put Option Receipt and, in the case of a Registered Note, mail such Note Certificate by uninsured post to, and at the risk of, the Noteholder at such address as may have been given by such Noteholder in the relevant Put Option Notice. For so long as any outstanding Note is held by a Paying Agent in accordance with this Condition 9(e) (*Redemption and Purchase – Redemption at the option of Noteholders*), the depositor of such Note and not such Paying Agent shall be deemed to be the Holder of such Note for all purposes. The Holder of a Note may not exercise such option in respect of any Note which is the subject of an exercise by the Issuer of its option to redeem such Note under Condition 9(b) (*Redemption and Purchase – Redemption for tax reasons*), 9(c) (*Redemption and Purchase – Redemption at the option of the Issuer*), or 9(d) (*Redemption and Purchase – Partial redemption*) and any exercise of the first-mentioned option in such circumstances shall have no effect.

- (f) **Change of Control Put Option:** If the Change of Control Put Option is specified as applicable in the relevant Final Terms, if at any time while any Note remains outstanding, there occurs a Change of Control (as defined below), each Noteholder will have the option (the "**Change of Control Put Option**") (unless, prior to the giving of the Change of Control Notice (as defined below), the Issuer gives notice to redeem the Notes under Condition 9(b) or 9(c)) to require the Issuer to redeem or, at the Issuer's option, to procure the purchase of, all or part of its Notes, on the Optional Redemption Date (Change of Control) (as defined below) at the Optional Redemption Amount (Change of Control) together with (or where purchased, together with an amount equal to) interest accrued to, but excluding, the Optional Redemption Date (Change of Control).

Where:

A "**Change of Control**" will be deemed to occur if any person or any persons acting in concert, other than the Main Owner or Affiliates of the Main Owner, shall acquire control over the Issuer where "**control**" means (A) acquiring or controlling directly or indirectly more than 50 per cent. of the voting rights exercisable at a general meeting of the Issuer or (B) the right to appoint or remove the whole or a majority of the board of directors of the Issuer.

"**Main Owner**" means Akelius Foundation, reg. no. 73F, 700 Don Mackay Boulevard, P.O. Box AB-20415, Marsh Harbour, Abaco, Bahamas.

Promptly upon the Issuer becoming aware that a Change of Control has occurred, the Issuer shall and at any time upon the Trustee having express written notice thereof the Trustee may, and if so requested in writing by the holders of at least one-quarter in principal amount of the Notes then

outstanding or if so directed by an Extraordinary Resolution of the Noteholders, shall, (subject in each case to the Trustee being indemnified and/or secured and/or prefunded to its satisfaction) give notice (a "**Change of Control Notice**") to the Noteholders in accordance with Condition 20 (*Notices*) specifying the nature of the Change of Control and the circumstances giving rise to it and the procedure for exercising the Change of Control Put Option contained in this Condition 9(f).

In order to exercise the Change of Control Put Option contained in this Condition 9(f) (*Redemption and Purchase – Change of Control Put Option*), the Holder of a Note must, within the period (the "**Change of Control Put Period**") of 30 days (or such other period as may be specified in the relevant Final Terms) after a Change of Control Notice is given, deposit with any Paying Agent such Note (together with any unmatured Coupons relating thereto) or Note Certificate (as applicable) and a duly completed notice of exercise in the form obtainable from any Paying Agent (a "**Change of Control Put Option Notice**"). The Paying Agent with which a Note or Note Certificate (as applicable) is so deposited shall deliver a duly completed receipt (a "**Change of Control Put Option Receipt**") to the depositing Noteholder. The Issuer shall redeem or, at the option of the Issuer, procure the purchase of, the Notes in respect of which a valid Change of Control Put Option Notice has been given on the date which is 20 days following the end of the Change of Control Put Period (the "**Optional Redemption Date (Change of Control)**").

No Note or Note Certificate (as applicable), once deposited with a duly completed Change of Control Put Option Notice in accordance with this Condition 9(f) (*Redemption and Purchase – Change of Control Put Option*), may be withdrawn; **provided, however, that** if, prior to the relevant Optional Redemption Date (Change of Control), any such Note becomes immediately due and payable or payment of the redemption moneys is improperly withheld or refused on the Optional Redemption Date (Change of Control), the relevant Paying Agent shall mail notification thereof to the depositing Noteholder at such address as may have been given by such Noteholder in the relevant Change of Control Put Option Notice and shall in the case of a Bearer Note, hold such Note at its Specified Office for collection by the depositing Noteholder against surrender of the relevant Change of Control Put Option Receipt and, in the case of a Registered Note, mail such Note Certificate by uninsured post to, and at the risk of, the Noteholder at such address as may have been given by such Noteholder in the relevant Change of Control Put Option Notice. For so long as any outstanding Note is held by a Paying Agent in accordance with this Condition 9(f) (*Redemption and Purchase – Change of Control Put Option*) the depositor of such Note and not such Paying Agent shall be deemed to be the Holder of such Note for all purposes. The Holder of a Note may not exercise such option in respect of any Note which is the subject of an exercise by the Issuer of its option to redeem such Note under Condition 9(b) (*Redemption and Purchase - Redemption for tax reasons*), 9(c) (*Redemption and Purchase – Redemption at the option of the Issuer*) or 9(d) (*Redemption and Purchase - Partial redemption*) and any exercise of the first- mentioned option in such circumstances shall have no effect.

The Trustee is under no obligation to ascertain whether a Change of Control or any event which could lead to the occurrence of or could constitute a Change of Control has occurred and, until it shall have actual knowledge or express notice in writing pursuant to the Trust Deed to the contrary, the Trustee may assume that no Change of Control or other such event has occurred.

- (g) **No other redemption:** The Issuer shall not be entitled to redeem the Notes otherwise than as provided in paragraphs (a) to (f) above.
- (h) **Early redemption of Zero Coupon Notes:** Unless otherwise specified in the relevant Final Terms, the Redemption Amount payable on redemption of a Zero Coupon Note at any time before the Maturity Date shall be an amount equal to the sum of:
  - (i) the Reference Price; and
  - (ii) the product of the Accrual Yield (compounded annually) being applied to the Reference Price from (and including) the Issue Date to (but excluding) the date fixed for redemption or (as the case may be) the date upon which the Note becomes due and payable.

Where such calculation is to be made for a period which is not a whole number of years, the calculation in respect of the period of less than a full year shall be made on the basis of such Day Count Fraction as may be specified in the relevant Final Terms for the purposes of this Condition 9(h) or, if none is so specified, a Day Count Fraction of 30E/360.

- (i) **Purchase:** The Issuer or any of its Subsidiaries may at any time purchase Notes in the open market or otherwise and at any price, **provided that** all unmatured Coupons are purchased therewith. Notes so purchased, while held by or on behalf of the Issuer or any such Subsidiary, shall not entitle the holder to vote at any meetings of the Noteholders and shall not be deemed to be outstanding for the purposes of calculating quorums at meetings of the Noteholders or for the purposes of Condition 17(a) (*Meetings of Noteholders; Modification and Waiver – Meetings of Noteholders*).
- (j) **Cancellation:** All Notes so redeemed or purchased by the Issuer or any of its Subsidiaries and any unmatured Coupons attached to or surrendered with them shall be cancelled and may not be reissued or resold.

#### 10. **Payments - Bearer Notes**

This Condition 10 is only applicable to Bearer Notes.

- (a) **Principal:** Payments of principal shall be made only against presentation and (**provided that** payment is made in full) surrender of Bearer Notes at the Specified Office of any Paying Agent outside the United States by cheque drawn in the currency in which the payment is due on, or by transfer to an account denominated in that currency (or, if that currency is euro, any other account to which euro may be credited or transferred) and maintained by the payee with, a bank in the Principal Financial Centre of that currency.
- (b) **Interest:** Payments of interest shall, subject to paragraph (i) below, be made only against presentation and (**provided that** payment is made in full) surrender of the appropriate Coupons at the Specified Office of any Paying Agent outside the United States in the manner described in paragraph (a) above.
- (c) **Payments in New York City:** Payments of principal or interest may be made at the Specified Office of a Paying Agent in New York City if (i) the Issuer has appointed Paying Agents outside the United States with the reasonable expectation that such Paying Agents will be able to make payment of the full amount of the interest on the Notes in the currency in which the payment is due when due, (ii) payment of the full amount of such interest at the offices of all such Paying Agents is illegal or effectively precluded by exchange controls or other similar restrictions and (iii) payment is permitted by applicable United States law.
- (d) **Payments subject to fiscal laws:** All payments in respect of the Bearer Notes are subject in all cases to any applicable fiscal or other laws and regulations in the place of payment, but without prejudice to the provisions of Condition 12 (*Taxation*).
- (e) **No commissions:** No commissions or expenses shall be charged to the Noteholders or Couponholders in respect of such payments.
- (f) **Deductions for unmatured Coupons:** If the relevant Final Terms specifies that the Fixed Rate Note Provisions are applicable and a Bearer Note is presented without all unmatured Coupons relating thereto:
  - (i) if the aggregate amount of the missing Coupons is less than or equal to the amount of principal due for payment, a sum equal to the aggregate amount of the missing Coupons will be deducted from the amount of principal due for payment; **provided, however, that** if the gross amount available for payment is less than the amount of principal due for payment, the sum deducted will be that proportion of the aggregate amount of such missing Coupons which the gross amount actually available for payment bears to the amount of principal due for payment;

- (ii) if the aggregate amount of the missing Coupons is greater than the amount of principal due for payment:
  - (A) so many of such missing Coupons shall become void (in inverse order of maturity) as will result in the aggregate amount of the remainder of such missing Coupons (the "**Relevant Coupons**") being equal to the amount of principal due for payment; **provided, however, that** where this sub-paragraph would otherwise require a fraction of a missing Coupon to become void, such missing Coupon shall become void in its entirety; and
  - (B) a sum equal to the aggregate amount of the Relevant Coupons (or, if less, the amount of principal due for payment) will be deducted from the amount of principal due for payment; **provided, however, that**, if the gross amount available for payment is less than the amount of principal due for payment, the sum deducted will be that proportion of the aggregate amount of the Relevant Coupons (or, as the case may be, the amount of principal due for payment) which the gross amount actually available for payment bears to the amount of principal due for payment.

Each sum of principal so deducted shall be paid in the manner provided in paragraph (a) above against presentation and (**provided that** payment is made in full) surrender of the relevant missing Coupons.

- (g) **Unmatured Coupons void:** If the relevant Final Terms specifies that this Condition 10(g) is applicable or that the Floating Rate Note Provisions are applicable, on the due date for final redemption of any Note or early redemption in whole of such Note pursuant to Condition 9(b) (*Redemption for tax reasons*), Condition 9(c) (*Redemption at the option of the Issuer*), Condition 9(e) (*Redemption at the option of Noteholders*), Condition 9(f) (*Change of Control Put Option*) or Condition 13 (*Events of Default*), all unmatured Coupons relating thereto (whether or not still attached) shall become void and no payment will be made in respect thereof.
- (h) **Payments on business days:** If the due date for payment of any amount in respect of any Bearer Note or Coupon is not a Payment Business Day in the place of presentation, the Holder shall not be entitled to payment in such place of the amount due until the next succeeding Payment Business Day in such place and shall not be entitled to any further interest or other payment in respect of any such delay.
- (i) **Payments other than in respect of matured Coupons:** Payments of interest other than in respect of matured Coupons shall be made only against presentation of the relevant Bearer Notes at the Specified Office of any Paying Agent outside the United States (or in New York City if permitted by paragraph (c) above).
- (j) **Partial payments:** If a Paying Agent makes a partial payment in respect of any Bearer Note or Coupon presented to it for payment, such Paying Agent will endorse thereon a statement indicating the amount and date of such payment.
- (k) **Exchange of Talons:** On or after the maturity date of the final Coupon which is (or was at the time of issue) part of a Coupon Sheet relating to the Bearer Notes, the Talon forming part of such Coupon Sheet may be exchanged at the Specified Office of the Principal Paying Agent for a further Coupon Sheet (including, if appropriate, a further Talon but excluding any Coupons in respect of which claims have already become void pursuant to Condition 14 (*Prescription*)). Upon the due date for redemption of any Bearer Note, any unexchanged Talon relating to such Note shall become void and no Coupon will be delivered in respect of such Talon.

## 11. **Payments - Registered Notes**

This Condition 11 is only applicable to Registered Notes.

- (a) **Principal:** Payments of principal shall be made by cheque drawn in the currency in which the payment is due drawn on, or, upon application by a Holder of a Registered Note to the Specified Office of the Principal Paying Agent not later than the fifteenth day before the due date for any such payment, by transfer to an account denominated in that currency (or, if that currency is euro,

any other account to which euro may be credited or transferred) and maintained by the payee with, a bank in the Principal Financial Centre of that currency (in the case of a sterling cheque, a town clearing branch of a bank in the City of London) and (in the case of redemption) upon surrender (or, in the case of part payment only, endorsement) of the relevant Note Certificates at the Specified Office of any Paying Agent.

- (b) **Interest:** Payments of interest shall be made by cheque drawn in the currency in which the payment is due drawn on, or, upon application by a Holder of a Registered Note to the Specified Office of the Principal Paying Agent not later than the fifteenth day before the due date for any such payment, by transfer to an account denominated in that currency (or, if that currency is euro, any other account to which euro may be credited or transferred) and maintained by the payee with, a bank in the Principal Financial Centre of that currency (in the case of a sterling cheque, a town clearing branch of a bank in the City of London) and (in the case of interest payable on redemption) upon surrender (or, in the case of part payment only, endorsement) of the relevant Note Certificates at the Specified Office of any Paying Agent.
- (c) **Payments subject to fiscal laws:** All payments in respect of the Registered Notes are subject in all cases to any applicable fiscal or other laws and regulations in the place of payment, but without prejudice to the provisions of Condition 12 (*Taxation*).
- (d) **Payments on business days:** Where payment is to be made by transfer to an account, payment instructions (for value the due date, or, if the due date is not Payment Business Day, for value the next succeeding Payment Business Day) will be initiated and, where payment is to be made by cheque, the cheque will be mailed (i) (in the case of payments of principal and interest payable on redemption) on the later of the due date for payment and the day on which the relevant Note Certificate is surrendered (or, in the case of part payment only, endorsed) at the Specified Office of a Paying Agent and (ii) (in the case of payments of interest payable other than on redemption) on the due date for payment. A Holder of a Registered Note shall not be entitled to any interest or other payment in respect of any delay in payment resulting from (A) the due date for a payment not being a Payment Business Day or (B) a cheque mailed in accordance with this Condition 11 arriving after the due date for payment or being lost in the mail.
- (e) **Partial payments:** If a Paying Agent makes a partial payment in respect of any Registered Note, the Issuer shall procure that the amount and date of such payment are noted on the Register and, in the case of partial payment upon presentation of a Note Certificate, that a statement indicating the amount and the date of such payment is endorsed on the relevant Note Certificate.
- (f) **Record date:** Each payment in respect of a Registered Note will be made to the person shown as the Holder in the Register at the opening of business in the place of the Registrar's Specified Office on the fifteenth day before the due date for such payment (the "**Record Date**"). Where payment in respect of a Registered Note is to be made by cheque, the cheque will be mailed to the address shown as the address of the Holder in the Register at the opening of business on the relevant Record Date.

## 12. **Taxation**

- (a) **Gross up:** All payments of principal and interest in respect of the Notes and the Coupons by or on behalf of the Issuer shall be made free and clear of, and without withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of the Kingdom of Sweden or any authority therein or thereof having power to tax, unless the withholding or deduction of such taxes, duties, assessments, or governmental charges is required by law. In that event, the Issuer shall pay such additional amounts as will result in receipt by the Noteholders and the Couponholders after such withholding or deduction of such amounts as would have been received by them had no such withholding or deduction been required, except that no such additional amounts shall be payable in respect of any Note or Coupon:
  - (i) held by or on behalf of a Holder which is liable to such taxes, duties, assessments or governmental charges in respect of such Note or Coupon by reason of its having some connection with the Kingdom of Sweden other than the mere holding of the Note or Coupon; or

- (ii) where the relevant Note or Coupon or Note Certificate is presented or surrendered for payment more than 30 days after the Relevant Date except to the extent that the Holder of such Note or Coupon or Note Certificate would have been entitled to such additional amounts on presenting or surrendering such Note or Coupon or Note Certificate for payment on the last day of such period of 30 days.

Notwithstanding anything to the contrary in this Conditions, none of the Issuer, any Paying Agent or any other person shall be required to pay any additional amounts with respect to any withholding or deduction imposed on or with respect to any Note pursuant to Section 1471 to 1474 of the U.S. Internal Revenue Code of 1986 ("**FATCA**"), any treaty, law, regulation or other official guidance implementing FATCA, or any agreement (or related guidance) between the Issuer, a Paying Agent or any other person and the United States, any other jurisdiction, or any authority of any of the foregoing implementing FATCA.

- (b) **Taxing jurisdiction:** If the Issuer becomes subject at any time to any taxing jurisdiction other than the Kingdom of Sweden, references in these Conditions to the Kingdom of Sweden shall be construed as references to the Kingdom of Sweden and/or such other jurisdiction.

### 13. **Events of Default**

If any of the following events occurs, then the Trustee at its discretion may and, if so requested in writing by Holders of at least one quarter of the aggregate principal amount of the outstanding Notes or if so directed by an Extraordinary Resolution, shall (subject, in all cases, to the Trustee having been indemnified and/or secured and/or pre-funded to its satisfaction) give written notice to the Issuer declaring the Notes to be immediately due and payable, whereupon they shall become immediately due and payable at their Early Termination Amount together with accrued interest (if any) without further action or formality:

- (a) **Non-payment:** the Issuer fails to pay any principal or interest on any of the Notes or Coupons when due and such failure continues for a period of seven days in the case of principal or 14 days in the case of interest; or
- (b) **Breach of other obligations:** the Issuer does not perform or comply with any one or more of its other obligations in the Notes or the Trust Deed which default is (i) in the opinion of the Trustee incapable of remedy or (ii) in the opinion of the Trustee capable of remedy and is not remedied within 30 days after written notice of such default shall have been given to the Issuer by the Trustee; or
- (c) **Cross-default:**
  - (i) any other present or future Financial Indebtedness of the Issuer or any of its Material Subsidiaries becomes due and payable prior to its stated maturity by reason of any actual default, event of default or the like (howsoever described); or
  - (ii) any such Financial Indebtedness is not paid when due or, as the case may be, within any originally applicable grace period; or
  - (iii) the Issuer or any of its Material Subsidiaries fails to pay when due any amount payable by it under any guarantee for, or indemnity in respect of, any moneys borrowed or raised,

**provided that** the amount of the relevant Financial Indebtedness and the amount payable under the guarantees and indemnities in respect of which one or more of the events mentioned above in this Condition 13(c) have occurred, individually or in the aggregate, exceeds 1.00 per cent. of the Total Assets; or

- (d) **Enforcement proceedings:** a distress, attachment, execution or other legal process is levied, enforced or sued out on or against any part of the property, assets or revenues of the Issuer or any of its Material Subsidiaries in an amount which exceeds 10 per cent. of the Total Assets and is not discharged or stayed within 90 days; or
- (e) **Security Enforced:** any mortgage, charge, pledge, lien or other encumbrance, present or future, created or assumed by the Issuer or any of its Material Subsidiaries becomes enforceable and any



step is taken to enforce it (including the taking of possession or the appointment of a receiver, manager or other similar person) unless the amount being enforced (individually or in the aggregate) pursuant to such mortgage, charge, pledge, lien or other encumbrance is less than 15 per cent. of the Total Assets; or

- (f) **Insolvency etc:** the Issuer or any of its Material Subsidiaries is (or is deemed by law or a court to be) insolvent or bankrupt or unable to pay its debts, stops or suspends or threatens to stop or suspend payment of all or a material part of its debts, proposes or makes a general assignment or an arrangement or composition with or for the benefit of the relevant creditors in respect of any of such debts or a moratorium is agreed or declared in respect of or affecting all or any part of (or of a particular type of) the debts of the Issuer or any of its Material Subsidiaries except for the purposes of and pursuant to a reconstruction, amalgamation, reorganisation or merger or consolidation whilst solvent; or
- (g) **Winding up etc:** (i) an order is made or an effective resolution is passed for the winding up, liquidation or dissolution of the Issuer or any of its Material Subsidiaries except that (A) any orders or resolutions which are being disputed in good faith and are discharged, stayed or dismissed within 30 days of their commencement and (B) any solvent liquidation of a Material Subsidiary, shall not be considered an Event of Default, or (ii) the Issuer ceases or threatens to cease to carry on all or substantially all of its business or operations, except for the purpose of and pursuant to a reconstruction, amalgamation, reorganisation, merger or consolidation whilst solvent; or
- (h) **Authorisation and Consents:** any action, condition or thing (including the obtaining of or effecting of any necessary consent, approval, authorisation, exemption, filing, licence, order, recording or registration) at any time required to be taken, fulfilled or done in order (i) to enable the Issuer lawfully to enter into, exercise its rights and perform and comply with its obligations under the Notes and the Trust Deed, (ii) to ensure that those obligations are legally binding and enforceable and (iii) to make the Notes and the Trust Deed admissible in evidence in the courts of England is not taken, fulfilled or done,
- (i) **Illegality:** it is or will become unlawful for the Issuer to perform or comply with any one or more of its obligations under any of the Notes or the Trust Deed; or
- (j) **Analogous event:** any event occurs which under the laws of any relevant jurisdiction has an analogous effect to any of the events referred to in paragraphs (d) to (g) above,

**provided that** in the case of, in relation to the Issuer and any of its Material Subsidiaries, Conditions 13(b), 13(d) and 13(e) and, in relation to the Issuer's Material Subsidiaries only, Conditions 13(c), 13(f), 13(g) and 13(j), the Trustee shall have certified that in its opinion such event is materially prejudicial to the interests of Noteholders.

