BASE PROSPECTUS

HEMSÖ FASTIGHETS AB

(incorporated with limited liability in the Kingdom of Sweden)

EUR 3,000,000,000

Euro Medium Term Note Programme

Under this EUR 3,000,000,000 Euro Medium Term Note Programme (the "**Programme**"), Hemsö Fastighets AB (the "**Issuer**" or "**Hemsö**") may from time to time issue notes (the "**Notes**") denominated in any currency agreed between the Issuer and the relevant Dealer(s) (as defined below).

This Base Prospectus (the **Base Prospectus**) has been approved by the Central Bank of Ireland (the "**CBI**"), as competent authority under Directive 2003/71/EC, as amended (which includes the amendments made by Directive 2010/73/EU, to the extent that such amendments have been implemented in the relevant Member State of the European Economic Area (the "**Prospectus Directive**")). The CBI only approves this Base Prospectus as meeting the requirements imposed under Irish and European Union ("**EU**") law pursuant to the Prospectus Directive. Application has been made to the Irish Stock Exchange plc trading as Euronext Dublin ("**Euronext Dublin**") for the Notes issued under the Programme during the period of 12 months from the date of this Base Prospectus to be admitted to the official list (the "**Official List**") and to trading on its regulated market (the "**Main Securities Market**"). Such approval relates only to the Notes which are to be 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. The Main Securities Market is a regulated market for the purposes of MiFID II. This Base Prospectus comprises a base prospectus for the purposes of Article 5.4 of the Prospectus Directive.

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

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.

The Issuer has a corporate rating of A- from Standard & Poor's Credit Market Services Europe Ltd. ("**S&P**") and Notes to be issued under the Programme may be rated by S&P. S&P is established in the European Economic Area ("**EEA**") and registered under Regulation (EU) No 1060/2009, as amended (the "**CRA Regulation**"). S&P appears on the latest update of the list of registered credit rating agencies (as of 20 April 2018) on the ESMA website (http://www.esma.europa.eu/page/List-registered-and-certified-CRAs).

A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.

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.

Arranger and Dealer

CITIGROUP

Dealers

BARCLAYS | **BNP PARIBAS**
DANSKE BANK | **DEUTSCHE BANK**
DNB | **HANDELSBANKEN CAPITAL MARKETS**
NORDEA | **SEB**
SWEDBANK

20 April 2018

IMPORTANT NOTICES

IMPORTANT – EEA RETAIL INVESTORS: If the Final Terms 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. 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"); (ii) a customer within the meaning of the Insurance Mediation Directive (Directive 2002/92/EC (as amended)), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in the Prospectus Directive. Consequently, no key information document required by Regulation (EU) No 1286/2014 (as amended, 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 in respect of any Notes may include a legend entitled "MiFID II Product Governance" which will outline the target market assessment in respect of the Notes and which channels for distribution of the Notes are appropriate. Any person subsequently offering, selling or recommending the Notes (a "distributor") should take into consideration the target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the target market assessment) and determining appropriate distribution channels.

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

Responsibility for this Base Prospectus

The Issuer accepts responsibility for the information contained in this Base Prospectus and any Final Terms and declares that, having taken all reasonable care to ensure that such is the case, the information contained in this Base Prospectus is, to the best of its knowledge, in accordance with the facts and contains no omission likely to affect its import.

Third party information

Certain data under "*Description of the Issuer – Property portfolio*" has been extracted from Statistics Sweden (a national administrative agency tasked with compiling and supplying statistics). The Issuer confirms that such information has been accurately reproduced and that, so far as it is aware, and is able to ascertain from information published by Statistics Sweden, no facts have been omitted which would render the reproduced information inaccurate or misleading. Except for this third party information, all other data set out under "*Description of the Issuer*" has been sourced through internal records.

Alternative performance measures

A number of the financial measures presented by Hemsö under "*Description of the Issuer*" below are not defined in accordance with the IFRS accounting standards. However, Hemsö believes that these measures provide useful supplementary information to both investors and Hemsö's management, as they facilitate the evaluation of company performance. It is to be noted that, since not all companies calculate financial measurements in the same manner, these are not always comparable to measurements used by other companies. Accordingly, these financial measures should not be seen as a substitute for measures defined according to the IFRS. Unless otherwise stated, the list below presents alternative performance measures, along with their reconciliation to the extent that such information is not defined according to the IFRS and not included in Hemsö's financial statements incorporated by reference into this Base Prospectus.

- "Interest coverage ratio" – Net operating income less administrative expenses in relation to net financial items.

- "Loan-to-value ratio" – Interest-bearing net debt as a percentage of the carrying amount of the properties. This ratio measures Hemsö's debt.

- "Surplus ratio" – Net operating income in relation to the sum of property income and other income.

- "Yield" – Net operating income for the past 12 months, adjusted for the holding period and currency of the properties during the period, in relation to the carrying amounts of the properties at period-end, excluding project properties. The calculation method for the "yield" alternative performance measure is set out in more detail in the following table:

Calculation yield		
MSEK	31 December 2016	31 December 2017
Net operating income according to statement of comprehensive income	1,652	1,788
Adjustment to 12 months holding period	-49	27
Adjustment for development properties		-104
Adjusted Net operating income, 12 months holding period excluding development properties	**1,603**	**1,711**
Carrying amount of properties according to statement of financial position	33,629	38,883
Carrying amount of development properties	-5,400	-6,220
Adjusted Carrying amount of properties	**28,229**	**32,663**
Yield	**5.68 per cent.**	**5.24 per cent.**

For these purpose, "**Net operating income**" means rental income less operating and maintenance, property tax and leasehold fees and "**Rental income**" means rental value less vacancies, discounts and rental losses.