The Issuer has undertaken in the Trust Deed that, within 14 days of its annual audited consolidated financial statements being published and also within 14 days of any request by the Trustee, it will send to the Trustee a certificate of the Issuer signed by any two of its Authorised Signatories (as defined in the Trust Deed) that, to the best of the knowledge, information and belief of the Issuer, as at a date not more than five days before the date of the certificate (the "**Certification Date**") no Event of Default (as defined in the Trust Deed) or Potential Event of Default (as defined in the Trust Deed) or other breach of the Trust Deed had occurred since the Certification Date of the last such certificate or (if none) the date of the Trust Deed or, if such an event had occurred, giving details thereof.

For the purposes of this Condition 13, "**Material Subsidiary**" means any Subsidiary whose consolidated total assets according to the latest Financial Report amount to at least (a) SEK 600,000,000 or (b) 1.00 per cent. of the Total Assets. A certificate signed by two Authorised Signatories of the Issuer (whether or not addressed to the Trustee) that in their opinion a Subsidiary is or is not or was or was not at any particular time or throughout any specified period a Material Subsidiary may be relied upon without further enquiry or liability and, if relied upon by the Trustee, shall be conclusive and binding on all parties.

14. **Prescription**

Claims for principal in respect of Bearer Notes shall become void unless the relevant Bearer Notes are presented for payment within ten years of the appropriate Relevant Date. Claims for interest in respect of Bearer Notes shall become void unless the relevant Coupons are presented for payment within five years of the appropriate Relevant Date. Claims for principal and interest on redemption in respect of Registered Notes shall become void unless the relevant Note Certificates are surrendered for payment within ten years of the appropriate Relevant Date.

15. **Replacement of Notes and Coupons**

If any Note, Note Certificate or Coupon is lost, stolen, mutilated, defaced or destroyed, it may be replaced at the Specified Office of the Principal Paying Agent, in the case of Bearer Notes, or the Registrar, in the case of Registered Notes (and, if the Notes are then admitted to listing, trading and/or quotation by any competent authority, stock exchange and/or quotation system which requires the appointment of a Paying Agent or Transfer Agent in any particular place, the Paying Agent or Transfer Agent having its Specified Office in the place required by such competent authority, stock exchange and/or quotation system), subject to all applicable laws and competent authority, stock exchange and/or quotation system requirements, upon payment by the claimant of the expenses incurred in connection with such replacement and on such terms as to evidence, security, indemnity and otherwise as the Issuer may reasonably require. Mutilated or defaced Notes, Note Certificates or Coupons must be surrendered before replacements will be issued.

16. **Trustee and Agents**

Under the Trust Deed, the Trustee is entitled to be indemnified and/or secured and/or prefunded to its satisfaction before taking any steps or actions or initiating any proceedings and relieved from responsibility in certain circumstances and to be paid its costs, fees and expenses in priority to the claims of the Noteholders. In addition, the Trustee is entitled to enter into business transactions with the Issuer and any entity relating to the Issuer without accounting for any profit.

In the exercise of its powers and discretions under these Conditions and the Trust Deed, the Trustee will have regard to the interests of the Noteholders as a class and will not be responsible for any consequence for individual Holders of Notes as a result of such Holders being connected in any way with a particular territory or taxing jurisdiction.

In acting under the Agency Agreement and in connection with the Notes and the Coupons, the Agents and any Calculation Agent act solely as agents of the Issuer and (to the extent provided therein) the Trustee and do not assume any obligations towards or relationship of agency or trust for or with any of the Noteholders or Couponholders.

The initial Agents and their initial Specified Offices are listed below. The initial Calculation Agent (if any) is specified in the relevant Final Terms. The Issuer reserves the right (with the prior written approval of the Trustee) at any time to vary or terminate the appointment of any Agent and to appoint a successor principal paying agent or registrar or Calculation Agent and additional or successor paying agents and transfer agents; **provided, however, that:**

- (i) the Issuer shall at all times maintain a principal paying agent and a registrar; and
- (ii) if a Calculation Agent is specified in the relevant Final Terms, the Issuer shall at all times maintain a Calculation Agent; and
- (iii) if and for so long as the Notes are admitted to listing, trading and/or quotation by any competent authority, stock exchange and/or quotation system which requires the appointment of a Paying Agent and/or a Transfer Agent in any particular place, the Issuer shall maintain a Paying Agent and/or a Transfer Agent having its Specified Office in the place required by such competent authority, stock exchange and/or quotation system.

Notice of any change in any of the Agents or any Calculation Agent or in their Specified Offices shall promptly be given by the Issuer to the Trustee and the Noteholders.

17. **Meetings of Noteholders; Modification and Waiver**

- (a) **Meetings of Noteholders:** The Trust Deed contains provisions for convening meetings of Noteholders to consider matters relating to the Notes, including the modification of any provision of these Conditions. Any such modification may be made if sanctioned by an Extraordinary Resolution. Such a meeting may be convened by the Issuer or by the Trustee and shall be convened by the Trustee (subject to its being indemnified and/or secured and/or prefunded to its satisfaction) upon the request in writing of Noteholders holding not less than 10 per cent. of the aggregate principal amount of the outstanding Notes. The quorum at any meeting convened to vote on an Extraordinary Resolution will be two or more Persons holding or representing more than 50 per cent. of the aggregate principal amount of the outstanding Notes or, at any adjourned meeting, two or more Persons being or representing Noteholders whatever the principal amount of the Notes held or represented; **provided, however, that** Reserved Matters may only be sanctioned by an Extraordinary Resolution passed at a meeting of Noteholders at which two or more Persons holding or representing not less than 75 per cent. or, at any adjourned meeting, not less than 25 per cent. of the aggregate principal amount of the outstanding Notes form a quorum. Any Extraordinary Resolution duly passed at any such meeting shall be binding on all the Noteholders and Couponholders, whether present or not.

In addition, a resolution in writing signed by or on behalf of holders of not less than 75 per cent. in principal amount of the Notes outstanding will take effect as if it were an Extraordinary Resolution. Such a resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Noteholders.

The consent or approval of the Noteholders shall not be required in the case of amendments to the Conditions pursuant to Condition 7(e) to vary the method or basis of calculating the rate or rates or amount of interest or the basis for calculating any Interest Amount in respect of the Notes or for any other variation of these Conditions, the Trust Deed and/or the Agency Agreement required to be made in the circumstances described in Condition 7(e), where the Issuer has delivered to the Trustee a certificate pursuant to Condition 7(e)(v) or with respect to any Benchmark Amendments.

- (b) **Modification and waiver:** The Trustee may, without the consent of the Noteholders, agree to (i) any modification of these Conditions or the Trust Deed (other than in respect of a Reserved Matter) which, in the opinion of the Trustee, will not be materially prejudicial to the interests of Noteholders and to (ii) any modification of the Notes or the Trust Deed which, in the opinion of the Trustee, is of a formal, minor or technical nature or is to correct a manifest error.

In addition, the Trustee may, subject to and in accordance with the Trust Deed, without the consent of the Noteholders, authorise or waive any proposed breach or breach of the Notes or the Trust Deed or determine that any Event of Default or Potential Event of Default shall not be treated as such for the purposes of the Trust Deed if, in the opinion of the Trustee, the interests of the Noteholders will not be materially prejudiced thereby.

Unless the Trustee agrees otherwise, any such authorisation, determination, waiver or modification shall be notified to the Noteholders as soon as practicable thereafter.

18. **Enforcement**

The Trustee may at any time, at its discretion and without notice, institute such proceedings and/or take such steps or actions as it thinks fit to enforce its rights under the Trust Deed in respect of the Notes, but it shall not be bound to do so unless:

- (i) it has been so requested in writing by the Holders of at least one quarter of the aggregate principal amount of the outstanding Notes or has been so directed by an Extraordinary Resolution; and
- (ii) it has been indemnified and/or secured and/or prefunded to its satisfaction.

No Noteholder may proceed directly against the Issuer unless the Trustee, having become bound to do so, fails to do so within a reasonable time and such failure is continuing.

19. **Further Issues**

The Issuer may from time to time, without the consent of the Noteholders and in accordance with the Trust Deed, create and issue further notes having the same terms and conditions as the Notes in all respects (or in all respects except for the first payment of interest) so as to form a single series with the Notes. The Issuer may from time to time, with the consent of the Trustee, create and issue other series of notes having the benefit of the Trust Deed.

20. **Notices**

- (a) **Bearer Notes:** Notices to the Holders of Bearer Notes shall be valid if published in a leading English language daily newspaper published in London (which is expected to be the *Financial Times*) or, if such publication is not practicable, in a leading English language daily newspaper having general circulation in Europe. The Issuer shall also ensure that notices are duly published in a manner which complies with the rules of any stock exchange or other relevant authority on which the Notes are for the time being listed or by which they have been admitted to trading. Any such notice shall be deemed to have been given on the date of first publication (or if required to be published in more than one newspaper, on the first date on which publication shall have been made in all the required newspapers). Couponholders shall be deemed for all purposes to have notice of the contents of any notice given to the Holders of Bearer Notes.
- (b) **Registered Notes:** Notices to the Holders of Registered Notes shall be sent to them by first class mail (or its equivalent) or (if posted to an overseas address) by airmail at their respective addresses on the Register or, if such notification is not practicable, in a leading English language daily newspaper having general circulation in Europe. Any such notice shall be deemed to have been given on the fourth day after the date of mailing.

21. **Rounding**

For the purposes of any calculations referred to in these Conditions (unless otherwise specified in these Conditions or the relevant Final Terms), (a) all percentages resulting from such calculations will be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point (with 0.000005 per cent. being rounded up to 0.00001 per cent.), (b) all United States dollar amounts used in or resulting from such calculations will be rounded to the nearest cent (with one half cent being rounded up), (c) all Japanese Yen amounts used in or resulting from such calculations will be rounded downwards to the next lower whole Japanese Yen amount, and (d) all amounts denominated in any other currency used in or resulting from such calculations will be rounded to the nearest two decimal places in such currency, with 0.005 being rounded upwards.

22. **Governing Law and Jurisdiction**

- (a) **Governing law:** The Notes, Coupons, Talons and the Trust Deed and all non-contractual obligations arising out of or in connection with them are governed by English law.
- (b) **Jurisdiction:** The Issuer has in the Trust Deed (i) agreed that the courts of England shall have exclusive jurisdiction to settle any dispute (a "**Dispute**") arising out of or in connection with the Notes; (ii) agreed that those courts are the most appropriate and convenient courts to settle any Dispute and, accordingly, that it will not argue that any other courts are more appropriate or convenient; (iii) designated a person in England to accept service of any process on its behalf. The Trust Deed also states that nothing contained in the Trust Deed prevents the Trustee or any of the Noteholders from taking proceedings relating to a Dispute ("**Proceedings**") in any other courts with jurisdiction and that, to the extent allowed by law, the Trustee or any of the Noteholders may take concurrent Proceedings in any number of jurisdictions.

## FORM OF FINAL TERMS

**[PROHIBITION OF SALES TO EEA RETAIL INVESTORS** - The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area ("**EEA**"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "**MiFID II**"); or (ii) a customer within the meaning of Directive (EU) 2016/97 (the "**Insurance Distribution Directive**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II. Consequently, no key information document required by Regulation (EU) No 1286/2014 (as amended or superseded, the "**PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.]

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

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

**Final Terms dated [•]**

**AKELIUS RESIDENTIAL PROPERTY AB (PUBL)**

**Legal Entity Identifier (LEI): 213800REBFN6T3PU8L97**

**Issue of [Aggregate Nominal Amount of Tranche] [Title of Notes]**

**[Euro Medium Term Note Programme]**

**PART A – CONTRACTUAL TERMS**

***OPTION 1 (NORMAL ISSUANCE UNDER THE PROGRAMME ON THE BASIS OF THE TERMS AND CONDITIONS SET OUT IN THE BASE PROSPECTUS)***

[Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the "**Conditions**") set forth in the Base Prospectus dated 18 October 2019 [and the supplemental Base Prospectus dated [•]] which [together] constitute[s] a base prospectus (the "**Base Prospectus**") for the purposes of the Prospectus Regulation.

[This document constitutes the Final Terms relating to the issue of Notes described herein for the purposes of the Prospectus Regulation and must be read in conjunction with the Base Prospectus in order to obtain all the relevant information.]<sup>2</sup> / [This document does not constitute the Final Terms relating to

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<sup>2</sup> Include this wording where the Notes are to be issued pursuant to the Prospectus Regulation.

the issue of Notes described herein for the purposes of the Prospectus Regulation, as these Notes are not being issued pursuant to the Prospectus Regulation.]<sup>3</sup>

**OPTION 2 (ISSUANCE ON THE BASIS OF TERMS AND CONDITIONS FROM EARLIER PROGRAMME DOCUMENTS INCORPORATED BY REFERENCE INTO THE BASE PROSPECTUS)**

[Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the "**Conditions**") set forth in the original base prospectus dated [•]. These Final Terms contain the final terms of the Notes and must be read in conjunction with the Base Prospectus dated [current date] [and the supplemental Base Prospectus dated [date]] in order to obtain all the relevant information which [together] constitute[s] a base prospectus (the "**Base Prospectus**") for the purposes of the Prospectus Regulation. The Conditions are incorporated by reference in the Base Prospectus. This document constitutes the Final Terms relating to the issue of Notes described herein for the purposes of the Prospectus Regulation.]

The Base Prospectus has been published on [www.ise.ie](http://www.ise.ie).

These Final Terms will be published on <https://www.ise.ie/Market-Data-Announcements/Debt/Individual-Debt-Instrument-Data/Dept-Security-Documents/?progID=1011&FIELDSORT=docId>.

The expression "**Prospectus Regulation**" means Regulation (EU) 2017/1129.

The Notes have not been, and will not be, registered under the United States Securities Act of 1933, as amended (the "**Securities Act**") or with any securities regulatory authority of any state or other jurisdiction of the United States, and Notes in bearer form are subject to U.S. tax law requirements. The Notes may not be offered, sold or (in the case of Notes in bearer form) delivered within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the Securities Act ("**Regulation S**")) except in certain transactions exempt from the registration requirements of the Securities Act.

- |    |       |  |  |
|----|-------|--|--|
| 1. | (i)   | Issuer:                                  | Akelius Residential Property AB (publ)   |
| 2. | (i)   | Series Number:                           | [•]  |
|    | (ii)  | Tranche Number:                          | [•]  |
|    | (iii) | Date on which the Notes become fungible: | [Not Applicable]/[The Notes shall be consolidated, form a single series and be interchangeable for trading purposes with the [•] on [[•]]/the Issue Date/exchange of the Temporary Global Note for interests in the Permanent Global Note, as referred to in paragraph 23 below [which is expected to occur on or about [•]].] |
| 3. |       | Specified Currency or Currencies:        | [•]  |
| 4. |       | Aggregate Nominal Amount:                | [•]  |
|    | (i)   | Series:                                  | [•]  |
|    | (ii)  | Tranche:                                 | [•]  |
| 5. |       | Issue Price:                             | [•] per cent. of the Aggregate Nominal Amount [plus accrued interest from [•]]   |
| 6. | (i)   | Specified Denominations:                 | [•]  |

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<sup>3</sup> Include this wording where the Notes are not to be issued pursuant to the Prospectus Regulation.

- (ii) Calculation Amount: [•]
7. (i) Issue Date: [•]
- (ii) Interest Commencement Date: [[•]/Issue Date/Not Applicable]
8. Maturity Date: [•]
9. (i) Interest Basis: [[•] per cent. Fixed Rate]
- [•][•] [[EURIBOR/LIBOR/CIBOR/NIBOR/STIBOR]+/- [•] per cent. Floating Rate]
- [Zero Coupon]
- (see paragraph [14/15/16] below)
- (ii) Ratings Step Up/Step Down: [Applicable/Not Applicable]
- (iii) [Step-Up Margin:] [[•] per cent. per annum]
- (iv) [Specified Threshold:] [•] / [As per the Conditions]
10. Redemption/Payment Basis: Subject to any purchase and cancellation or early redemption, the Notes will be redeemed on the Maturity Date at [•]/[100] per cent. of their nominal amount.
11. Change of Interest or Redemption/Payment Basis: [[•]/Not Applicable]
12. Put/Call Options: [Noteholder Put]
- [Change of Control Put Option] (*This option is contained in Condition 9(f)*)
- [Issuer Call]
- [(See paragraph [17/18/19] below)]
13. [(i)] Status of the Notes: Senior
- [(iii)] [Date [Board] approval for issuance of Notes [respectively]] obtained: [•]

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

14. **Fixed Rate Note Provisions** [Applicable/Not Applicable]
- (*If not applicable, delete the remaining subparagraphs of this paragraph*)
- (i) Rate[(s)] of Interest: [•] per cent. per annum payable in arrear on each Interest Payment Date
- (ii) Interest Payment Date(s): [•] in each year [adjusted in accordance with *specify Business Day Convention*]
- (iii) Fixed Coupon Amount[(s)]: [[•] per Calculation Amount/Not Applicable]
- (iv) Broken Amount(s): [•] per Calculation Amount, payable on the Interest Payment Date falling [in/on] [•]

- (v) Day Count Fraction: [Actual/Actual ICMA]/[Actual/Actual ISDA]/[Actual 365 (Fixed)]/[Actual 360]/[30/360]/[30E/360]/[Eurobond Basis]/[30E/360 (ISDA)]
- (vi) [Party responsible for calculating the amount of interest payable for any interest period following any Rate Adjustment:] [The Principal Paying Agent/other]
15. **Floating Rate Note Provisions** [Applicable/Not Applicable]
- (If not applicable delete the remaining sub-paragraphs of this paragraph)*
- (i) Specified Period: [•]
- (ii) Interest Payment Dates: [•]
- (iii) First Interest Payment Date: [•]
- (iv) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/ Modified Following Business Day Convention/ Preceding Business Day Convention]
- (v) Additional Business Centre(s): [Not Applicable/[•]]
- (vi) Manner in which the Rate(s) of Interest is/are to be determined: [Screen Rate Determination/ISDA Determination]
- (vii) Party responsible for calculating the Rate(s) of Interest and/or Interest Amount(s) (if not the Principal Paying Agent): [•] shall be the Calculation Agent/Not Applicable
- (viii) Screen Rate Determination:
- Reference Rate: [•][•] [EURIBOR/LIBOR/CIBOR/NIBOR/STIBOR]
  - Interest Determination Date(s): [•]
  - Relevant Screen Page: [•]
  - Relevant Time: [•]
  - Relevant Financial Centre: [•]
- (ix) ISDA Determination:
- Floating Rate Option: [•]
  - Designated Maturity: [•]
  - Reset Date: [•]
- (xi) Margin(s): [+/-][•] per cent. per annum
- (xii) Minimum Rate of Interest: [•] per cent. per annum



- (xiii) Maximum Rate of Interest: [•] per cent. per annum
- (xiv) Day Count Fraction: [Actual/Actual ICMA]/[Actual/Actual ISDA]/[Actual 365 (Fixed)]/[Actual 360]/[30/360]/[30E/360]/[Eurobond Basis]/[30E/360 (ISDA)]
- (xv) [Linear Interpolation: Not Applicable/Applicable – the Rate of Interest for the [long/short] [first/last] Interest Period shall be calculated using Linear Interpolation (*specify for each short or long interest period*)]
- (xvi) Reference Banks: [•]/[As per the Conditions]

16. **Zero Coupon Note Provisions**

[Applicable/Not Applicable]

*(If not applicable, delete the remaining subparagraphs of this paragraph)*

- (i) Accrual Yield: [•] per cent. per annum
- (ii) Reference Price [•]
- (iii) Day Count Fraction in relation to Early Redemption Amount: [Actual/Actual ICMA]/[Actual/Actual ISDA]/[Actual 365 (Fixed)]/[Actual 360]/[30/360]/[30E/360]/[Eurobond Basis]/[30E/360 (ISDA)]

**PROVISIONS RELATING TO REDEMPTION**

17. **Call Option**

[Applicable/Not Applicable]

- (i) Optional Redemption Date(s) (Call): [•]
- (ii) Par Call Commencement Date: [[•]/Not Applicable]
- (iii) Optional Redemption Amount(s) (Call) of each Note: [[•] per Calculation Amount/[Sterling Make Whole Redemption Amount/Non-Sterling Make Whole Redemption Amount]] (*include this option where one Optional Redemption Amount (Call) is required*)

[If the Optional Redemption Date (Call) is before the date falling [•] days/months prior to the Maturity Date: [•] per Calculation Amount/[Sterling Make Whole Redemption Amount/Non-Sterling Make Whole Redemption Amount]

[If the Optional Redemption Date (Call) is on or after the date falling [•] days/months prior to the Maturity Date: [•] per [Calculation Amount/Sterling Make Whole Redemption Amount/Non-Sterling Make Whole Redemption Amount]] (*include this option where more than one Optional Redemption Amount (Call) is required*)

- (a) Reference Bond: [•]

*(If a Par Call Commencement Date is*

*included, the Reference Bond should mature on the Par Call Commencement Date rather than the Maturity Date)*

- [(b) Quotation Time [•]]
- [(c) Redemption Margin: [•]]
- [(d) Reference Date: [•]/ As per the Conditions]
- (iv) If redeemable in part:
  - (a) Minimum Redemption Amount: [•] per Calculation Amount
  - (b) Maximum Redemption Amount: [•] per Calculation Amount
- (v) Notice period: [•]
- 18. **Put Option** [Applicable/Not Applicable]
 

*(If not applicable, delete the remaining subparagraphs of this paragraph)*

  - (i) Optional Redemption Date(s) (Put): [•]
  - (ii) Optional Redemption Amount(s) (Put) of each Note and method, if any, of calculation of such amount(s): [•] per Calculation Amount
  - (iii) Notice period: [•]
- 19. **Change of Control Put Option:** [Applicable/Not Applicable] *(This option is contained in Condition 9(f))*
  - [(i) Optional Redemption Amount(s) (Change of Control) of each Note: [•] per Calculation Amount]
  - [(ii) Change of Control Put Period [•]]
- 20. **Final Redemption Amount of each Note** [•] per Calculation Amount
- 21. **Early Redemption Amount (Tax)** [[•] per Calculation Amount/Not Applicable]
- 22. **Early Termination Amount** [[•] per Calculation Amount/Not Applicable]

**GENERAL PROVISIONS APPLICABLE TO THE NOTES**

- 23. **Form of Notes:**
  - Bearer Notes:**

[Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for Definitive Notes on [•] days' notice/at any time/in the limited circumstances specified in the Permanent Global Note]

[Temporary Global Note exchangeable for Definitive Notes on [•] days' notice]

[Permanent Global Note exchangeable for Definitive Notes on [•] days' notice/at any

time/in the limited circumstances specified in the Permanent Global Note]

**Registered Notes:**

[Global Registered Note exchangeable for Individual Note Certificates on [•] days' notice/at any time/in the limited circumstances specified in the Global Registered Note registered in the name of a nominee for [a common depository for Euroclear and Clearstream, Luxembourg/a common safekeeper for Euroclear and Clearstream, Luxembourg (that is, held under the New Safekeeping Structure (NSS))].]

24. New Global Note: [Yes] [No]/ [Not Applicable]
25. Additional Financial Centre(s) or other special provisions relating to payment dates: [Not Applicable/[•]]
26. Talons for future Coupons to be attached to Definitive Notes (and dates on which such Talons mature): [Yes/No. As the Notes have more than 27 coupon payments, talons may be required if, on exchange into definitive form, more than 27 coupon payments are left.]
27. Prohibition of Sales to EEA Retail Investors: [[Applicable] <sup>4</sup> / [Not Applicable] <sup>5</sup> / [Not Applicable, Key Information Document prepared]<sup>6</sup>]
28. Relevant Benchmark[s]: [[EURIBOR/LIBOR/CIBOR/NIBOR/STIBOR] is provided by [administrator legal name]][repeat as necessary]. As at the date hereof, [[administrator legal name]][appears]/[does not appear]][repeat as necessary] in the register of administrators and benchmarks established and maintained by ESMA pursuant to Article 36 (*Register of administrators and benchmarks*) of the Benchmark Regulation]/[As far as the Issuer is aware, as at the date hereof, [EURIBOR/LIBOR/CIBOR/NIBOR/STIBOR] does not fall within the scope of the Benchmark Regulation]/[Not Applicable]

**SIGNED** on behalf of Akelius Residential Property AB (publ):

By: .....  
Duly authorised

<sup>4</sup> Insert "Applicable" where the Notes may constitute "packaged" products and no key information document required by Regulation (EU) No 1286/2014 (the "**PRIIPs Regulation**") will be prepared.

<sup>5</sup> Insert "Not Applicable" where the Notes clearly do not constitute "packaged" products.

<sup>6</sup> Insert "Not Applicable, Key Information Document prepared" where a key information document required by the PRIIPs Regulation will be prepared.

## PART B – OTHER INFORMATION

### 1. LISTING AND ADMISSION TO TRADING

- (i) Listing: [Ireland] / [Not Applicable]<sup>7</sup>
- (ii) Admission to Trading: [Application has been made by the Issuer (or on its behalf) for the Notes to be admitted to trading on the regulated market of the Irish Stock Exchange plc trading as Euronext Dublin with effect from [ ].] [Application is expected to be made by the Issuer (or on its behalf) for the Notes to be admitted to trading on the regulated market of the Irish Stock Exchange plc trading as Euronext Dublin with effect from [ ].] / [Not Applicable.]<sup>8</sup>
- (iii) Estimate of total expenses related to admission to trading: [ ] / [Not Applicable]<sup>9</sup>

### 2. RATINGS

[The Notes to be issued [have been/are expected to be] rated]/[The following ratings reflect ratings assigned to Notes of this type issued under the Programme generally]:

Ratings:

S&P: [•]

[Moody's: [•]]

[Fitch: [•]]

[Include a brief summary of the meaning of the ratings if this has previously been published by the ratings provider.]

[[•] is established in the EEA and registered under Regulation (EU) No 1060/2009, as amended (the "**CRA Regulation**").]

[[•] is established in the EEA and has applied for registration under Regulation (EU) No 1060/2009, as amended (the "**CRA Regulation**"), although notification of the corresponding registration decision has not yet been provided by the [relevant competent authority] / [European Securities and Markets Authority].]

[[•] is established in the EEA and is neither registered nor has it applied for registration under Regulation (EU) No 1060/2009, as amended (the "**CRA Regulation**").]

[[•] is not established in the EEA but the rating it has given to the Notes is endorsed by

<sup>7</sup> Insert "Not Applicable" where the Notes are not to be listed.

<sup>8</sup> Insert "Not Applicable" where the Notes are not to be admitted to trading.

<sup>9</sup> Insert "Not Applicable" where the Notes are not to be admitted to trading.

[insert legal name of credit rating agency], which is established in the EEA and registered under Regulation (EU) No 1060/2009, as amended (the "**CRA Regulation**").]

[[•] is not established in the EEA but is certified under Regulation (EU) No 1060/2009, as amended (the "**CRA Regulation**").]

[[•] is not established in the EEA and is not certified under Regulation (EU) No 1060/2009, as amended (the "**CRA Regulation**") and the rating it has given to the Notes is not endorsed by a credit rating agency established in the EEA and registered under the CRA Regulation.]

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

[Save for any fees payable to the [Managers/Dealers], so far as the Issuer is aware, no person involved in the offer of the Notes has an interest material to the offer. The [Managers/Dealers] and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform other services for, the Issuer and [its/their] affiliates in the ordinary course of business [•]/[Not Applicable]

4. **[Fixed Rate Notes only – YIELD**

Indication of yield: [•]

5. **OPERATIONAL INFORMATION**

ISIN: [•]

Common Code: [•]

Delivery: Delivery [against/free of] payment

Names and addresses of additional Paying Agent(s) (if any): [•]

Intended to be held in a manner which would allow Eurosystem eligibility:

[Yes. Note that the designation "yes" simply means that the Notes are intended upon issue to be deposited with one of the ICSDs as common safekeeper [, and registered in the name of a nominee of one of the ICSDs acting as common safekeeper,][include this text for registered notes]] and does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.]/

[No. Whilst the designation is specified as "no" at the date of these Final Terms, should the Eurosystem eligibility criteria be amended in the future such that the Notes are capable of meeting them the Notes may then be deposited with one of the ICSDs as common safekeeper [, and registered in the name of a nominee of one of the ICSDs acting as common safekeeper,][*include this text for registered notes*]]. Note that this does not necessarily mean that the Notes will then be recognised as eligible collateral for Eurosystem monetary policy and intra day credit operations by the Eurosystem at any time during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.]

6. **DISTRIBUTION**

- (i) Method of Distribution: [Syndicated/Non-syndicated]
- (ii) If syndicated:
  - (A) Names of Managers [Not Applicable/*give names*]
  - (B) Stabilisation Manager(s), if any: [Not Applicable/*give names*]
- (iii) If non-syndicated, name of Dealer: [Not Applicable/*give names*]
- (iv) U.S. Selling Restrictions: [Reg. S Compliance Category 2]; [TEFRA C/TEFRA D / TEFRA not applicable]

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

- Reasons for the offer: [ ] [See["*Use of Proceeds*"] in Base Prospectus/[ ]<sup>10</sup>]
- Estimated net proceeds: [ ]

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<sup>10</sup> Give details if reason for the offer differs from what is disclosed in the Base Prospectus.

## USE OF PROCEEDS

The Issuer will use the net proceeds from the issue of each Series of Notes for the general corporate purposes of the Group (including investments, acquisitions and development projects) and for the repayment of some of the Group's existing indebtedness (including any indebtedness that may be owed to any of the Dealers) or as may otherwise be disclosed in the applicable Final Terms. In particular, if so specified in the applicable Final Terms, the Issuer will apply the net proceeds from an offer of Notes specifically for Green Projects. Such Notes may also be referred to as "**Green Bonds**". The Issuer has not, as of the date of this Base Prospectus, issued Green Bonds. In the event of future Green Bond issuances, investors would be able to obtain information on the same from, for example, the sustainability report published annually by the Issuer, through which it communicates its sustainability performance and impact (the "**Sustainability Report**").

## DESCRIPTION OF THE ISSUER AND THE GROUP

### Introduction

Akelius Residential Property AB (publ) is a public limited liability company incorporated under the laws of the Kingdom of Sweden ("Sweden") and registered in Sweden with registration number 556156-0383, having its registered address at Svärdvägen 3A, P.O. Box 104, SE-182 12 Danderyd, Kingdom of Sweden. The Issuer's telephone number is +46 8 566 130 00. The Issuer was formed on 9 August 1971 and registered with the Swedish Companies Registration Office on 29 December 1971. The Issuer is subject to a number of Swedish corporate and financial legislative acts including, but not limited to, the Swedish Companies Act (Sw: *aktiebolagslagen (2005:551)*) and the Swedish Annual Accounts Act (Sw: *årsredovisningslagen (1995:1554)*). The Issuer has been incorporated for an indefinite period of time.

### Share capital, shares and ownership structure of the Issuer

According to its articles of association, the Issuer's share capital shall be no less than EUR 100,000,000 and not more than EUR 400,000,000 divided into not less than 1,800,000,000 shares and not more than 7,200,000,000 shares. The Issuer's share capital, as at the date of this Base Prospectus, amounts to EUR 200,284,787.6 divided among 3,430,644,746 shares (3,191,809,140 ordinary shares of class A, 220,000,000 ordinary shares of class D and 18,835,606 preference shares). Each ordinary class A share entitles the holder to one vote and each ordinary class D share and preference share entitles the holder to one-tenth of a vote at general meetings. The Issuer's ordinary class D shares and preference shares are listed on the multilateral trading facility Nasdaq First North and are, thus, publicly traded. Nasdaq First North (operated by Nasdaq Stockholm) is a multilateral trading facility and not a regulated market for the purposes of the MiFID II.

It was resolved at the annual general meeting in the Issuer, which was held on 11 April 2019, to give the Board of Directors of the Issuer the authorisation to issue, on one or more occasions prior to the annual general meeting in 2020 with preference rights for existing holders of ordinary shares, a maximum amount of 500,000,000 ordinary shares.

It was resolved at the previous annual general meeting of the Issuer held in 2018 to change the Issuer's accounting currency from SEK to EUR as of 1 January 2019.

As at the date of this Base Prospectus, all ordinary class A shares in the Issuer, accounting for approximately 93 per cent. of the total share capital, are held by Akelius Apartments Ltd, Cyprus, reg. no. 84077, Xange Holding Ltd, Cyprus, reg. no. 313781 and Giannis Beta Ltd, Cyprus, reg. no. 342009. Furthermore, Akelius Apartments Ltd holds 654,796 preference shares in the Issuer. Akelius Apartments Ltd therefore holds approximately 79.10 per cent. of the total share capital of the Issuer, of which 79.08 per cent. comprises ordinary class A shares, Xange Holding Ltd holds approximately 9.30 per cent. and Giannis Beta Ltd holds approximately 4.65 per cent. of the total share capital of the Issuer. The Issuer, therefore, is controlled by its Cypriot parent company Akelius Apartments Ltd, which is, in turn, controlled by the Akelius Foundation, a humanitarian foundation, registered in the Bahamas, with five council members and the purpose of which is to act under its charter and articles. The foundation is set up to achieve charitable purposes, including assistance of people in need, advancement of education and research, and other philanthropic purposes and its main beneficiary is SOS Children's Villages. As at the date of this Base Prospectus, the council members of the Akelius Foundation (which holds all the shares in Akelius Apartments Ltd) are: Kerstin Engström, Igor Rogulj, Fredrik Lindgren, Tove Andersson and Johan Warodell. None of the council members are beneficiaries of the Akelius Foundation.

To ensure that the control over the Issuer is not abused, the Issuer complies with the Swedish Companies Act (Sw: *aktiebolagslagen (2005:551)*). In addition, the Issuer acts in accordance with the rules of procedure of its Board of Directors and the instructions for the committees and the chief executive officer adopted by the Issuer's Board of Directors. As far as the Issuer is aware, there are no shareholder agreements or other agreements which could result in a change of control of the Issuer.

### Group structure

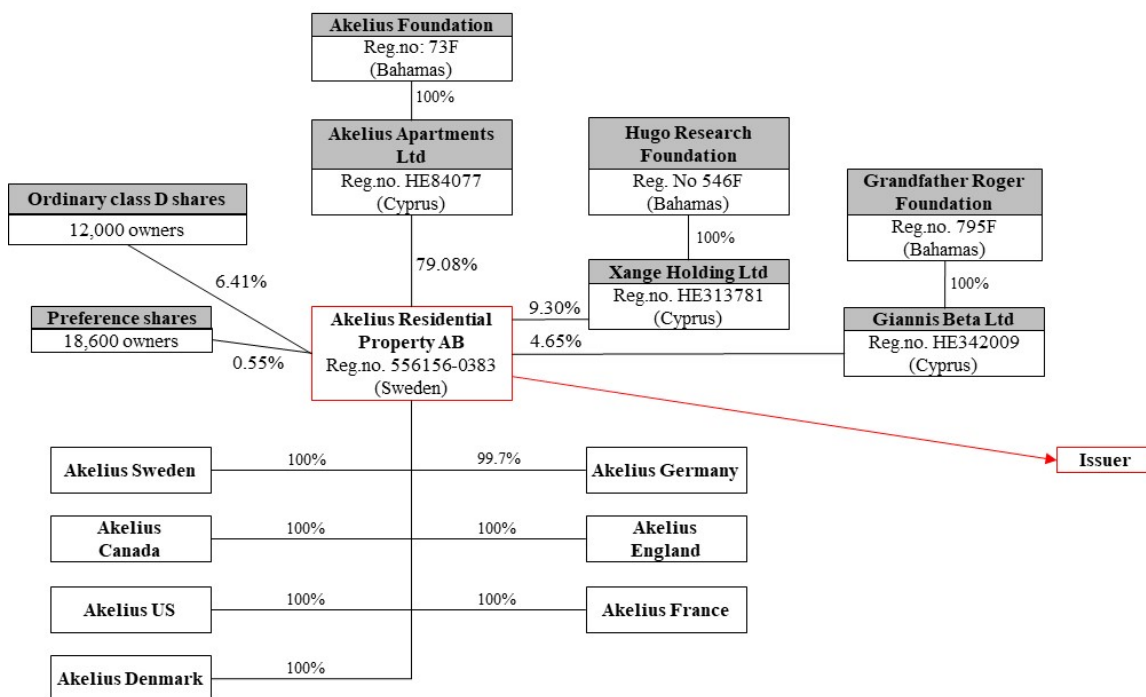
The Issuer is the holding company of the Group. Its main functions include the overall strategic management of the Group, the determination of the objectives and strategies of the Group, central co-



ordination of the activities of the Group companies and central allocation of resources as well as monitoring of Group activities.

As at 30 June 2019, the Issuer had a total of 460 subsidiaries. The subsidiaries comprise real estate holding companies and management companies in all of the countries in which the Group has its operations or assets. The Issuer does not directly hold properties. Generally, the purpose of each real estate holding company within the Group is to hold one or more properties of the Group in the relevant country.

The following chart sets out the Group's simplified corporate structure and the ownership structure of the Issuer as at the date of this Base Prospectus.



The table below sets out details regarding the Group's holding companies in each jurisdiction of its operations, including the Issuer's percentage ownership (direct or indirect) in each:

Branch	Holding Company	Registration number	Date of registration	Date of acquisition	Effective ownership (%)
Sweden	Akelius Lägenheter AB (Stockholm, Sweden).....	556549-6360	19 November 1997	01 September 2003	100
Germany	Akelius GmbH (Berlin, Germany).....	HRB 101392B	07 April 2006	N/A	99.7
Canada	Akelius Real Estate Management Ltd (Toronto, Canada).....	659852	03 October 2011	31 December 2013 (originally owned by Akelius Canada AB, (subsidiary to Akelius Apartments Ltd))	100
England	Akelius Residential Ltd (United Kingdom, London).....	7954505	17 February 2012	31 March 2014 (originally owned by Akelius Apartments Ltd)	100
France	Akelius France Holding SAS (France, Paris).....	804 104 537	18 August 2014	N/A	100
US	Akelius US LLC (US, Delaware).....	364803632	09 February 2015	N/A	100

<u>Branch</u>	<u>Holding Company</u>	<u>Registration number</u>	<u>Date of registration</u>	<u>Date of acquisition</u>	<u>Effective ownership (%)</u>
Denmark	Akelius Bolig Holding ApS (Copenhagen, Denmark).....	37222119	06 November 2015	N/A	100

## Business strategy and operations

The Group operates in the real estate sector and its operations comprise of investing in, developing and managing residential properties across a number of cities in Europe and North America. The Group acquired its first residential properties in Gothenburg, Helsingborg and Trollhättan in Sweden in 1994. In subsequent years, the Group expanded through reinvestments of profits in real estate properties in Sweden. In 2003, by acquiring Mandamus Fastigheter AB, a Swedish listed real estate company, which is now the unlisted Swedish holding company Akelius Lägenheter AB, the Issuer increased its property portfolio to SEK 13,000 million. In 2006, the Group entered the German market acquiring 402 residential units in Berlin followed by properties in Hamburg and other German cities. An affiliated company of the Group first acquired properties in Toronto in 2011. This affiliated company was acquired by the Group in December 2013. In 2015 the Group entered the residential market in Montreal. An affiliated company of the Group first acquired residential properties in London in 2011 and these properties were acquired by a subsidiary of the Issuer in 2014. The Group acquired its first properties in Paris in 2014. In 2015, the Group entered into the US market through its acquisitions of property in New York, Boston and Washington. In 2016, the Group entered the Danish market through its acquisitions of property in Copenhagen.

The Group's business strategy is based on the long-term ownership and management of residential properties that generate a steadily growing cash flow. In this respect, the Group particularly focuses on the total return from the properties over ten years rather than the initial short-term yield. The Group's business strategy is centred around properties located in cities that evidence a growing economy and population and stable rent growth, and within those cities, the Group targets properties that are in districts and suburbs that are either well established residential areas or that are undergoing regeneration or development. For example, with respect to well established residential areas, WalkScore provides a metric that assesses how easy it is to run daily errands by foot from a certain location. As at 30 June 2019, the WalkScore assessment of Akelius property portfolio was 88<sup>11</sup> out of 100. With respect to cities evidencing a growing population, the average population growth over the previous ten years in the metropolitan areas where a large proportion of the Group's portfolio is located (namely, Stockholm, Malmö, Berlin, Hamburg, London, Paris, Toronto, Montreal and New York) was approximately 12 per cent. By comparison, the average population growth over the previous 10 years in the countries where those cities are based (namely, Sweden, Germany, United Kingdom, France, Canada, the US and Denmark) was approximately 7 per cent.<sup>12</sup> The Group also seeks to invest in properties that can benefit from, and generate greater returns as a result of, an upgrade of such properties by the Group to a "better living" standard (as discussed below in "*Development projects*"). The Group believes that the combination of residential properties in established locations in metropolitan areas with growing populations minimises the property vacancy risk and provides strong growth in rent and net operating income. The Group regularly reinvests its profits and applies its profits to the upgrading of the Group's current properties to a "better living" standard and to the acquisition of new properties (as discussed below in "*Acquisition process*").

As at 30 June 2019, the Group had 1,403 employees and a property portfolio of 47,436 residential units with an aggregate fair value of EUR 12,199 million. Germany is the Group's largest market and, as at 30 June 2019, accounted for 37 per cent. of the Group's property portfolio, while Sweden accounted for 21 per cent., the United States accounted for 15 per cent., Canada accounted for 14 per cent., the United

<sup>11</sup> Source: The Walkscore assessment figure has been calculated by the Issuer internally and has been derived from the Walkscore result for each residential property owned by the Group (such result being available at [www.walkscore.com](http://www.walkscore.com)).

<sup>12</sup> Source: Statistics Sweden, Statistics Denmark, Statistics Canada, INSEE, Office for National Statistics, Statistisches Bundesamt, US Census Bureau, London data store and several local Bundesländer statistics offices.

Kingdom accounted for 7 per cent., France accounted for 3 per cent. and Denmark accounted for 3 per cent.

## Financial highlights

The following table sets out certain of the Group's financial highlights for the periods indicated:

	Six-months ended 30 June		Year ended 31 December		
	2019 <sup>1</sup>	2018 <sup>2</sup>	2017		2017 <sup>4</sup>
			2018 <sup>3</sup>	restated <sup>4</sup>	
	<i>(EUR millions)</i>				
Rental income, millions .....	253	233	482	469	4,122
Net operating income, millions .....	131	124	259	251	2,413
Operating profit, millions.....	361	488	779	1,106	10,655
Profit before tax, millions .....	263	423	634	984	9,480
Earnings per share before and after dilution.....	0.13	0.1	0.15	0.25	2,43

<sup>1</sup> The financial highlights for the six-months ended 30 June 2019 are contained in the Issuer's interim report January to June 2019.

<sup>2</sup> The financial highlights for the six-months ended 30 June 2018 are contained in the Issuer's interim report January to June 2018.

<sup>3</sup> The financial highlights for the year 2018 are contained in the 2018 Financial Statements.

<sup>4</sup> The financial highlights for the year 2017 are contained in the 2017 Financial Statements

In general terms, the Group's profit is largely generated from rental income and from the increase in value of its property portfolio. The Group's consolidated rental income for the year 2018 was EUR 482 million, which represents an increase of EUR 13 million as compared to the year 2017. The rental income for comparable properties for the year 2018, adjusted for changes in exchange rates, increased by 3.2 per cent. as compared to the year 2017. The Group's net profit before tax for the year 2018 was EUR 634 million, which was a decrease of EUR 350 million compared with the figure from 2017. The increase in the fair value of the Group's properties due to a lower required yield resulting from the low interest rate environment, which was lower in 2018 compared to 2017, contributed to the decrease in net profit.

## Acquisition process

The Group selectively acquires residential properties through numerous smaller transactions (so called "**cherry-picking**") rather than making fewer purchases of large portfolios of properties. Acquisitions of properties follow a strict procedure based on established criteria and appropriate commercial, financial, tax, legal and technical diligence. In the acquisition process, the Group aims to exploit its market knowledge and years of experience in the real estate sector and, as a result, acquisitions are predominantly made in city districts or blocks where the Group already owns or has previously owned properties. This assists the Group in making assessments as to the rent, vacancy, price and return levels of the properties. Acquisitions are completed locally by the regional office in the city or area where the property is located. Following an acquisition, each regional office must follow up on the assumptions made during the purchase and it is responsible for any deviations between the initial assumptions and the actual performance. Any necessary financing is also secured prior to the acquisitions being made.

In 2018, the Group acquired properties for a total price of EUR 1,286 million compared to EUR 1,297 million in 2017. In 2018, properties for EUR 315 million were acquired in Montreal, EUR 194 million in Berlin, EUR 167 million in New York, EUR 152 million in Washington D.C., EUR 124 million in Paris, EUR 103 million in Stockholm and EUR 229 million in the other large cities such as London, Toronto, Hamburg, Boston, Cologne and Munich.

## Description of the Group's property portfolio

In 2009, the Group's property portfolio was spread across 46 cities. Since then, the Group has "**Cleaned the map**" and disposed of all of its property holdings in 39 cities and has acquired properties in eight new metropolitan cities (London, Toronto, Montreal, Paris, New York, Boston, Washington and Copenhagen), leaving the Group with a property portfolio spread across 15 cities. This shift in focus is a reflection of

the Group's strategy to target established metropolitan cities that evidence growing income and population.

The following table provides a breakdown of the Group's property portfolio (including a breakdown for the countries in which the Group operates) as at 30 June 2019.

	Sweden	Germany	Canada	UK	France	US	Denmark	Total
Residential units ...	9,985	20,864	7,991	2,242	1,543	3,780	1,031	47,436
Residential .....	8690	1,272	481	88	48	261	83	2,923
Lettable space, thousand sqm....								
Commercial.....	116	89	6	15	5	9	5	245
<b>Total .....</b>	<b>806</b>	<b>1,361</b>	<b>487</b>	<b>103</b>	<b>53</b>	<b>270</b>	<b>88</b>	<b>3,168</b>
Fair value.....								
EUR millions .....	2,561	4,538	1,687	889	389	1,821	314	12,199
EUR/sqm.....	3,181	3,333	3,462	8,671	7,300	6,740	3,554	3,850
Required yield, % .....	2.89	3.49	4.24	4.13	4.06	4.30	2.92	3.66
Vacancy rate, residential, % .....	1.6	6.5	14.5	18.4	41.8	19.4	5.6	9.5
Real vacancy .....	0.0	1.1	2.9	1.9	0.9	2.7	0.2	1.3
Average residential rent ..	SEK 1,358	EUR 9.69	CAD 1.94	GBP 2.80	EUR 24.33	USD 2.96	DKK 1,039	EUR 12.95
	sqm/	sqm/	sqft/	sqft/	sqm/	sqft/	sqm/	sqm/
	year	month	month	month	month	month	year	month
Rent potential <sup>1</sup> , % .	17.9	62.5	23.0	3.9	69.9	25.0	55.6	55.1

<sup>1</sup> Rent potential is the ratio between the new lease rent level for the period from 2 July 2018 to 1 July 2019 and the average rent level as at 1 July 2019, excluding sold properties.

The following table provides a breakdown of the Group's property portfolio (including a breakdown for the countries in which the Group operates) as at 31 December 2018.

	Sweden	Germany	Canada	UK	France	US	Denmark	Total
Residential units.....	12,298	21,727	7,779	2,244	1,546	3,782	1,031	50,407
Residential.....	866	1,317	467	88	48	261	83	3,130
Lettable space, thousand sqm.								
Commercial .....	164	97	6	12	5	2	6	292
<b>Total.....</b>	<b>1,030</b>	<b>1,414</b>	<b>473</b>	<b>100</b>	<b>53</b>	<b>263</b>	<b>89</b>	<b>3,422</b>
Fair value.....								
EUR millions.....	3,068	4,525	1,487	878	380	1,741	300	12,379
EUR /sqm.....	2,976	3,201	3,147	8,772	7,143	6,623	3,385	3,617
Required yield, % .....	3.02	3.52	4.26	4.14	4.06	4.33	2.99	3.67
Vacancy rate, residential, % .	2.1	7.4	13.0	19.1	43.8	21.4	4.2	9.6
Real vacancy.....	0.0	1.4	2.3	3.0	1.8	2.9	0.1	1.4
Average residential rent .....	SEK 1,316	EUR 9.48	CAD 1.90	GBP 2.77	EUR 22.79	USD 2.88	DKK 1,011	EUR 12.42
	sqm/	sqm/	sqft/	sqft/	sqm/	sqft/	sqm/	sqm/
	year	month	month	month	month	month	year	month
Rent potential <sup>1</sup> , % .	17.8	68.0	20.9	2.5	87.1	33.0	59.3	56.6

<sup>1</sup> Rent potential is the ratio between the new lease rent level for the period from 2 January 2018 to 1 January 2019 and the average rent level as at 1 January 2019, excluding sold properties.

The following table provides a breakdown of the Group's property portfolio in the countries in which the Group operated as at 31 December 2017.

	Sweden	Germany	Canada	UK	France	US	Denmark	Total
Residential units.....	13,808	20,463	5,500	2,148	1,100	3,127	1,031	47,177
Residential .....	961	1,242	331	84	32	207	83	2,940
Lettable space, thousand sqm.....								
Commercial.....	175	92	4	6	4	1	6	288
<b>Total.....</b>	<b>1,136</b>	<b>1,334</b>	<b>335</b>	<b>90</b>	<b>36</b>	<b>208</b>	<b>89</b>	<b>3,228</b>
Fair value.....								
EUR millions .....	3,205	3,924	994	780	245	1,199	277	10,624
EUR/sqm .....	2,821	2,941	2,968	8,689	6,883	5,758	3,129	3,292
Required yield, % .....	3.00	3.54	4.29	4.16	4.16	4.36	3.09	3.60
Vacancy rate, residential, % .....	1.1	6.5	3.9	14.7	46.4	17.3	6.1	6.6
Real vacancy .....	0.0	1.3	0.6	2.0	1.3	2.2	0.6	0.9
Average residential rent .....	SEK 1,287	EUR 8.98	CAD 1.92	GBP 2.75	EUR 23.40	USD 2.77	DKK 936	EUR 11.96

	Sweden	Germany	Canada	UK	France	US	Denmark	Total
rent .....	sqm/ year	sqm/ month	sqft/ month	sqft/ month	sqm/ month	sqft/ month	sqm/ year	sqm/ month
Rent potential <sup>1</sup> , % .	17.9	61.9	19.4	-5.0	87.4	23.1	77.8	50.7

<sup>1</sup> Rent potential is the ratio between the new lease rent level for the period from 2 January 2017 to 1 January 2018 and the average rent level as at 1 January 2018, excluding sold properties.

The following two tables provide the current state and development of some key performance indicators for the Group's property portfolio in the primary metropolitan areas in which the Group operated as at 30 June 2019.

	Fair value			Capitalisation Rate <sup>(1)</sup>	Discount Rate <sup>(2)</sup>	Walk score <sup>13</sup>
	(%)	(EUR million)	(EUR per sqm)	(%)	(%)	(scale 1-100)
Berlin .....	24	2,930	3,101	3.39	5.39	91
Stockholm.....	13	1,598	3,506	2.69	4.68	68
Malmö .....	8	944	2,703	3.23	5.23	91
MNew York.....	8	943	7,767	4.18	6.18	96
LToronto.....	8	938	4,120	4.19	6.19	82
Hamburg.....	8	932	3,675	3.76	5.76	87
TLondon.....	7	889	8,671	4.13	6.13	86
Montreal.....	6	749	2,886	4.29	6.29	92
Boston.....	4	504	8,003	4.25	6.25	89
Paris.....	3	389	7,300	4.06	6.06	97
Washington D.C.....	3	374	4,357	4.67	6.67	87
Copenhagen.....	3	314	3,554	2.92	4.92	95
Munich.....	2	237	5,522	3.25	5.25	85
Other.....	3	458	3,808	3.78	5.78	92
<b>Total.....</b>	<b>100</b>	<b>12,199</b>	<b>3,850</b>	<b>3.66</b>	<b>5.65</b>	<b>88</b>

<sup>1</sup> "Capitalisation Rate" is the expected eternal yield from the property portfolio minus the growth rate of net operating income.

<sup>2</sup> "Discount Rate" is the expected eternal yield from the property portfolio including the growth rate of net operating income.

	Units	Proportion upgraded	Real vacancy	Rent/sqm growth <sup>1</sup>	In-place	New lettings <sup>2</sup>	Rent potential <sup>2</sup>	Market rent vs in-place, %	Downside buffer, %
	(units)		(%)		EUR/ apt			(%)	
Berlin .....	13,940	40	0.9	8.8	565	954	69	69	41
Stockholm.....	5,917	50	0.0	3.4	758	948	25	80	44
Malmö .....	4,067	55	0.0	3.4	716	832	16	50	33
New York .....	1,724	33	2.6	4.8	1,897	3,306	74	74	43
Toronto .....	4,132	45	3.6	5.9	860	1,323	54	54	35
Hamburg.....	4,347	54	0.6	4.6	635	882	39	39	28
London.....	2,242	57	1.9	1.2	1,316	1,636	24	24	20
Montreal.....	3,859	42	2.1	1.7	823	1,222	48	48	33
Boston.....	974	65	1.7	4.0	2,233	2,558	15	15	13
Paris.....	1,543	22	0.9	9.9	756	1,292	71	71	41
Washington D.C.....	1,082	67	3.8	10.2	1,715	2,032	18	18	16
Copenhagen.....	1,031	36	0.2	8.3	929	1,435	54	54	35
Munich.....	748	47	3.5	5.6	747	1,096	47	47	32
Other.....	1,830	53	3.7	3.9	654	1,868	33	33	25
<b>Total.....</b>	<b>47,436</b>	<b>46</b>	<b>1.3</b>	<b>5.1</b>	<b>804</b>	<b>1,186</b>	<b>48</b>	<b>57</b>	<b>36</b>

<sup>1</sup> Like for like 1 July 2018 to 1 July 2019.

<sup>2</sup> From 2 July 2018 to 1 July 2019, excluding sold properties.

The new lettings during the period 1 July 2018 to 1 July 2019 had an average rent of EUR 1,186 per apartment which can be compared to the average rent of EUR 804 per apartment as at 30 June 2019. Given the rental regulations in Sweden, Akelius estimates that the rent potential in Stockholm and Malmö, had there been no rental regulations, would have been 80 and 50 per cent., respectively. The Issuer estimates that the new lettings rent would have been on average EUR 1,258 per apartment for the period 1 July 2018 to 1 July 2019 if the Issuer was allowed to rent at market rent levels in all countries.

The new lettings rent level for the like-for-like portfolio has increased by 3.3 per cent. for the period 1 July 2018 to 1 July 2019 as compared to the period 1 July 2017 to 1 July 2018.

<sup>13</sup> Source: The Walkscore assessment figure has been calculated by the Issuer internally and has been derived from the Walkscore result for each residential property owned by the Group (such result being available at [www.walkscore.com](http://www.walkscore.com)).

The rent potential for the Group's properties was 48 per cent. as at 30 June 2019. The Issuer estimates that 40 per cent. of that potential, equivalent to an annual rent of approximately EUR 100 million, can be achieved without investments when there is a turnover of tenants. Another 40 per cent., equivalent to an annual rent of approximately EUR 100 million, can be reached if the Issuer invests and upgrades the properties to a "**better living**" standard, while the remaining EUR 50 million can be achieved by lowering vacancy.

As at 30 June 2019, the Group owned 47,436 residential units situated in Sweden, Germany, Canada, the United Kingdom, France, the US and Denmark. As at 30 June 2019, 100 per cent. of the property portfolio's market value, as assessed internally, was located in metropolitan areas. As at 30 June 2019, the Group's property portfolio offers 2,923,034 square metres of residential lettable space and 245,070 square metres of commercial lettable space. The commercial lettable space predominantly forms part of the ground floor of primarily residential properties.

Internally, Akelius categorises its property portfolio across the following five types: "Luxury", "Prime", "Mid", "Entry" and "Discount" and the respective distribution of these property types across the Akelius property portfolio as at 30 June 2019 was 0 per cent., 50 per cent., 35 per cent., 15 per cent. and 0 per cent. Luxury properties, as defined by Akelius, are located in A+ locations and the buildings and service are considered extraordinary. Prime properties are located in A+ to B+ locations and the buildings are attractive, while Mid are ordinary properties in B+ to B locations. Entry properties are located in B to B- locations and the buildings are considered to be regular, an example is the German "Plattenbau" buildings. Discount properties are those in C+ to C- locations and are properties located in socially challenging areas.

The fair value of the Group's property portfolio as at 30 June 2019 was EUR 12,199 million, which represented a decrease of EUR 180 million as compared to 31 December 2018, due to sales of properties in the first half of 2019.

During the first half of 2019, the property portfolio had an increase in fair value of EUR 254 million, mainly due to increased rental income. In the first half of 2019, the value of the Group's property investments was EUR 216 million, the value of net sales was EUR 649 million and the effect due to changes in currency levels amounted to negative EUR 1 million. In the event of a crisis (in other words, a situation where the Group's ability to raise new funding is limited), the Group's total property investments could be reduced to EUR 17 million, on an annual basis, as most of the investments carried out are optional and undertaken for profit.

The fair value of the properties is determined by internal valuations by the Group. The properties are valued using the yield method, which means that each property is valued by discounting its estimated future cash flows. The estimated future cash flows are based on actual rent adjusted for potential growth and actual operating and maintenance expenses adjusted for inflation. Vacancies are considered for each individual property on the basis of the current situation adjusted to a market vacancy level. The property's fair value comprises the sum of the discounted cash flows during the calculation period and the residual value. The valuation is made under IFRS 13, level 3 – see *Note 16 - Financial Instruments - Fair value hierarchy of the 2018 Annual Report* for further information. In order to verify the internal valuation, the Group engages external valuers, primarily local branches of CBRE Group, Inc. ("**CBRE**"), to estimate at least one third of the portfolio each year. In 2018, external valuers reviewed 864 properties out of 1,088 properties owned by the Group, which corresponded to 79 per cent. of the number of properties and 78 per cent. of the fair value. The external valuers' estimate was EUR 25 million, or 0.3 per cent., higher than the Group's internal valuation.

In the ordinary course of its business, the Group regularly reviews and analyses the existing property portfolio with the aim of identifying assets which require upgrading, refurbishment or extension, or to dispose of the properties which do not continue to meet the Group's business objectives. The Group often reinvests the proceeds of such property disposals by acquiring new properties that it has identified. In the first half of 2019, the Group sold properties for a total price of EUR 743 million and signed agreements for future sales in the amount of EUR 996 million. Compared to the ingoing value of the properties the year the sales agreement was signed, the sales price was 15 per cent. higher. In 2018, the Group sold properties for a total price of EUR 300 million. Compared to the ingoing value of the properties the year the sales agreement was signed, the sales price was 17 per cent. higher. In 2017, the Group sold properties for a total price of EUR 737 million. Compared to the ingoing value of the properties the year the sales agreement was signed, the sales price was 19 per cent. higher.

As at 30 June 2019, the total vacancy rate for residential properties of the Group was 9.5 per cent. (as compared to 9.6 per cent. as at 31 December 2018), of which 86 percentage units was the result of upgrades and intended sales of residential units. As at 30 June 2019, the real vacancy rate decreased by 0.1 percentage units from 31 December 2018 down to 1.3 per cent. As at 31 December 2018, the total vacancy rate for residential properties of the Group was 9.6 per cent. (as compared to 6.6 per cent. as at 31 December 2017), of which 86 percentage units was the result of upgrades. The difference between the real vacancy rate and the vacancy rate is that the real vacancy rate does not include residential units that are left vacant as a result of upgrades or sales.

The table below provides the average annual rental income and net operating income growth for a comparable portfolio, adjusted for changes in exchange rates, of the Group and each country for the years 2013 to 2018. A "**comparable portfolio**" refers to the properties owned during the periods being compared. This means that the properties acquired or sold during any of the periods being compared are excluded. These measures are used to (i) (in the case of rental income growth for a comparable portfolio) illustrate the growth of the Group's ongoing turnover capacity from property management and (ii) (in the case of net operating income for a comparable portfolio) illustrate the growth of the ongoing earnings capacity from property management.

	Sweden			Germany			Total		
	Jan-Dec 2014	Jan-Dec 2013	Growth in per cent.	Jan-Dec 2014	Jan-Dec 2013	Growth in per cent.	Jan-Dec 2014	Jan-Dec 2013	Growth in per cent.
	<i>(SEK million)</i>			<i>(SEK million)</i>			<i>(SEK million)</i>		
Rental income .....	2,101	2,038	3.1	1,249	987	26.5	3,350	3,025	10.8
Exchange differences .....		0			51		0	51	
Purchase/Sale .....	-354	-349		-462	-274		-816	-623	
<b>Rental income for comparable property portfolio .....</b>	<b>1,747</b>	<b>1,688</b>	<b>3.5</b>	<b>787</b>	<b>764</b>	<b>3.1</b>	<b>2,534</b>	<b>2,452</b>	<b>3.4</b>
Net operating income .....	1,063	1,018	4.3	710	561	26.5	1,773	1,579	12.2
Exchange differences .....		0			29		0	29	
Purchase/Sale .....	-159	-181		-106	-19		-265	-200	
<b>Net operating income for comparable property portfolio .....</b>	<b>904</b>	<b>837</b>	<b>8.0</b>	<b>604</b>	<b>571</b>	<b>5.8</b>	<b>1,508</b>	<b>1,408</b>	<b>7.1</b>

	Sweden			Germany			Canada			England			Total		
	Jan-Dec 2015	Jan-Dec 2014	Growth in per cent.	Jan-Dec 2015	Jan-Dec 2014	Growth in per cent.	Jan-Dec 2015	Jan-Dec 2014	Growth in per cent.	Jan-Dec 2015	Jan-Dec 2014	Growth in per cent.	Jan-Dec 2015	Jan-Dec 2014	Growth in per cent.
	<i>(SEK million)</i>			<i>(SEK million)</i>			<i>(SEK million)</i>			<i>(SEK million)</i>			<i>(SEK million)</i>		
Rental income .....	2,216	2,101	5.5	1,531	1,249	22.6	276	158	74.7	190	93	104.3	4,339	3,602	20.5
Exchange differences .....		0			36			10			13			59	
Purchase/Sale .....	-327	-267		-642	-445		-130	-28		-80	-10		-1,305	-752	
<b>Rental income for comparable property portfolio .....</b>	<b>1,889</b>	<b>1,834</b>	<b>3.0</b>	<b>889</b>	<b>839</b>	<b>6.0</b>	<b>146</b>	<b>140</b>	<b>4.1</b>	<b>110</b>	<b>96</b>	<b>15.1</b>	<b>3,034</b>	<b>2,909</b>	<b>4.3</b>
Net operating income .....	1,111	1,063	4.5	847	710	19.3	96	54	77.8	114	57	100.0	2,175	1,882	15.6
Exchange differences .....		0			20			3			8			32	
Purchase/Sale .....	-157	-126		-182	-90		-34	-8		-43	-8		-423	-229	
<b>Net operating income for comparable property portfolio .....</b>	<b>954</b>	<b>937</b>	<b>1.8</b>	<b>665</b>	<b>640</b>	<b>3.9</b>	<b>62</b>	<b>50</b>	<b>25.1</b>	<b>71</b>	<b>58</b>	<b>23.0</b>	<b>1,752</b>	<b>1,684</b>	<b>4.0</b>

	France			United States			Denmark <sup>2</sup>		
	Jan-Dec 2016	Jan-Dec 2015	Growth in per cent.	Jan-Dec 2016	Jan-Dec 2015	Growth in per cent.	Jan-Dec 2016	Jan-Dec 2015	Growth in per cent.
	<i>(SEK million)</i>			<i>(SEK million)</i>			<i>(SEK million)</i>		
Rental income .....	40	20	100.0	334	106	315	5	0	
Exchange differences .....		2						0	
Purchase/Sale <sup>1</sup> .....	-33	-17		-334	-106		-5	0	
<b>Rental income for comparable property portfolio .....</b>	<b>7</b>	<b>5</b>	<b>11.9</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Net operating income .....	-7	-14	-50.0	102	21	386	-2	0	
Exchange differences .....		1			0			0	
Purchase/Sale .....	8	11		-102	-21		2	0	
<b>Net operating income for comparable property portfolio .....</b>	<b>1</b>	<b>-2</b>	<b>241.1</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

	Sweden			Germany			Canada			England			Total		
	Jan-Dec 2016	Jan-Dec 2015	Growth in per cent.	Jan-Dec 2016	Jan-Dec 2015	Growth in per cent.	Jan-Dec 2016	Jan-Dec 2015	Growth in per cent.	Jan-Dec 2016	Jan-Dec 2015	Growth in per cent.	Jan-Dec 2016	Jan-Dec 2015	Growth in per cent.
	<i>(SEK million)</i>			<i>(SEK million)</i>			<i>(SEK million)</i>			<i>(SEK million)</i>			<i>(SEK million)</i>		
Rental income .....	1,956	2,216	-11.7	1,587	1,531	3.7	376	276	36.2	175	190	-7.9	4,473	4,339	3.1
Exchange differences .....					19			-6			-20			-5	
Purchase/Sale <sup>1</sup> .....	-371	-660		-463	-493		-129	-39		-59	-62		-1,394	-1,377	
<b>Rental income for comparable .....</b>	<b>1,585</b>	<b>1,556</b>	<b>1.9</b>	<b>1,124</b>	<b>1,057</b>	<b>6.3</b>	<b>247</b>	<b>231</b>	<b>7.0</b>	<b>116</b>	<b>108</b>	<b>7.5</b>	<b>3,079</b>	<b>2,957</b>	<b>4.1</b>

	Sweden			Germany			Canada			England			Total		
	Jan-Dec 2016	Jan-Dec 2015	Growth in per cent.	Jan-Dec 2016	Jan-Dec 2015	Growth in per cent.	Jan-Dec 2016	Jan-Dec 2015	Growth in per cent.	Jan-Dec 2016	Jan-Dec 2015	Growth in per cent.	Jan-Dec 2016	Jan-Dec 2015	Growth in per cent.
	(SEK million)			(SEK million)			(SEK million)			(SEK million)			(SEK million)		
<b>property portfolio</b> .....															
<b>Net operating income</b> .....	1,016	1,111	-8.7	912	847	7.7	172	96	79.2	118	114	3.5	2,311	2,175	6.3
Exchange differences .....					10			-2			-12		0	-3	
Purchase/Sale .....	-190	-304		-65	-89		-56	-4		-37	-32		-440	-439	
<b>Net operating income for comparable property portfolio</b> .....	826	807	2.4	847	768	10.3	116	90	29.0	81	70	15.4	1,871	1,733	8.0

	Sweden			Germany			Canada			England		
	Jan-Dec 2017	Jan-Dec 2016	Growth in per cent.	Jan-Dec 2017	Jan-Dec 2016	Growth in per cent.	Jan-Dec 2017	Jan-Dec 2016	Growth in per cent.	Jan-Dec 2017	Jan-Dec 2016	Growth in per cent.
	(SEK million)			(SEK million)			(SEK million)			(SEK million)		
<b>Rental income</b> .....	1,569	1,956	-19.8	1,275	1,226	4.0	453	376	20.5	226	175	29.1
Exchange differences .....	0	0			40			26			-16	
Purchase/Sale <sup>1</sup> .....	-219	-656		-67	-88		-86	-67		-40	1	
<b>Rental income for comparable property portfolio</b> .....	1,350	1,300	3.8	1,208	1,178	2.5	367	335	9.6	186	160	16.3
<b>Net operating income</b> .....	847	1016	-16.6	953	912	4.5	237	172	37.8	150	118	27.1
Exchange differences .....		0			25			6			-7	
Purchase/Sale .....	-120	-360		-43	-52		-47	-30		-26	-3	
<b>Net operating income for comparable property portfolio</b> .....	727	656	10.8	910	885	2.8	190	148	28.4	124	108	14.8

	France			United States			Denmark			Total		
	Jan-Dec 2017	Jan-Dec 2016	Growth in per cent.	Jan-Dec 2017	Jan-Dec 2016	Growth in per cent.	Jan-Dec 2017	Jan-Dec 2016	Growth in per cent.	Jan-Dec 2017	Jan-Dec 2016	Growth in per cent.
	(SEK million)			(SEK million)			(SEK million)			(SEK million)		
<b>Rental income</b> .....	51	37	37.8	471	335	41.0	77	4	1,825.0	4,122	4,109	0.3
Exchange differences .....		1			3						54	
Purchase/Sale .....	-22	-		-180	-75		-77	-4		-691	-898	
<b>Rental income for comparable property portfolio</b> .....	29	29	0.0	291	263	10.6	0	0	0.0	3,431	3,265	5.1
<b>Net operating income</b> .....	-6	-7	-14.3	195	102	91.2	37	2	-1,950.0	2,413	2,311	4.4
Exchange differences .....					2						26	
Purchase/Sale .....	9	10		-74	-29		-37	-2		-338	-462	
<b>Net operating income for comparable property portfolio</b> .....	3	3	0.0	121	75	61.3	0	0	0.0	2,075	1,875	10.7

	Sweden			Germany			Canada			England		
	Jan-Dec 2018	Jan-Dec 2017	Growth in per cent.	Jan-Dec 2018	Jan-Dec 2017	Growth in per cent.	Jan-Dec 2018	Jan-Dec 2017	Growth in per cent.	Jan-Dec 2018	Jan-Dec 2017	Growth in per cent.
	(EUR million)			(EUR million)			(EUR million)			(EUR million)		
<b>Rental income</b> .....	132	163	-18.6	182	173	4.9	60	47	28.6	30	23	26.2
Exchange differences .....	0	-11		0	0		0	-2		0	0	
Purchase/Sale <sup>1</sup> .....	-9	-34		-6	0		-17	-3		-10	-3	
Service income .....				-39	-41							
<b>Rental income for comparable property portfolio</b> .....	123	118	2.4	137	132	4.3	43	42	3.1	20	20	4.2
<b>Net operating income</b> .....	73	88	-17.4	105	99	6.6	30	25	22.6	18	16	16.9
Exchange differences .....	0	-5		0	0		0	-1		0	0	
Purchase/Sale .....	-5	-17		-2	0		-8	-2		-4	-3	
<b>Net operating income for comparable property portfolio</b> .....	68	66	5.0	103	99	3.3	22	22	0.7	14	13	5.1

	France			United States			Denmark			Total		
	Jan-Dec 2018	Jan-Dec 2017	Growth in per cent.	Jan-Dec 2018	Jan-Dec 2017	Growth in per cent.	Jan-Dec 2018	Jan-Dec 2017	Growth in per cent.	Jan-Dec 2018	Jan-Dec 2017	Growth in per cent.
	(EUR million)			(EUR million)			(EUR million)			(EUR million)		
<b>Rental income</b> .....	8	6	34.0	59	49	21.5	11	4	36.7	482	469	2.8
Exchange differences .....	0	0		0	-2		0	0		0	-15	
Purchase/Sale .....	-3	-1		-17	-6		-9	-6		-71	-53	
Service income .....	0	0		0						-39	-41	
<b>Rental income for comparable property portfolio</b> .....	5	5	6.3	42	41	1.4	2	2	0.9	372	360	3.3
<b>Net operating income</b> .....	1	-1	207	27	20	31.2	5	4	30.1	259	251	3.2
Exchange differences .....				0	-1		0	0		0	-7	
Purchase/Sale .....	0	0		-8	-2		-4	-3		-31	-27	
<b>Net operating income for comparable property portfolio</b> .....	1	-1	254.1	19	17	11.3	1	1	12.1	228	217	5.1

<sup>1</sup> Including adjustment for revenue from utility expenses and other property expenses in Germany.

<sup>2</sup> As the Issuer only purchased properties in Denmark in 2016, no comparison figures are available for 2015.

The average annual rental growth for comparable properties of the Group for the period 2013 to 2018 was 4.3 per cent. The average net operating income growth for comparable properties of the Group for the period 2011 to 2018 was 6.9 per cent.



The annual growth in the average rent level for comparable properties of the Group, in the years 2014, 2015, 2016, 2017 and 2018 was 4.3 per cent., 3.8 per cent., 4.5 per cent., 4.7 per cent. and 3.6 per cent., respectively. In 2014, 2015, 2016, 2017 and 2018, the inflation (using data from the World Bank), as weighted by the exposure of the Group in fair value terms in each of the countries where it operates as at 30 June 2019, was 0.94 per cent., 0.39 per cent., 0.86 per cent., 1.73 per cent. and 1.98 per cent., respectively.

An important part of the Group's strategy is to optimise the new lease level while keeping the number of days in which apartments are vacant to a minimum. The table below demonstrates the level of rent increase across different apartment types over the period 2 July 2018 to 1 July 2019 (those that were not upgraded at the time tenants moved out and were not upgraded for the new lease, those that were already upgraded at the time tenants moved out and finally those that were upgraded between the time tenants moved out and the new lease).

	<b>Residential units</b>	<b>Proportion</b>	<b>Average size</b>	<b>Move out rent</b>	<b>Move in rent</b>	<b>Change</b>
	<i>(Units)</i>	<i>(%)</i>	<i>(Sqm)</i>	<i>(EUR/sqm/month)</i>	<i>(EUR/sqm/month)</i>	<i>(%)</i>
Not upgraded.....	169	2	63	14.85	14.60	-1.7
Already upgraded.....	4,125	63	58	19.28	19.94	3.4
Upgraded between move out and move in.....	2,290	35	57	13.53	20.95	54.8
<b>Total.....</b>	<b>6,584</b>	<b>100</b>	<b>58</b>	<b>17.18</b>	<b>20.14</b>	<b>17.2</b>

As at 30 June 2019, 84 per cent. of the apartments owned by the Group had a current rent level that was below the market rent level. Of that 84 per cent., the relative distance of the current rent level of such apartments from the market rent level was distributed as follows: (i) 13 percentage units of the apartments were 0 to 10 per cent. below the market rent level; (ii) 10 percentage units of the apartments were 10 to 20 per cent. below the market rent level; (iii) 10 percentage units of the apartments were 20 to 30 per cent. below the market rent level; and (iv) 51 percentage units of the apartments were more than 30 per cent. below the market rent level.

The distance from the market rent level for each occupied apartment within the Group has been based on the average new lease level per square metre for each respective property during the period 2 July 2018 to 1 July 2019, in relation to the rent per square metre for each occupied apartment, as at 30 June 2019. Given the rental regulation laws in Sweden, the distance has been estimated to be larger than 30 per cent. below the market rent level in both the Stockholm region and Malmö region.

In the countries where the Group operates, the fair value of residential properties has generally been more resilient towards value losses in economic downturns as compared to office buildings, in the past 30 years. The spread of the Group's portfolio across a number of countries further mitigates any potential property value losses. In the periods 1991-1992 and 2008-2009, the estimated loss in value of the properties for the Group, as weighted by the exposure of the Group in fair value terms in each of the countries where it operates as at 30 June 2019, would have been 2 per cent. and 7 per cent., respectively.

A brief description of the property portfolio of the Group in each country in which the Group operates is set out below.

### **Sweden**

In Sweden, as at 30 June 2019, the Group had a portfolio of 9,985 residential units with residential lettable space of 689,500 square metres (as compared to 12,298 residential units and 866,548 square metres of residential space as at 31 December 2018). Most of the Group's properties are located in fast-growing cities in Greater Stockholm and the Öresund Region.

Over the past 30 years, the major cities in Sweden have experienced a 41 per cent. growth in population, the suburbs of two major cities have experienced a growth of 43 per cent., while the population of mid-sized cities has grown by 25 per cent., small cities by 6 per cent. and rural areas have seen their population decrease by 20 per cent.<sup>14</sup>

<sup>14</sup> Source: Statistics Sweden. Definitions of major cities, suburbs to major cities, large cities and rural areas are all defined by SCB. The other six categories that SCB defines, all of which typically have a population of 5,000 - 50,000, are categorised as "small cities" above.

As at 30 June 2019, the average residential rent for the properties was SEK 1,358 per square metre per year, which represented an increase as compared to 31 December 2018 (SEK 1,316 per square metre per year).

In Sweden, the rental levels of residential properties have generally increased steadily over the period 1985-2018, evidencing a growth of approximately 294 per cent.<sup>15</sup> During the same period, the rental levels of offices in Stockholm generally increased by approximately 151 per cent.<sup>16</sup>

### **Germany**

In Germany, as at 30 June 2019, the Group had a portfolio of 20,864 residential units with residential lettable space of 1,272,222 square metres (as compared to 21,727 residential units and 1,317,056 square metres of residential lettable space as at 31 December 2018). As at 30 June 2019, Akelius has entered into sales agreements for all properties in Munich, Cologne, Düsseldorf and Frankfurt. At the end of 2019, all of the Group's properties will be located in city centres in Berlin and Hamburg.

Over the past 22 years, the major cities in Germany have experienced a 10 per cent. growth in population, while other big cities have seen their stand still, mid-sized cities have had an increase of 2 per cent. and rural areas have had a decrease of 1 per cent.<sup>17</sup>

As at 30 June 2019, the average residential rent for the Group's properties in Germany was EUR 9.69 per square metre per month, which represented an increase as compared to 31 December 2018 (EUR 9.48 per square metre per month).

In Germany, the rental levels of residential properties have generally increased steadily over the last 28 years, evidencing a growth of approximately 111 per cent. during the period 1990-2018. During the same period, the rental levels of commercial property have only increased by seven per cent.<sup>18</sup>

### **Canada**

In Canada, as at 30 June 2019, the Group had a portfolio of 7,991 residential units with residential lettable space of 481,473 square metres (as compared to 7,779 residential units and 466,831 square metres of residential lettable space as at 31 December 2018).

Over the past 25 years, the major cities in Canada have experienced a strong growth in population, 43 per cent., while large cities have seen their population increase by 36 per cent., mid-sized cities have had an increase of 18 per cent. and small cities have had an increase of 8 per cent.<sup>19</sup>

As at 30 June 2019, the average residential rent for the Group's properties in Canada was CAD 1.94 per square foot per month, which represented an increase as compared to 31 December 2018 (CAD 1.90 per square foot per month). The reason for the low increase is that properties have been bought mainly in Montreal during the first quarter of 2019, where the rent is lower.

In Canada, the residential rent level has generally increased steadily over the last 28 years, evidencing a growth of approximately 93 per cent. during the period 1990-2018.<sup>20</sup> During the same period, the rental levels of offices in Canada generally increased by approximately 20 per cent.<sup>21</sup>

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<sup>15</sup> Source: Boverket, the Swedish National Board of Housing, Building and Planning and Statistics Sweden.

<sup>16</sup> Source: Cushman & Wakefield.

<sup>17</sup> Source: Destatis – Based on population development of "Kreise" and "kreisfreie Städte". Rural area: <80 000, Mid-sized city: <150 000, Big city: <650 000, Metropolitan area:>650 000. Year for determining city category:1995.

<sup>18</sup> Source: *Bulwiengesa AG*.

<sup>19</sup> Source: *Statistics Canada – Based on population development of divisions (around 300 in total in Canada). Small city: <50 000, Mid-sized city: <150 000, Large city: <500 000, Major city:>500 000. Year for determining city category:1990.*

<sup>20</sup> Source: *Canada Mortgage and Housing Corporation*.

<sup>21</sup> Source: *CBRE Ltd*.

### ***United Kingdom***

In the United Kingdom, as at 30 June 2019, the Group had a portfolio of 2,242 residential units with residential lettable space of 87,926 square metres, same amounts as at 31 December 2018.

As at 30 June 2019, the average residential rent for the Group's properties in the United Kingdom was GBP 2.80 per square foot per month, which represented an increase as compared to 31 December 2018 (GBP 2.77 per square foot per month).

In the United Kingdom, the residential rent level has generally increased over the last 33 years, evidencing a growth of approximately 309 per cent. during the period 1985-2018. During the same period, the rental levels of offices generally increased by approximately 110 per cent.<sup>22</sup>

### ***France***

In France, as at 30 June 2019, the Group had a portfolio of 1,543 residential units with residential lettable space of 47,977 square metres, virtually the same amounts as at 31 December 2018.

As at 30 June 2019, the average residential rent was EUR 24,33 per square metre per month, which represented an increase as compared to 31 December 2018 (EUR 22.79 per square metre per month).

In Paris, the residential rent level has generally increased over the last 28 years, evidencing a growth of approximately 106 per cent. during the period between 1990-2018.<sup>23</sup> During the same period, the rental levels of offices in Paris' central business district generally increased by approximately 13 per cent.<sup>24</sup>

### ***United States***

In the US, as at 30 June 2019, the Group had a portfolio of 3,780 residential units with residential lettable space of 261,437 square metres, virtually unchanged since 31 December 2018.

As at 30 June 2019, the average residential rent was USD 2.96 per square foot per month, which represented an increase as compared to 31 December 2018 (USD 2.88 per square foot per month).

In the US, the residential rent level has generally increased over the last 27 years, evidencing a growth of approximately 160 per cent. during the period between 1991-2018.<sup>25</sup> During the same period, the rental levels of offices in the US generally increased by approximately 66 per cent.<sup>26</sup>

### ***Denmark***

As at 30 June 2019, the Group owned 1,031 apartments in Copenhagen with a residential lettable space of 82,527 square metres, same amounts as at 31 December 2018.

As at 30 June 2019, the average rent per square metre and year was DKK 1,039 which represented an increase as compared to 31 December 2018 (DKK 1,011 per square metre and year).

In Denmark, the residential rent level has generally increased over the last 28 years, evidencing a growth of approximately 94 per cent. during the period between 1990-2018.<sup>27</sup> During the same period, the rental levels of offices in Copenhagen's central business district has not changed in nominal terms.<sup>28</sup>

### **Rent Regulations**

The ability of the Group to increase the rent payable by tenants of its properties is regulated differently in the jurisdictions in which the Group operates. In some countries (such as the United Kingdom), the Group is, in the majority of cases, able to increase rent freely in accordance with market practice, whereas in

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<sup>22</sup> Source: MSCI Inc.(IPD).

<sup>23</sup> Source: OLAP (Observatoire des loyers de l'Agglomération Paris).

<sup>24</sup> Source: CBRE.

<sup>25</sup> Source: US Census Bureau.

<sup>26</sup> Source: Jones Lang LaSalle.

<sup>27</sup> Source: Statistics Denmark.

<sup>28</sup> Source: Saddin & Albaek.

others (such as Sweden) the ability to increase rent is subject to restrictions. In the regulated markets, the rent level normally fluctuates less and the rental income is more predictable. A brief description of the rental regulations in each country in which the Group operates is set out below.

### **Sweden**

Rents in Sweden are negotiated between the landlord and the Swedish Union of Tenants in accordance with the system of "**utility value**" (Sw. *Bruksvärde*ssystemet). If an agreement between the landlord and the Swedish Union of Tenants is not met, the landlord can enter an agreement directly with the tenant. The rent level may then be challenged and the rent tribunal will decide in accordance with the system of "**utility value**". This system implies that rent levels should be proportionate to the standard and location of the property in question and can only be increased to a level that is in line with the rent that is charged on other comparable residential units (in other words, rents can normally only be subject to more significant above-inflation increases when the residential units have been upgraded). This rental regulation has resulted in low rent levels in Sweden, which in turn leads to fewer new rental residential units and a housing shortage in growing cities such as Stockholm and Malmö. In Sweden, rental regulation has also resulted in lower risks for property owners in relation to vacancy rates and rental income.

### **Germany**

In Germany, the parties to a new rental agreement are in general freely able to agree on the rent. However, in cities with a tense housing market situation, the rent may be restricted to the locally prevailing comparable market rents plus 10 per cent. This restriction does not apply to extensively upgraded residential units. Increases in the rent of current tenants can be conducted by different methods. Since 2012, the Group has used indexation according to the consumer price index as the method for setting levels of rent in new lease contracts. If the lease contract does not include such indexation, the rent is set by a comparison to the locally prevailing rents set forth in rent indices (Ge: *Mietspiegel*). The index rent is calculated by local authorities to reflect the standard and location of the properties. Increases in rent by comparison to the rent mirror are capped at 15 per cent. for every three-year period. Following any upgrades to the residential units, landlords are allowed to increase the rent of an existing tenant by a total of 8 per cent. of the modernisation cost incurred. However, the Berlin Senate voted on 18 June 2019, to freeze rents for five years. The law is likely to be enacted in 2020 (see also "*Changes in rental regulations*" under "*Risk factors*"). Further, the Senate plans as of the date of this Base Prospectus to implement a rent cap in Berlin with levels lower than current rent caps. According to German media coverage, this may mean rent reductions for current tenants and lower rents for new tenants. There is a risk that the plans result in a passed bill which caps the rent for Akelius' properties in Berlin, depending on the age of the apartment and recent modernisation, to EUR 8 per sqm per month,. Akelius' average rent in Berlin was EUR 8.30 per sqm per month at the end of June 2019. In the unlikely event of the legislation being implemented and in those levels as indicated in the media coverage, this would mean approximately EUR 22 million in lowered rent per year for Akelius in Berlin.

### **Canada**

In Toronto, the parties to a new rental agreement are freely able to agree on the rent but increases for current tenants are controlled by the local authorities. The rent increase normally follows the level of inflation. As a result of extensive renovations or improvements to residential units, increased taxes or tariffs on utility costs, landlords are allowed to increase the rent of an existing rent contract by up to 9 per cent. over a period of three years.

In Montreal, the parties to a new rental agreement are freely able to agree on the rent but the new tenants are entitled to a court assessment of the rent. Landlords are allowed to increase the rent of an existing tenant when the landlord's costs increase and costs incurred for upgrades can to some extent be passed on to the tenants.

### **United Kingdom**

In the United Kingdom, rental regulations are in place only for tenancies that were granted prior to 1988. Such tenancies comprise 1.0 per cent. of the Group's portfolio as at 31 December 2018. The most common residential lease contract in England is an assured shorthold tenancy with an average duration of 12 months. Parties to such contract are freely able to renew the contract at market rent after expiry.

Because of the high fluctuation and short duration of the lease contracts, the rent levels are usually close to market rents. By upgrading the residential units and the common areas, landlords are able to increase rents above the market rent.

### **France**

In France, new leases can be set with a free rent level only if one of the following conditions is fulfilled: (i) first letting of the residential unit, (ii) the residential unit has been vacant for the past eighteen months, (iii) the residential unit has been renovated within the last six months with a total cost of works that exceeds the previous annual rent. Current leases can be renegotiated after six years of tenancy only if the rent level is significantly below the market rent. In that case, the landlord can increase the rent based on one of the following methods: (i) 50 per cent. of the difference between the locally prevailing rents observed in the neighbourhood (Fr: *Loyer de référence*) and the current rent at the renewal date, or (ii) 15 per cent. of the improvement works (including value added tax) performed in the common or private areas during the lease period and if the total costs of those works exceed the previous annual rent. During the first six years of tenancy following the acquisition date for existing contracts, the annual rental increase cannot exceed the variation of the reference rent index (Fr: *L'Indice de Référence de Loyers*).

### **United States**

In the US, the rental regulations vary significantly from city to city. In New York, rent systems comprise three types. Controlled rent exists when the landlord is generally not entitled to any significant increase of the rent level for existing tenants but can increase the rent when there is a change of tenant and the new tenant is not a lawful successor. The landlord can apply to a current tenant for an increased rent, but the tenant has the opportunity to challenge this request. Stabilised rent exists when the landlord can increase the rent annually according to a guideline which is approximately in line with the consumer price index. Initial rents can be raised by about 0.6 per cent. of upgrading costs up to a maximum of USD 15,000.<sup>29</sup>

In Boston, the rent level in current rental agreements is either free or income restricted. The parties to a new rental agreement for market rate apartments are freely able to agree on the rent. In income restricted units, rent level follows a local consumer price index determined by the local housing authority and is adjusted once a year for all income restricted units.

In Washington, rent control does not apply to buildings constructed after 1975. For buildings built before 1975, existing tenants are subject to a maximum increase of 2 per cent. plus the consumer price index. For vacant units, an automatic increase of 10 per cent. is allowed. Rent levels can be increased by up to 30 per cent. if a similar unit in the building exists with a rent level that high. Voluntary agreements allow for rent to be raised above rent control guidelines in exchange for negotiated capital improvements, services, repairs, and maintenance. This agreement requires approval by 70 per cent. of the residents occupying the property.

In Virginia there is no rent control. Rental levels can be raised to market upon expiration of the lease term, as long as notice of at least thirty days is given.

### **Denmark**

The rental system in Denmark can be divided into three main parts.

In the cost-based rent system, the rent is calculated as the sum of the operating costs plus an owner's yield in the range of 7 to 14 per cent. The owner's yield is based on either (i) the unadjusted property value as of 1 April 1973 or (ii) the construction costs if the property is constructed after 1 April 1973. On a yearly basis, the rent will fluctuate with the operating costs. If the cost increases from one year to another, this will be apportioned between the owner and the tenant through an increase in rent.

If an apartment is substantially improved, the landlord is allowed to change to the utility value rent system, where the rent levels reflect the utility value of the apartment. The rent level is determined by a comparison of similar properties in similar locations. Yearly rent increases are made by adjusting the lease agreements and connecting the rent to an index; normally the consumer price index NPI (Dk: *Nettoprisindeks*).

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<sup>29</sup> New York State, Division of Housing and Commercial Renewal, Office of Rent Administration.

For buildings constructed after 1991 the new lease rent level is free. This includes conversion of commercial buildings as well as attic extensions. Yearly rent increases are made by adjusting the lease agreements and connecting the rent to an index; normally the consumer price index NPI (Dk: *Nettoprisindeks*).

## Property management

The Group's property management teams at a local level are dedicated to the management of properties in a given region. The Group's property management is organised into three units, one for each region in which the Group owns properties. The Scandinavian region consist of properties in Sweden and Denmark, the Europe region consist of properties in Germany, France and the United Kingdom and the North America region consist of properties in the US and Canada. The Group manages each of the three units separately and dedicates a region manager to each unit. Each region manager is responsible for managing tenants, lettings, services, upgrades, projects, purchases and sales, property valuations, and monitoring compliance with regulatory and accounting requirements, including tax and value added tax returns. The region managers provide insight into the local requirements and market dynamics and aim to ensure profitability in their respective regions. The Group has dedicated administration teams responsible for the Group's overall activities which supports the units in their local operations.

## Development projects

The Group also seeks to enhance the value of its properties by carrying out projects that are designed to develop and upgrade its residential units and real estate properties. The Group's overarching project in this respect is the upgrading of its properties of all types (in particular the apartments, stairwells, entrances and gardens within those properties) to a "**better living**" standard. The concept is orientated towards upgrading vacant rental residential units to the standard of newly-built condominiums. The costs associated with these upgrades are, to a certain extent, recovered through increases to the rent payable for such properties. By upgrading only its vacant residential units, the Group ensures that its current tenants are not obliged to accept a higher standard and, respectively, higher rents. In 2018, the Group upgraded 2,565 residential units for a total investment of EUR 142 million and upgraded the communal areas of some of its properties for a total investment of EUR 77 million. The share of upgraded apartments represented 46 per cent. of the Group's total portfolio as at 30 June 2019 (compared to 43 per cent. as at 31 December 2018). Of the total apartments, only around three per cent. are deemed necessary to upgrade before re-let, in order to attract a new tenant. 55 per cent. of the apartments will be upgraded if the yield is greater than seven per cent., but it is not necessary to upgrade in order to re-let the apartments at the same or higher rent level than before. The Group also invests significantly in development projects that seek to maximise the energy efficiency of its properties and in projects that convert commercial premises into residential units.

The Group commits to centralised and standardised purchasing of construction materials (so called "**StreamLine Production**"). This ensures consistency in terms of quality and provides opportunities for volume discounts. In 2014, the Group introduced a fully-developed support system which manages the logistics and the administration of its development projects. This system simplifies, among other things, the logistics and cost control processes associated with the projects. The Group continuously focuses on effective internal coordination in order to reduce both the time and the cost of its development projects.

## Finance

The following table sets out the key figures in relation to the Group's consolidated equity and interest-bearing liabilities as at 30 June 2019, 31 December 2018, 31 December 2017 and 31 December 2016:

	30 June	31 December		
	2019	2018	2017	2016
<b>Equity</b>				
Equity, 2018-19 in EUR million, 2016-17 in SEK million.....	5,548	5,370	48,270	40,937
Equity to assets ratio, per cent.....	45	43	46	46
<b>Interest-bearing liabilities</b>				
Loan-to-value, secured loans, per cent.....	15	19	18	24
Loan-to-value, total loans, per cent.....	40	44	44	43
Interest coverage ratio, excluding realised value growth.....	1.8	1.8	1.9	1.9
Interest coverage ratio, including realised value growth.....	4.2	2.8	4.7	4.5
Interest rate hedge total loans, year <sup>1</sup> .....	4.6	4.5	5.3	4.5
Capital tied up total loans, year <sup>2</sup> .....	5.7	5.7	5.6	5.0

<sup>1</sup> "Interest rate hedge total loans" refers to volume weighted remaining term for interest rates on the Group's interest-bearing liabilities and derivatives on the balance sheet date. This measure is used to analyse the Group's financial risk.

<sup>2</sup> "Capital tied up total loans" refers to volume weighted remaining term of the Group's interest-bearing liabilities and derivatives on the balance sheet date. This measure is used to analyse the Group's financial risk.

Please see "*Description of alternative performance measures*" below for a further description of the method of calculating certain of the financial measures set out in the table above.

The Group's investments, operations and development projects are financed by a variety of sources. During the first half year of 2019, the Group's profit was EUR 263 million and the Group increased its consolidated equity by EUR 178 million, which amounted to EUR 5,548 million as at 30 June 2019 (as compared to EUR 5,370 million as at 31 December 2018). The Group's equity to assets ratio was 45 per cent. as at 30 June 2019, as compared to 43 per cent. as at 31 December 2018.

The Issuer raised a total of SEK 6,020 million (gross proceeds) through the issue of 19 million preference shares in 2014 and 2015. The total voting power in the Issuer for the owners of preference shares is 0.06 per cent. of the total votes as a result.

The Group believes in diversification and has developed relationships with a number of credit institutions in the respective markets in which it operates. As at 30 June 2019, the Group had entered into financing arrangements with 36 banks across Sweden, Germany, the United Kingdom, Canada, France, Denmark and the US. The Group uses its long-term debt to reduce refinancing and interest rate risk. The Issuer does not usually distribute net dividends to its ordinary shareholders and regularly reinvests the Group's profits, thus effectively increasing the size of the Group's property portfolio without increasing the loan-to-value ratio. Net dividends means any dividends where the proceeds are not immediately used by the shareholders to subscribe for new shares. There are no mandatory rules on the Issuer distributing dividends to its preference shareholders and, while the Issuer does not maintain a prescriptive strategy in this respect, it does intend to defer the distribution of dividends when required in accordance with the Group's business strategy. During the first half year of 2019, the Issuer distributed dividends on its preference shares in an aggregate amount of EUR 18 million. The Group's secured loans amounted to EUR 1,899 million as at 30 June 2019, a decrease of EUR 447 million as compared to EUR 2,346 million as at 31 December 2018. During the first half year of 2019, the Group's total borrowings decreased by EUR 568 million to a total of EUR 4,951 million as compared to EUR 5,519 million as at 31 December 2018. During the first half year of 2019, the Group's total loan-to-value ratio decreased from 44 per cent. as at 31 December 2018 to 40 per cent.

The Group's secured loan-to-value ratio was 15 per cent. as at 30 June 2019, which represented a decrease as compared to 31 December 2018 (19 per cent.) The level of the ratio is in line with the Group's ambition to maintain a low overall share of its secured lending. The Group's total loans were on average tied up for 5.7 years as at 30 June 2019, the same as at 31 December 2018. As at 30 June 2019, the total loans of the Group carried an average interest rate of 2.58 per cent. which represented a decrease as compared to 31 December 2018 (2.64 per cent.). The average interest rate hedge for total loans was 4.6 years as at 30 June 2019, as compared to 4.5 years as at 31 December 2018.

The Group's interest coverage ratio excluding realised value growth was 1.8 as at 30 June 2019, the same as at 31 December 2018. The Group's interest coverage ratio including realised value growth was 4.2 as at 30 June 2019, as compared to 2.8 as at 31 December 2018. This increase was principally a result of a large volume of successful divestments of properties in Sweden and Germany during the first half year 2019 as compared to 2018 during which fewer divestments were carried out. As at 30 June 2019, available funds in the form of cash and unutilised and available credit facilities totalled EUR 756 million, as compared to EUR 461million as at 31 December 2018.

As at the date of this Base Prospectus, the Issuer has issued nine senior unsecured bonds that remain outstanding, one of EUR 300 million (maturing in September 2020), one of EUR 600 million (maturing in January 2022), one of EUR 600 million (maturing in February 2025), one of EUR 500 million (maturing in March 2024), one of GBP 400 million (maturing in August 2025), one of SEK 1,000 million (maturing in October 2021), one of SEK 500 million (maturing in October 2021), one of SEK 700 million (maturing in October 2023) and one of SEK 300 million (maturing in October 2023). The bonds are listed on the regulated market of Euronext Dublin. In addition, the Issuer has issued a subordinated hybrid bond of EUR 500 million (maturing in October 2078) which is also listed on the regulated market of Euronext Dublin.

## Financial Policy

The current published financial policy of the Group is aimed at minimising the impact of a financial crisis on the Group and it sets a background objective that the Group should be able to withstand (i) a 25 per cent. drop in property values, (ii) an interest rate increase of 5 percentage points and (iii) fluctuations in foreign exchange rates. Pursuant to this policy, the Group aims to achieve the following targets: (a) maintain a minimum Issuer credit rating of BBB by S&P (or such equivalent rating from any other rating agency) with a target to achieve a rating of BBB+ or higher; (b) a loan-to-value ratio of less than 50 per cent. (40 per cent. as at 30 June 2019) and below 40 per cent. from 2020; (c) a secured loan-to-value ratio of less than 25 per cent. (15 per cent. as at 30 June 2019); (d) an interest coverage ratio excluding realised value growth that exceeds 1.8 (1.8 as at 30 June 2019) and 2.0 from 2020, and (e) a liquidity reserve that amounts to at least EUR 300 million (EUR 756 million as at 30 June 2019).

The Issuer's financial policy is also aimed at maintaining a buffer between the financial covenants contained in the Conditions and the Group's financial position at any given time. Based on the financial position at 31 December 2018, the Issuer estimates that none of the following individual events would trigger a breach of any relevant covenant during 2019: a sudden increase in interest rates by five per cent.; a decrease in the fair value of its properties as of 1 January 2019 by 25 per cent.; or a change in the value of the Euro by 10 per cent. towards all currencies.

The Group also aims to maintain more cash sources than cash uses. The Group defines "**cash sources**" as liquidity (available funds in the form of cash and unutilised and available credit facilities) plus profit before tax and revaluation plus signed property sales. As at 30 June 2019 cash sources totalled EUR 1,167 million. The Group defines "**cash uses**" as up-started investments on its properties plus short-term loans plus signed property purchases. The Group estimates that the remaining payments due on its up-started investments as at 30 June 2019 are approximately EUR 50 million, short term loans as at 30 June 2019 amounted to EUR 307 million and signed property purchases as at 30 June 2019 amounted to EUR 38 million: therefore, cash uses totalled approximately EUR 395 million.

The Issuer does not usually distribute net dividends to its ordinary shareholders and almost exclusively reinvests the Group's profits to support organic growth. There are no mandatory rules on the Issuer distributing dividends to its preference shareholders and the Issuer does not maintain a prescriptive strategy in this respect, however, in line with its financial policy of maintaining a loan-to-value ratio of less than 50 per cent., the Issuer generally has a policy of not paying net dividend on ordinary equity if the loan-to-value ratio is above 50 per cent.

## Recent developments

Since 31 December 2018, the Issuer has purchased properties for EUR 94 million, sold properties for EUR 866 million and contracted sales amounting to another EUR 873 million.

In March 2019, the Issuer entered into an agreement to sell properties with 2,839 apartments in Cologne, Düsseldorf, Frankfurt, Wiesbaden and Mainz to Deutsche Wohnen Management und Servicegesellschaft mbH. The purchase consideration was EUR 685 million, which will be paid to the Issuer at the closing date for each property. As of 30 June 2019, properties corresponding to a value of EUR 453 million had not yet been vacated. All properties in the portfolio are expected to be vacated during 2019.

In August 2019, the Issuer also entered into an agreement for the sale of properties with 1,492 apartments in Munich and Hamburg to Patrizia AG. The purchase consideration was EUR 420 million to be paid at the closing date for each property, which is expected to occur during 2019.

In August 2019, the Issuer entered into an agreement to sell properties with 664 apartments in Toronto to Starlight Acquisitions Ltd. The purchase consideration was EUR 123 million, with payment to be received in three instalments. The first two instalments were paid on 10 September 2019 and 13 September 2019, and the third is scheduled for 29 October 2019.

The Issuer issued common shares of class D on Nasdaq First North Growth Market Stockholm on 4 October 2019. The price in the offer was set at EUR 1.75 per D-share following book building. The offer was directed at institutional investors, in Sweden and abroad, as well as to the general public in Sweden, and raised proceeds of EUR 385 million (before transaction costs). Settlement was concluded on 8 October 2019.



Other than the above-mentioned property sales and the issuance of the shares of Class D, no material changes of the Issuer's financial situation or market position have taken place after 30 June 2019.

**Credit rating**

The long-term senior obligations of the Issuer are rated BBB by S&P Global Ratings Europe Limited ("**S&P**"). S&P is established in the European Union and registered under Regulation (EC) No 1060/2009, as amended.

## ALTERNATIVE PERFORMANCE MEASURES

### Description of alternative performance measures

This section provides further information relating to alternative performance measures ("APMs") for the purposes of the guidelines (the "Guidelines") published by ESMA. Certain of the financial measures included in the "Description of the Issuer and the Group" below can be characterised as APMs and we set out below further clarifications as to the meaning of such measures (and any associated terms) and tables which illustrate the basis for their calculation and provide comparative data for such measures for previous financial periods.

### Definitions

"Adjusted profit before taxes" .....	The consolidated profit before taxes of the Group from ordinary activities according to the latest Financial Report(s), adjusted for (i) depreciations, (ii) impairments, (iii) expenses for property sales, (iv) total net interest expenses, (v) change in value (realised or unrealised) of properties, (vi) exchange rate differences that are included in the profit before taxes, (vii) change in value of derivative instruments, (viii) change in value (realised or unrealised) of available-for-sale investments and liquid financial assets (if and when applicable) and (ix) non-recurring or exceptional items, in each case subject to the determination specified in the Conditions.
"Available-for-sale investments" ...	Consists of highly liquid, fixed-income and money-market investments, bonds and shares.
"Consolidated Net Financial Indebtedness" .....	Financial Indebtedness of the Group (excluding any subordinated debt) less the Group's consolidated total cash, cash equivalents and liquid financial assets, in each case on a consolidated basis determined in accordance with the accounting principles as shown in the latest Financial Report.
"EBITDA" .....	Net operating income plus central administrative expenses, other income and expenses with add back of depreciation and impairment charges and operating exchange rate differences.  This measure is used to illustrate the Group's current cash flow capacity from property management.
"Equity-to-assets ratio" .....	The ratio of (i) total equity to (ii) total assets.  This measure highlights the Group's financial stability.
"Interest coverage ratio, including realised value growth" .....	The ratio of (i) net operating income plus central administrative expenses, other income and expenses (operating exchange rate differences are excluded for the whole year 2017), other financial income and expenses, realised value growth with add back of depreciation and impairment charges to (ii) net interest.  This measure is used to illustrate the Group's sensitivity to interest rate changes.
"Interest coverage ratio, excluding realised value growth" .....	The ratio of (i) net operating income plus central administrative expenses, other income and expenses (operating exchange rate differences are excluded for the years 2017 and 2018), other financial income and expenses with add back of depreciation and impairment charges to (ii) net interest.  This measure is used to illustrate the Group's sensitivity to

interest rate changes.

"Loan-to-value, total loans" ..... The result of the following calculation: (i) net debt *divided by* (ii) total assets minus cash, cash equivalents and liquid financial assets.

This measure is used to illustrate the Group's financial risk.

"Loan-to-value, secured loans" ..... The result of the following calculation: (i) net debt reduced by unsecured interest bearing debt *divided by* (ii) total assets minus cash, cash equivalents and liquid financial assets.

This measure is used to illustrate the Group's financial risk.

"Net Debt" ..... The result of the following calculation: (i) interest bearing debts (excluding any subordinated debt) *minus* (ii) cash, cash equivalents and liquid financial assets.

This measure is used to illustrate the Group's financial risk.

"Net operating income growth for comparable portfolio" ..... The growth during the year of rental income less property costs for the properties owned during the periods being compared. This means that the properties acquired or sold during any of the periods being compared are excluded.

This measure is used to illustrate the growth of the Group's ongoing earnings capacity from property management.

"Profit before tax and revaluation" ..... EBITDA less net interest expenses and less other financial income and expenses.

This measure is used to illustrate the Group's current cash flow capacity from property management adjusted for interest charges.

"Realised value growth" ..... The proceeds from the sale of properties *minus* acquisition costs, accumulated investments and costs of sale.

This measure analyses the realised value growth of properties sold.

"Rental income growth for comparable portfolio" ..... The growth during the year of rental income for the properties owned during the periods being compared. This means that the properties acquired or sold during any of the periods being compared are excluded.

This measure is used to illustrate the growth of the Group's ongoing turnover capacity from property management.

### Illustrative tables

#### Realised value growth

	Year ended 31 December					
	2018	2017	2016	2015	2014	2013
	(EUR million)			(SEK million)		
Proceed from the sale of properties.....	300	7,096	9,061	5,755	1,084	1,801
Cost of property sale.....	-5	-83	-109	-121	-20	-36
Acquisition cost.....	-112	-2,778	-4,775	-3,126	-666	-1,248
Accumulated property investments.....	-54	-1,110	-1,301	-696	-207	-182
<b>Realised value growth.....</b>	<b>129</b>	<b>3,125</b>	<b>2,876</b>	<b>1,812</b>	<b>191</b>	<b>335</b>

### Interest coverage ratio

	Six-months ended 30 June	Year ended 31 December					
	2019	2018	2017	2016	2015	2014	2013
	(Eur million)	(SEK million)					
Net operating income.....	131	259	2,413	2,311	2,175	1,882	1,579
Central administration.....	-18	-29	-215	-134	-112	-54	-54
Other income and expenses.....	00	3	8	16	-1	5	-49
Less depreciation and impairment.....	3	3	21	15	10	8	32
<b>EBITDA.....</b>	<b>116</b>	<b>236</b>	<b>2,227</b>	<b>2,208</b>	<b>2,072</b>	<b>1,841</b>	<b>1,507</b>
Net interest expense.....	-68	-128	-1,126	-1,135	-1,273	-1,184	-1,195
Other financial income and expenses.....	-0	-3	-45	-33	-31	-39	-54
<b>Profit before tax and revaluation.....</b>	<b>48</b>	<b>105</b>	<b>1,056</b>	<b>1,040</b>	<b>768</b>	<b>618</b>	<b>258</b>
Realised value growth.....	332	129	3,125	2,876	1,812	191	335
<b>Interest coverage ratio including realised value growth.....</b>	<b>6.6</b>	<b>2.8</b>	<b>4.7</b>	<b>4.5</b>	<b>3.03</b>	<b>1.68</b>	<b>1.49</b>
<b>Interest coverage ratio excluding realised value growth.....</b>	<b>1.7</b>	<b>1.8</b>	<b>1.9</b>	<b>1.9</b>	<b>1.60</b>	<b>1.52</b>	<b>1.21</b>

### Total assets minus cash, pledged cash and liquid assets

	Six-months ended 30 June	Year ended 31 December					
	2019	2018	2017	2016	2015	2014	2013
	(EUR Million)	(SEK million)					
Total assets.....	12,353	12,516	105,871	88,438	74,024	58,789	45,692
Cash and cash equivalents.....	-15	-13	-155	-137	-238	-278	-59
Liquid financial assets.....	0	0	0	0	0	0	0
Pledged cash.....	-3	-1	-12	-16	-358	-108	-116
<b>Total assets minus cash, cash equivalents, pledged cash and liquid financial assets.....</b>	<b>12,335</b>	<b>12,502</b>	<b>105,704</b>	<b>88,285</b>	<b>73,428</b>	<b>58,403</b>	<b>45,517</b>

### Loan to value

	Six-months ended 30 June	Year ended 31 December					
	2019	2018	2017	2016	2015	2014	2013
	(EUR million)	(SEK million)					
Total interest bearing liabilities.....	5,450	6,018	46,756	38,095	35,955	30,336	25,520
Hybrid bond.....	-499	-499	0	0	0	0	0
Cash and cash equivalents.....	-15	-13	-155	-137	-238	-278	-59
Liquid financial assets.....	0	0	0	0	0	0	0
Pledged cash.....	-3	-1	-12	-16	-358	-108	-116
Net Debt.....	4,933	5,505	46,589	37,942	35,359	29,950	25,345
<b>Total assets minus cash, cash equivalents, pledged cash and liquid financial assets.....</b>	<b>12,335</b>	<b>12,502</b>	<b>105,704</b>	<b>88,285</b>	<b>73,428</b>	<b>58,403</b>	<b>45,517</b>
<b>Loan to value, total loans.....</b>	<b>40%</b>	<b>44%</b>	<b>44%</b>	<b>43%</b>	<b>48%</b>	<b>51%</b>	<b>56%</b>
Net Debt.....	4,933	5,505	46,589	37,942	35,359	29,950	25,345
Less unsecured debt.....	-3,052	-3,173	-27,718	-16,613	-8,829	-2,670	-3,049
<b>Secured debt excl cash, cash equivalents, pledged cash and liquid financial assets.....</b>	<b>1,881</b>	<b>2,332</b>	<b>18,871</b>	<b>21,329</b>	<b>26,530</b>	<b>27,280</b>	<b>22,296</b>
Total assets minus cash, cash equivalents pledged cash and liquid financial assets.....	12,335	12,502	105,704	88,285	73,428	58,403	45,517
<b>Loan to value, secured loans.....</b>	<b>15%</b>	<b>19%</b>	<b>18%</b>	<b>24%</b>	<b>36%</b>	<b>47%</b>	<b>49%</b>

### Adjusted Profit Before Taxes

	Six-months ended 30 June		Year ended 31 December	
	2019	2018	2017	2016
	(EUR million)		(SEK million)	
Profit/loss before tax .....	263	634	9,480	13,320
Depreciations .....	3	3	21	14
Impairments .....	0	0	0	0
Expenses for property sales .....	7	5	83	109
Total net interest expenses .....	68	128	1,126	1,135
Interest expense hybrid bond	10	14		
Change in value of properties .....	-253	-551	-8,554	-12,715
Exchange rate differences that are included in the profit before taxes .....	-2	0	7	-9
Change in value of derivative instruments .....	20	0	4	322
Change in value of available-for-sale investments and liquid financial assets .....	0	0	0	0
<b>Adjusted Profit Before Taxes .....</b>	<b>116</b>	<b>233</b>	<b>2,167</b>	<b>2,176</b>
Total net interest expenses .....	68	128	1,126	1,135
Ratio of Adjusted Profit Before taxes to total net interest expenses .....	1.71	1.82	1.92	1.92

### Consolidated Net Financial Indebtedness to Total net assets

	Six-months ended 30 June		Year ended 31 December				
	2019	2018	2017	2016	2015	2014	2013
	(EUR million)			(SEK million)			
Total assets .....	12,353	12,516	105,871	88,438	74,024	58,789	45,692
Cash and cash equivalents .....	-15	-13	-155	-137	-238	-278	-59
Liquid financial assets .....	0	0	0	0	0	0	0
<b>Total assets minus cash, cash equivalents and liquid financial assets .....</b>	<b>12,338</b>	<b>15,503</b>	<b>105,716</b>	<b>88,301</b>	<b>73,786</b>	<b>58,511</b>	<b>45,633</b>
Financial indebtedness .....	5,450	6,018	46,756	38,095	35,955	30,335	25,521
Cash and cash equivalents .....	-15	-13	-155	-137	-238	-278	-59
Liquid financial assets .....	0	0	0	0	0	0	0
<b>Financial indebtedness minus cash, cash equivalents and liquid financial assets .....</b>	<b>5,435</b>	<b>6,005</b>	<b>46,601</b>	<b>37,958</b>	<b>35,717</b>	<b>30,057</b>	<b>25,462</b>
<b>Consolidated Net Financial Indebtedness to total net assets .....</b>	<b>44%</b>	<b>39%</b>	<b>44%</b>	<b>43%</b>	<b>48%</b>	<b>51%</b>	<b>56%</b>

## **BOARD OF DIRECTORS, MANAGEMENT AND AUDITORS**

The business address for all members of the Board and the management of the Issuer is: Akelius Residential Property AB, Svärdvägen 3A, P.O. Box 104, SE-182 12 Danderyd, Kingdom of Sweden. The Board currently consists of four members. The Board has also established, among others, a business committee, a finance committee and an audit committee. The role of the business committee is to approve property transactions not exceeding EUR 100 million and the role of the finance committee is to approve financial decisions not exceeding EUR 100 million. The obligations of the audit committee to monitor the Issuer's financial reporting are required by law. The Issuer's internal auditor, appointed by the Board, has a broad role in overseeing and auditing the Group's work streams, its development projects, IT, GDPR compliance, information security, accounting procedures and accounting systems. Information on the members of the Board and the management, including significant assignments outside the Issuer which are relevant for the Issuer, is set out below.

### **Board of Directors**

#### ***Anders Lindskog, chairman of the Board***

*Anders Lindskog is the owner and sole board member of Anders Lindskog Byggkonsult AB. Anders Lindskog is also currently being engaged as Project Manager at Frank Projektpartner AB.*

#### ***Pål Ahlsén, member of the Board***

Pål Ahlsén is chief executive officer of the Issuer. Pål Ahlsén also is the chairman of the Board of Directors of Akelius Lägenheter Aktiebolag, Akelius Fastigheter i Haninge AB and Akelius France Holding. Pål Ahlsén also is a member of the Board of Directors of Akelius US LLC, Akelius Real Estate Management LLC and Akelius Systems AB. Pål Ahlsén is also a deputy member of the Board of Directors of Tobias Frick Fastighet AB.

#### ***Igor Rogulj, member of the Board***

Igor Rogulj is currently a council member of Akelius Foundation, member of the Board of Directors of Akelius Apartments Ltd, Torpet Sweden Ltd and Xange Holding Ltd as well as a partner in Vukovic+Rogulj Gesellschaft von Architekten mbH. Igor Rogulj is also the owner of Solekius S.L.

#### ***Lars Åhrman, member of the Board***

Lars Åhrman is the owner and managing director of Åhrman Consulting AB. Lars Åhrman is also chairman of the Board of Directors of Anna Ahrenbergs foundation, Karin and John Drums foundation, Signhild Ekmans foundation, Ernst Wallins foundation, Eleonore Dicksons foundation and Karin Karlings Scholarship foundation. Lars Åhrman is member of the Board of Directors of Douglas and Caroline Kennedys foundation, Emil and Maria Palms foundation, Per-Olof Ahls foundation and John and Britt Wennerströms foundation and deputy member of the Board of Directors of Foundation for Stroke Research.

### **Management**

#### ***Pål Ahlsén, Chief Executive Officer of the Group***

Pål Ahlsén is chief executive officer of the Issuer. Pål Ahlsén also is the chairman of the Board of Directors of Akelius Lägenheter Aktiebolag, Akelius Fastigheter i Haninge AB and Akelius France Holding. Pål Ahlsén also is a member of the Board of Directors of Akelius US LLC, Akelius Real Estate Management LLC and Akelius Systems AB. Pål Ahlsén is also a deputy member of the Board of Directors of Tobias Frick Fastighet AB.

#### ***Leiv Synnes, Chief Financial Officer***

Leiv Synnes is currently a member and/or chairman of the Board of the Directors of the majority of the subsidiaries of the Issuer and a member of the Board of Directors and chairman of both Akelius Systems AB and Akelius Språkkurs AB. In addition, Leiv Synnes is also the chairman of the Board of Directors in Akelius Spar AB (publ) and a member of the Board of Directors in Akeliusfonder Ltd and Akelius Invest Ltd.

***Lars Lindfors, Deputy Chief Executive Officer of the Group***

Lars Lindfors is the Group manager for the following departments: Architecture, Construction, Customer, Procurement, Property, Logistics, Staff and Business School. Lars Lindfors is a member of the Board of Directors in all Swedish and Danish Akelius-companies and in Akelius Språkkurs AB as well as being the managing director thereof.

***Andreas Wallén, Head of the Group's IT and Administration***

Andreas Wallén does not hold any significant assignments outside of the Issuer which are relevant for the Issuer.

***Peter Ullmark, Head of Scandinavia***

Peter Ullmark is currently the managing director of Akelius Lägenheter AB, Akelius Holding Bolig Aps and all its Danish subsidiaries as well as a member of the Board of Directors of Akelius Lägenheter AB and in most of the Akelius entities in Sweden and Denmark.

***Ralf Spann, Head of Europe***

Ralf Spann is Vice President for all German Akelius entities and a member of the board in most of the Akelius entities in the UK and France.

***Shelly Lee, Head of North America***

Shelly Lee is currently a member of the Board of Directors of Akelius Real Estate Management Ltd and all its Canadian subsidiaries as well as all Akelius US subsidiaries.

**Conflicts of interests**

To the Issuer's knowledge, there are no potential conflicts of interest between any duties owed to the Issuer by the members of the Board or the management of the Issuer and their private interests and/or other duties.

Although the Issuer is not currently aware of any potential conflicts of interest, it cannot be excluded that conflicts of interest may come to arise between companies in which members of the Board and members of the management have duties, as described above, and the Issuer.

**Auditors**

The Issuer's auditor, Ernst & Young AB, was first appointed at the annual general meeting held on 10 April 2018, the appointment being valid as from that date and was re-appointed at the annual general meeting held on 11 April 2019, the appointment being valid as from that date. The current auditor-in-charge is Ingemar Rindstig who was appointed on 11 April 2019, Ingemar Rindstig is a member of the institute for the accountancy profession in the Kingdom of Sweden - FAR (Sw: *Föreningen Auktoriserade Revisorer*). The business address for Ingemar Rindstig is Ernst & Young AB, Jakobsbergsgatan 24, SE- 111 44 Stockholm, Kingdom of Sweden.

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

**Financial interests**

Several members of the Board and management of the Issuer have a financial interest in the Issuer through their holdings of preference shares in the Issuer.

## TAXATION

The tax laws of the investor's Member State and of the Issuer's Member State of incorporation might have an impact on the income received from the securities. Prospective purchasers of Notes should consult their own tax advisers as to which countries' tax laws could be relevant to acquiring, holding and disposing of Notes and receiving payments of interest, principal and/or other amounts under the Notes and the consequences of such actions under the tax laws of those countries.

Prospective investors should consult their professional advisers on the tax consequences of buying, holding or selling any Notes in light of their own particular circumstances, including the effect of the laws of their country of citizenship, residence or domicile. The discussion that follows for the Kingdom of Sweden is based upon the applicable laws and interpretations thereof as of the date hereof, all of which laws and interpretations are subject to change or differing interpretations, which changes or differing interpretations could apply retroactively.

### **Certain Swedish Tax Considerations**

The following summary of certain tax considerations that may arise as a result of holding listed<sup>30</sup> Notes is based on current Swedish tax legislation and is intended only as general information for Noteholders who are resident in the Kingdom of Sweden for tax purposes, unless otherwise indicated. This description does not deal comprehensively with all tax consequences that may occur for Noteholders. For instance, it does not cover the specific rules where Notes are held by a partnership, as current assets in a business operation, via a capital insurance (*Sw: kapitalförsäkring*) or investment deposit account (*Sw: investeringssparkonto*) or held as hedge for foreign currency exposure. Special tax consequences that are not described below may also apply for certain categories of taxpayers, including investment companies, investment funds and insurance companies. Prospective purchasers of the Notes should consult their own tax advisers for information with respect to the special tax consequences that may arise as a result of holding Notes, including the applicability and effect of foreign income tax rules, provisions in double taxation treaties and other rules which may be applicable.

### ***Taxation of Individuals Resident in the Kingdom of Sweden***

#### *Capital Gains and Losses*

Individuals who sell their Notes are subject to capital gain taxation with a tax rate of 30 per cent. The capital gain or loss is calculated as the difference between the sales (or redemption) proceeds, after deduction of sales costs, and the Notes' acquisition cost for tax purposes. The acquisition cost is determined according to the "**average method**". This means that the costs of acquiring all Notes of the same type and class as the sold Notes are added together and the average acquisition cost is calculated collectively, with respect to changes of the holding.

Gains or losses on currency exchange rate fluctuations may arise in relation to Notes where the sales proceeds received are in a foreign currency. However, no special calculations are required if the sales proceeds are exchanged into SEK within 30 days from the time of disposal. In such case, the exchange rate on the date of exchange shall be used when calculating the value of the sales proceeds. The exchange rate on the date of acquisition is generally used when determining the acquisition cost for tax purposes.

Capital losses on listed Swedish receivables are fully deductible in the income category capital. According to Swedish case law, full deductibility also applies for capital losses on listed foreign receivables.

If a deductible deficit arises in the income category capital, a reduction of the tax on income from employment and from business operations, as well as tax on real estate and the municipal real estate fee, is allowed. The tax reduction amounts to 30 per cent. of the deficit not exceeding SEK 100,000 and 21 per cent. of any part of the deficit in excess of SEK 100,000. Deficits may not be carried forward to a subsequent fiscal year.

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<sup>30</sup> For the Notes to be considered as listed it is, according to the Swedish Tax Agency, not sufficient that the Notes are admitted to trading on a regulated market, the Notes also have to be traded.



### *Interest*

Any interest income received by an individual holder during the time of holding the Notes is subject to Swedish tax at a tax rate of 30 per cent. in the income from capital category. Interest income is taxable when the income can be disposed of, in accordance with the "**cash method**".

### *Preliminary Withheld Tax on Interest*

If amounts that are considered to be interest for Swedish tax purposes are paid by a legal entity domiciled in the Kingdom of Sweden, including a Swedish branch, to a private individual (or an estate of a deceased individual) with residence in the Kingdom of Sweden for Swedish tax purposes, Swedish preliminary taxes are normally withheld by the legal entity on such payments. Swedish preliminary taxes should normally be withheld also on other return on the Notes (but not capital gains), if the return is paid out together with such a payment of interest referred to above.

### *Taxation of Swedish Legal Entities*

Limited liability companies and other legal entities, except for estates of deceased Swedish individuals, are normally taxed on its worldwide income as income from business activities (including income from the sale or redemption of the Notes) with a corporate tax rate of 21.4 per cent. (20.6 per cent. from fiscal year 2021).

### *Capital Gains and Losses*

Capital gains on receivables incurred by legal entities are taxed as income from business activities. Tax deductible capital losses on receivables incurred by limited liability companies and certain other legal entities are normally fully deductible against any taxable income.

Notes in foreign currency should be valued at closing date rate at year end. A foreign exchange gain is taxable and a foreign exchange loss is tax deductible. Foreign exchange rate fluctuations that are treated as taxable/tax deductible may affect the acquisition cost of the Notes.

### *Interest*

Interest income is normally taxed on an accrual basis subject to corporate income tax.

### *Taxation of Tax Residents Outside of the Kingdom of Sweden*

### *Capital Gains and Losses*

Noteholders that are not tax residents in the Kingdom of Sweden and who are not conducting business from a permanent establishment in the Kingdom of Sweden are generally not liable for Swedish capital gain taxation on the disposal of Notes. The Noteholders may be subject to tax in their country of tax residence.

### *Withholding Tax and Preliminary Withheld Tax on Interest*

There is no withholding tax in the Kingdom of Sweden on interest payments nor will a preliminary tax be withheld on the interest payments or on the portion of the repayment of the Notes that constitute interest.

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

Pursuant to certain provisions of the U.S. Internal Revenue Code of 1986, commonly known as FATCA, a "**foreign financial institution**" (as defined in FATCA) may be required to withhold on certain payments it makes ("**foreign passthru payments**") to persons that fail to meet certain certification, reporting, or related requirements. The Issuer may be a foreign financial institution for these purposes. A number of jurisdictions (including Sweden) have entered into, or have agreed in substance to, intergovernmental agreements with the United States to implement FATCA ("**IGAs**"), which modify the way in which FATCA applies in their jurisdictions. Under the provisions of IGAs as currently in effect, a foreign financial institution in an IGA jurisdiction would generally not be required to withhold under FATCA or an IGA from payments that it makes. Certain aspects of the application of the FATCA provisions and IGAs to instruments such as the Notes, including whether withholding would ever be

required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, are uncertain and may be subject to change. Even if withholding would be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, such withholding would not apply prior to the date that is two years after the date on which the final regulations defining "**foreign passthru payment**" are filed with the U.S. Federal Register and Notes characterised as debt (or which are not otherwise characterised as equity and have a fixed term) for U.S. federal tax purposes that are issued on or prior to the date that is six months after the date on which final regulations defining "**foreign passthru payments**" are filed with the U.S. Federal Register generally would be "**grandfathered**" for purposes of FATCA withholding unless materially modified after such date. However, if additional notes (as described under "*Terms and Conditions of the Notes—Further Issues*") that are not distinguishable from previously issued Notes are issued after the expiration of the grandfathering period and are subject to withholding under FATCA, then withholding agents may treat all Notes, including the Notes offered prior to the expiration of the grandfathering period, as subject to withholding under FATCA. Holders should consult their own tax advisers regarding how these rules may apply to their investment in the Notes. Even if in the future withholding may technically apply, a Holder may generally avoid such withholding if it complies with certain disclosure and, in some cases, FATCA registration procedures depending on the Holder's particular classification under FATCA. In the event any withholding would be required pursuant to FATCA or an IGA with respect to payments on the Notes, no person will be required to pay additional amounts as a result of the withholding.

## SUBSCRIPTION AND SALE

Notes may be sold from time to time by the Issuer to any one or more of Barclays Bank Ireland PLC, Barclays Bank PLC, Bayerische Landesbank, BNP Paribas, Commerzbank Aktiengesellschaft, Danske Bank A/S and Swedbank AB (publ) (the "**Dealers**"). The Issuer reserves the right to sell Notes to dealers other than the Dealers. The arrangements under which Notes may from time to time be agreed to be sold by the Issuer to, and subscribed by, Dealers are set out in an amended and restated Dealer Agreement dated 18 October 2019 (the "**Dealer Agreement**") and made between the Issuer and the Dealers. The Dealer Agreement makes provision for the resignation or termination of appointment of existing Dealers and for the appointment of additional or other Dealers either generally in respect of the Programme or in relation to a particular Tranche of Notes. If in the case of any Tranche of Notes the method of distribution is an agreement between the Issuer and a single Dealer for that Tranche to be issued by the Issuer and subscribed by that Dealer, the method of distribution will be described in the relevant Final Terms as "**Non-syndicated**" and the name of that Dealer and any other interest of that Dealer which is material to the issue of that Tranche beyond the fact of the appointment of that Dealer will be set out in the relevant Final Terms. If in the case of any Tranche of Notes the method of distribution is an agreement between the Issuer and more than one Dealer for that Tranche to be issued by the Issuer and subscribed by those Dealers, the method of distribution will be described in the relevant Final Terms as "**Syndicated**", the obligations of those Dealers to subscribe the relevant Notes will be joint and several and the names of those Dealers and any other interests of any of those Dealers which is material to the issue of that Tranche beyond the fact of the appointment of those Dealers (including whether any of those Dealers has also been appointed to act as Stabilisation Manager in relation to that Tranche) will be set out in the relevant Final Terms.

Any such agreement will, *inter alia*, make provision for the form and terms and conditions of the relevant Notes, the price at which such Notes will be subscribed by the Dealer(s) and the commissions or other agreed deductibles (if any) payable or allowable by the Issuer in respect of such subscription.

**United States of America:** *Regulation S Category 2; TEFRA D or TEFRA C as specified in the relevant Final Terms or neither if TEFRA is specified as not applicable in the relevant Final Terms.*

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

The Bearer Notes are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the United States Internal Revenue Code and regulations thereunder.

Each Dealer has agreed that, and each further Dealer appointed under the programme will be required to agree that, except as permitted by the Dealer Agreement, it will not offer, sell or deliver Notes, (i) as part of its distribution at any time or (ii) otherwise until 40 days after the completion of the distribution of the Notes comprising the relevant Tranche, as certified to the Principal Paying Agent or the Issuer by such Dealer (or, in the case of a sale of a Tranche of Notes to or through more than one Dealer, by each of such Dealers as to the Notes of such Tranche purchased by or through it, in which case the Principal Paying Agent or the Issuer shall notify each such Dealer when all such Dealers have so certified) within the United States or to, or for the account or benefit of, U.S. persons, and such Dealer will have sent to each dealer to which it sells Notes during the distribution compliance period relating thereto a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons.

In addition, until 40 days after the commencement of the offering of Notes comprising any Tranche, any offer or sale of Notes within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act.

## Prohibition of Sales to European Economic Area Retail Investors

Unless the applicable Final Terms in respect of any Notes specifies the "Prohibition of Sales to EEA Retail Investors" as "Not Applicable", or "Not Applicable, Key Information Document prepared", each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes which are the subject of the offering contemplated by this Base Prospectus as completed by the applicable Final Terms in relation thereto to any retail investor in the EEA. For the purposes of this provision the expression "**retail investor**" means a person who is one (or more) of the following:

- (a) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended) ("**MiFID II**"); or
- (b) a customer within the meaning of the Insurance Distribution Directive (Directive (EU) 2016/97), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II.

## Selling Restrictions Addressing Additional United Kingdom Securities Laws

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

- (a) **No deposit-taking:** in relation to any Notes having a maturity of less than one year:
  - (i) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business; and
  - (ii) it has not offered or sold and will not offer or sell any Notes other than to persons:
    - (A) whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses; or
    - (B) who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses,

where the issue of the Notes would otherwise constitute a contravention of Section 19 of the FSMA by the Issuer;

- (b) **Financial promotion:** it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which section 21(1) of the FSMA does not apply to the Issuer; and
- (c) **General compliance:** it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom.

## The Kingdom of Sweden

This Base Prospectus has not been approved by the Swedish Financial Supervisory Authority (Sw. *Finansinspektionen*). Each Dealer has represented and agreed that it will not market or offer the Notes in Sweden in circumstances that are deemed to be an offer to the public in Sweden which would require that a prospectus is approved by the Swedish Financial Supervisory Authority.

## Japan

The Notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948), as amended (the "**FIEA**"). Accordingly, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree,

that it has not, directly or indirectly, offered or sold and will not, directly or indirectly, offer to sell any Notes in Japan or to, or for the benefit of, a resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organised under the laws of Japan) or to others for re-offering or resale, directly or indirectly, in Japan or to, or for the benefit of, any resident in Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, FIEA and other relevant laws and regulations of Japan.

## **Singapore**

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

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

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

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

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

## **General**

Each Dealer has represented, warranted and agreed that, and each further Dealer appointed under the Programme will be required to represent, warrant and agree that it has complied and will comply to the best of its knowledge and belief in all material respects with all applicable laws and regulations in each country or jurisdiction in or from which it purchases, offers, sells or delivers Notes or possesses, distributes or publishes this Base Prospectus or any Final Terms or any related offering material, in all cases at its own expense. Other persons into whose hands this Base Prospectus or any Final Terms comes are required by the Issuer and the Dealers to comply with all applicable laws and regulations in each country or jurisdiction in or from which they purchase, offer, sell or deliver Notes or possess, distribute or publish this Base Prospectus or any Final Terms or any related offering material, in all cases at their own expense.

The Dealer Agreement provides that the Dealers shall not be bound by any of the restrictions relating to any specific jurisdiction (set out above) to the extent that such restrictions shall, as a result of change(s) or change(s) in official interpretation, after the date hereof, of applicable laws and regulations, no longer be applicable but without prejudice to the obligations of the Dealers described in the paragraph headed "*General*" above.

Selling restrictions may be supplemented or modified with the agreement of the Issuer. Any such supplement or modification may be set out in a supplement to this Base Prospectus or in a Drawdown Prospectus.

## GENERAL INFORMATION

### Listing

1. The approval of the Programme is expected to take effect on 18 October 2019. Any Tranche of Notes intended to be admitted to trading on the regulated market of Euronext Dublin will be so admitted to trading upon submission to Euronext Dublin of the relevant Final Terms and any other information required by Euronext Dublin, subject to the issue of the relevant Notes.

However, Notes may be issued pursuant to the Programme which will not be admitted to listing, trading and/or quotation by Euronext Dublin or any other listing authority, stock exchange and/or quotation system or which will be admitted to listing, trading and/or quotation by such other or further listing authorities, stock exchanges and/or quotation systems as the Issuer and the relevant Dealer(s) may agree.

### Authorisation

2. The update of the Programme was authorised by a resolution of the Board of the Issuer passed on 14 October 2019. The Issuer has obtained or will obtain from time to time all necessary consents, approvals and authorisations in connection with the issue and performance of the Notes.

### Legal and Arbitration Proceedings

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

### Significant/Material Change

4. Save as disclosed in the section of this Base Prospectus entitled "*Description of the Issuer and the Group – Recent Developments*", there has been no significant change in the financial position or the financial performance of the Issuer or of the Group since 30 June 2019. There has been no material adverse change in the prospects of the Issuer or of the Group since 31 December 2018.

### Auditors

5. Ernst & Young AB, Jakobsbergsgatan 24, 114 44 Stockholm, Sweden who are authorised and regulated by the Supervisory Board of Public Accountants – Revisorsinspektionen have independently audited without qualification and in accordance with generally accepted auditing standards in the Kingdom of Sweden, the consolidated financial statements of the Issuer, prepared in accordance with IFRS, for the financial year ended on 31 December 2018 and have given, and have not withdrawn, their consent to the inclusion of their report in this Base Prospectus in the form and context in which it is included.

Öhrlings PricewaterhouseCoopers AB of Torsgatan 21, SE-113 97 Stockholm, the Kingdom of Sweden, regulated by the Supervisory Board of Accountants in the Kingdom of Sweden (*Revisorsnämnden*) and a member of FAR (the institute for the accountancy profession in the Kingdom of Sweden (*Föreningen Auktoriserade Revisorer*)) have independently audited without qualification and in accordance with generally accepted auditing standards in the Kingdom of Sweden, the consolidated financial statements of the Issuer, prepared in accordance with IFRS, for the financial year ended on 31 December 2017 and have given, and have not withdrawn, their consent to the inclusion of their report in this Base Prospectus in the form and context in which it is included.

### Documents on Display

6. Copies of the following documents (together with English translations where the documents in question are not in English) may be inspected during normal business hours on any weekday (Saturdays and public holidays excepted), at the office of the Issuer for 12 months from the date of this Base Prospectus:

- (a) this Base Prospectus and any supplement to this Base Prospectus (and any documents incorporated by reference in such supplements);
- (b) the Memorandum and Articles of Association of the Issuer;
- (c) the 2018 Financial Statements, the 2017 Financial Statements and the January to June 2019 Interim Financial Statements;
- (d) the Trust Deed (which contains the forms of Notes in global and definitive form);
- (e) the Agency Agreement; and
- (f) the Issuer-ICSDs Agreement.

The documents mentioned above in (b) and (d) are available on <https://www.akelius.com/en/investor/governance/articles-of-association> and <https://www.akelius.com/en/investor/financial/bonds>, respectively.

### **Clearing of the Notes**

- 7. The Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg. The appropriate common code and the International Securities Identification Number (ISIN) in relation to the Notes of each Tranche will be specified in the relevant Final Terms. The relevant Final Terms shall specify any other clearing system as shall have accepted the relevant Notes for clearance together with any further appropriate information. The Financial Instrument Short Name (FISN) and Classification of Financial Instruments Code (CFI Code) (where applicable) will be available on the website of the Association of National Numbering Agencies (ANNA) or alternatively sourced from the responsible National Numbering Agency that assigned the ISIN.

### **Legal Entity Identifier**

- 8. The Legal Entity Identifier ("LEI") code of the Issuer is 213800REBFN6T3PU8L97.

### **Issue Price and Yield**

- 9. Notes may be issued at any price. The issue price of each Tranche of Notes to be issued under the Programme will be determined by the Issuer and the relevant Dealer(s) at the time of issue in accordance with prevailing market conditions and the issue price of the relevant Notes or the method of determining the price and the process for its disclosure will be set out in the applicable Final Terms. In the case of different Tranches of a Series of Notes, the issue price may include accrued interest in respect of the period from the interest commencement date of the relevant Tranche (which may be the issue date of the first Tranche of the Series or, if interest payment dates have already passed, the most recent interest payment date in respect of the Series) to the issue date of the relevant Tranche.

The yield of each Tranche of Notes set out in the applicable Final Terms will be calculated as of the relevant issue date on an annual or semi-annual basis using the relevant issue price. It is not an indication of future yield.

### **Dealers' Activities**

- 10. In the ordinary course of their business activities, the Dealers and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of the Issuer or Issuer's affiliates. Certain of the Dealers or their affiliates that have a lending relationship with the Issuer routinely hedge their credit exposure to the Issuer consistent with their customary risk management policies. Typically, such Dealers and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in securities, including potentially the Notes issued under the Programme. Any such short positions could adversely affect future trading prices of Notes issued under the Programme. The Dealers and their affiliates



may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

**Issuer website**

11. The Issuer's website is [www.akelius.com](http://www.akelius.com). Unless specifically incorporated in this Base Prospectus, information contained on the Issuer's website does not form part of this Base Prospectus.

## INDEX OF DEFINED TERMS

\$.....	iii	Change of Control Put Option Receipt .....	29, 54
£.....	iii	Change of Control Put Period .....	29, 54
€.....	iii	cherry-picking.....	77
2016 Financial Statements.....	19	CIBOR .....	29
2017 Financial Statements.....	19	Cleaned the map.....	77
30/360.....	31	Clearing System Business Day .....	25
30E/360 .....	31	Clearstream, Luxembourg.....	21
30E/360 (ISDA) .....	32	Clearstream, Luxembourg.....	2
Accountholder .....	24	comparable portfolio .....	81
Accounting Principles .....	27	Conditions.....	i, 5, 26, 63, 64
Accrual Yield .....	27	Consolidated Net Financial Indebtedness .....	30, 92
Actual/360 .....	31	control .....	28, 53
Actual/365 (Fixed) .....	30	controlled .....	28
Actual/Actual (ICMA).....	30	controlling.....	28
Actual/Actual (ISDA).....	30	Coupon Sheet.....	30
Additional Business Centre(s).....	27	Couponholder.....	41
Additional Financial Centre(s) .....	27	Couponholders .....	26
Adjusted profit before taxes .....	92	Coupons .....	26
Adjusted Profit Before Taxes .....	27	CRA Regulation.....	1, 70, 71
Adjustment Spread .....	27	Credit Facilities .....	30
Affiliate .....	28	DA Selected Bond.....	30
Agency Agreement.....	26	Day Count Fraction.....	30
Agent .....	26	Dealer Agreement .....	101
Agents.....	26	Dealers .....	101
Alternative Rate.....	28	Definitive Notes .....	21
APMs.....	92	Determination Agent.....	32
Arranger .....	1	Discount Rate.....	79
Available-for-sale investments .....	92	Dispute .....	62
average method.....	98	distributor.....	iii, 63
Base Prospectus .....	1, 63, 64	DKK.....	iii
Bearer Notes .....	2, 21, 26	Drawdown Prospectus .....	i
Benchmark Amendments .....	28, 47	Early Redemption Amount (Tax).....	32
Benchmark Event .....	28	Early Termination Amount .....	32
Benchmark Regulation.....	iii	EBITDA.....	92
better living .....	80, 88	ECB.....	21
business day.....	42	EEA.....	ii, 63
Business Day .....	28	Equity Contribution .....	32
Business Day Convention.....	28	Equity-to-assets ratio .....	92
CAD .....	iii	ESMA .....	iii, 92
Calculation Agent.....	29	EUR .....	iii
Calculation Amount .....	29	EURIBOR.....	32
Calculation Date .....	29	euro .....	iii
Calculation Period .....	30	Eurobond Basis .....	31
Call Option Notice.....	29, 52	Euroclear .....	2, 21
Canadian Dollar.....	iii	Eurodollar Convention.....	29
Capital Markets Indebtedness.....	29	Euronext Dublin.....	1
Capital tied up total loans.....	89	euros.....	iii
Capitalisation Rate .....	79	Eurosystem.....	21, 23
cash method.....	99	Extraordinary Resolution .....	32
cash sources.....	90	FATCA .....	17, 58
cash uses.....	90	FIEA .....	102
CBRE .....	80	Final Redemption Amount.....	32
Central Bank.....	1	Final Terms .....	i, 26
Certification Date .....	59	Financial Indebtedness.....	33
Change of Control .....	29, 53	Financial Report.....	33
Change of Control Notice.....	29, 54	First Interest Payment Date.....	33
Change of Control Put Option.....	29, 53	Fitch .....	33
Change of Control Put Option Notice .....	29, 54	Fixed Coupon Amount.....	33

Floating Rate Convention.....	29	MiFID II.....	1, 63, 102
Following Business Day Convention .....	28	MiFID Product Governance Rules.....	iii
foreign financial institution .....	99	Minimum Rate of Interest.....	35
foreign passthru payment .....	100	Minimum Rating Requirement .....	50
foreign passthru payments.....	99, 100	Minimum Redemption Amount.....	35
FRN Convention.....	29	Modified Business Day Convention .....	29
FSMA.....	2	Modified Following Business Day Convention .....	29
GBP.....	iii	Moody's.....	35
GDPR .....	11	necessary information .....	20
Global Note .....	2, 21	Net Debt.....	93
Global Registered Note .....	23	Net Financial Indebtedness .....	35
grandfathered.....	100	Net Interest Expenses.....	35
Green Bonds .....	4, 73	Net operating income growth for comparable portfolio.....	93
Green Projects .....	13	Net Unencumbered Assets .....	35
Gross Redemption Yield .....	33	Net Unsecured Financial Indebtedness .....	35
Group.....	i, 33	New Safekeeping Structure.....	3, 23
Group Company .....	33	NGN.....	2, 21
Guidelines.....	92	NIBOR .....	35
Holder.....	33, 41	No Adjustment.....	29
ICSDs .....	2	Non-Sterling Make Whole Redemption Amount .....	52
IGA.....	17	Non-syndicated .....	101
IGAs .....	99	Note Certificate .....	41
Independent Adviser.....	33	Noteholder .....	35, 41
Individual Note Certificates .....	23	Notes .....	1, 26
Initial Rate of Interest.....	50	NSS .....	3, 23
Insurance Distribution Directive .....	ii, 63	Official List.....	1
Interest Amount.....	33	Optional Redemption Amount (Call).....	36
Interest Commencement Date .....	34	Optional Redemption Amount (Change of Control).....	35
Interest coverage ratio, excluding realised value growth.....	92	Optional Redemption Amount (Put) .....	36
Interest coverage ratio, including realised value growth.....	92	Optional Redemption Date (Call) .....	36
Interest Determination Cut-off Date.....	47	Optional Redemption Date (Change of Control) .....	36, 54
Interest Determination Date .....	34	Optional Redemption Date (Put).....	36
Interest Payment Date .....	34	Original Reference Rate.....	36
Interest Period.....	34	Par Call Commencement Date.....	36
Interest Ratchet.....	50	Paying Agents .....	26
Interest rate hedge total loans .....	89	Payment Business Day.....	36
Investor's Currency.....	17	Permanent Global Note.....	2, 21
ISDA Definitions.....	34	Permitted Financial Indebtedness .....	36
ISDA Rate .....	46	Permitted Security Interest.....	36
Issue Date .....	34	Person .....	37
Issuer .....	1, i, 1, 26	Preceding Business Day Convention .....	29
January to June 2019 Interim Financial Statements.....	19	PRIIPs Regulation.....	ii, 63, 69
LEI.....	106	Principal Financial Centre.....	37
LIBOR.....	34	Principal Paying Agent .....	1, 26
Liquid Financial Assets .....	34	Proceedings .....	62
Loan-to-value, secured loans.....	93	Profit before tax and revaluation.....	93
Loan-to-value, total loans.....	93	Programme.....	1, 26
Main Owner.....	53	Prospectus Regulation.....	1, 64
Make Whole Redemption Price.....	52	Put Option Notice .....	37
Margin .....	35	Put Option Receipt.....	37
Market Interest Rate .....	15	Quotation Time .....	37
Market Loans.....	35	Rate Adjustment.....	49
Material Subsidiary .....	59	Rate of Interest.....	37
Maturity Date .....	35	Rating.....	50
Maximum Rate of Interest.....	35	Rating Agency .....	50
Maximum Redemption Amount.....	35		
Member State .....	iii		

Realised value growth .....	93	SFA .....	iii, 63, 103
Record Date .....	25, 57	Specified Currency.....	39
Redemption Amount .....	37	Specified Denomination(s) .....	40
Redemption Margin.....	37	Specified Office .....	40
Reference Banks.....	37	Specified Period.....	40
Reference Bond .....	37	Specified Threshold .....	50
Reference Bond Price.....	38	Step Down Event .....	50
Reference Bond Rate.....	38	Step Up Event .....	50
Reference Date .....	38	Step Up Margin.....	51
Reference Government Bond Dealer.....	38	sterling .....	iii
Reference Government Bond Dealer Quotations .....	38	Sterling Make Whole Redemption Amount....	52
Reference Price.....	38	STIBOR .....	40
Reference Rate .....	38	StreamLine Production .....	88
Register.....	38, 41	Subordinated Debt .....	40
Registered Notes.....	2, 26	Subsidiary .....	40
Registrar .....	1, 26	sub-unit .....	44, 49
Regular Date.....	38	Successor Rate .....	40
Regular Period.....	38	Sweden.....	74
Regulation S .....	1, 64	Syndicated.....	101
Relevant Coupons.....	56	Talon .....	40
Relevant Date .....	38	TARGET Settlement Day .....	40
Relevant Financial Centre .....	38	TARGET2.....	40
Relevant Nominating Body .....	39	Taxes .....	4
Relevant Period .....	39	TEFRA C Rules .....	21
Relevant Screen Page .....	39	TEFRA D Rules .....	21
Relevant Time .....	39	Temporary Global Note .....	2, 21
Rental income growth for comparable portfolio .....	93	The Foreign Account Tax Compliance Act ....	99
Reporting Date .....	39	Total Assets.....	40
Reserved Matter .....	39	Total Interest Expenses .....	40
retail investor.....	102	Total Net Assets.....	40
S&P .....	1, 39, 91	Tranche .....	26
SEC .....	ii	Transfer Agents.....	26
Secured Consolidated Net Financial Indebtedness .....	39	Trust Deed.....	26
Secured Financial Indebtedness.....	39	Trustee .....	1, 26
Secured Net Financial Indebtedness.....	39	U.S. dollars .....	iii
Securities Act .....	1, 64	U.S.\$ .....	iii
Securitised Capital Markets Indebtedness .....	39	Unencumbered Assets.....	40
Security Interest.....	39	Unsecured Consolidated Net Financial Indebtedness.....	40
SEK .....	iii	Unsecured Financial Indebtedness .....	40
Series .....	26	USD .....	iii
		utility value .....	86
		Zero Coupon Note.....	41

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