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.

The Issuer has confirmed to the Dealers named under "*Subscription and Sale*" below that this Base Prospectus contains all information which is (in the context of the Programme, the issue and offering and sale of the Notes) material; that such information is true and accurate in all material respects and is not misleading in any material respect; that any opinions, predictions or intentions expressed herein are honestly held or made and are not misleading in any material respect; that this Base Prospectus does not omit to state any material fact necessary to make such information, opinions, predictions or intentions (in the context of the Programme, the issue and offering and sale of the Notes) not misleading in any material respect; and that all proper enquiries have been made to verify the foregoing.

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.

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 accepts any responsibility for any act or omission of the Issuer or any other person in connection with the issue and offering of the Notes under the Programme. 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 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 thereof or, if later, the date upon which this Base Prospectus has been most recently 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.

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 United States Securities Act of 1933 (as amended) (the "**Securities Act**") and may include Bearer Notes (as defined herein) that are subject to U.S. tax law requirements. The Notes may not be offered or sold in the United States or to, or for the account or benefit of, U.S. persons except pursuant to an exemption from such registration. In addition, subject to certain exceptions, Bearer Notes may not be offered, sold or delivered within the United States or to, or for the account or benefit of, U.S. persons (as defined in the U.S. Internal Revenue Code of 1986, as amended (the "**Code**")).

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.

Each potential investor in the Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

(a) 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 or any applicable supplement;

(b) 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 the Notes will have on its overall investment portfolio;

(c) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including Notes with principal or interest payable in one or more currencies, or where the currency for principal or interest payments is different from the potential investor's currency;

(d) understand thoroughly the terms of the Notes and be familiar with the behaviour of any relevant indices and financial markets; and

(e) 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.

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 (1) Notes are legal investments for it, (2) Notes can be used as collateral for various types of borrowing and (3) other restrictions apply to its purchase or pledge of any Notes. Financial institutions should

consult their legal advisors or the appropriate regulators to determine the appropriate treatment of Notes under any applicable risk-based capital or similar rules.

Programme limit

The maximum aggregate principal amount of Notes outstanding at any one time under the Programme will not exceed EUR 3,000,000,000 (and for this purpose, any Notes denominated in another currency shall be translated into EUR at the date of the agreement to issue such Notes (calculated in accordance with the provisions of the Dealer Agreement). The maximum aggregate principal amount of Notes which may be outstanding at any one time under the Programme may be increased from time to time, subject to compliance with the relevant provisions of the Dealer Agreement as defined under "*Subscription and Sale*".

Certain definitions

In this Base Prospectus, unless otherwise specified, references to a "**Member State**" are references to a Member State of the European Economic Area, references to "**U.S.$**", "**U.S. dollars**" or "**dollars**" are to United States dollars, references to "**EUR**" or "**euro**" 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 and references to "**SEK**", "**kr**" or "**Swedish kronor**" are to Swedish Kronor.

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.

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.

Ratings

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) described above 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. Whether or not each credit rating applied for in relation to a relevant Tranche of Notes will be (1) issued by a credit rating agency established in the EEA and registered under the CRA Regulation, or (2) issued by a credit rating agency which is not established in the EEA but will be endorsed by a CRA which is established in the EEA and registered under the CRA Regulation or (3) issued by a credit rating agency which is not established in the EEA but which is certified under the CRA Regulation will be disclosed in the Final Terms.

Benchmark Regulation

Amounts payable on Floating Rate Notes will be calculated by reference to one of CIBOR, EURIBOR, LIBOR, NIBOR and STIBOR as specified in the relevant Final Terms. As at the date of this Base Prospectus, the administrators of CIBOR, EURIBOR, LIBOR, NIBOR and STIBOR are not included in ESMA's register of administrators under Article 36 of the Regulation (EU) No. 2016/1011 (the "**Benchmarks Regulation**"). As far as the Issuer is aware, the transitional provisions in Article 51 of the Benchmarks Regulation apply, such that Finance Denmark, the European Money Markets Institute, ICE Benchmark Administration, Norske Finansielle Referanser AS and the Swedish Bankers' Association are not currently required to obtain authorisation/registration (or, if located outside the European Union, recognition, endorsement or equivalence).

Stabilisation

In connection with the issue of any Tranche of Notes, the Dealer or Dealers (if any) named as the Stabilising Manager(s) (or persons acting on behalf of any Stabilising 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 relevant Stabilising Manager(s) (or person(s) acting on behalf of any Stabilising Manager(s)) in accordance with all applicable laws and rules.

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OVERVIEW OF THE PROGRAMME

The following overview is a general description of the Programme, must be read as an introduction to this Base Prospectus, and is qualified in its entirety by, the remainder of this Base Prospectus and in relation to the terms and conditions of any particular Tranche of Notes, the applicable Final Terms. Words and expressions defined elsewhere in this Base Prospectus shall have the same meaning in this overview unless otherwise defined herein.

Issuer:	Hemsö Fastighets AB
Arranger:	Citigroup Global Markets Limited
Dealers:	Barclays Bank PLC, BNP Paribas, Citigroup Global Markets Limited, Danske Bank A/S, Deutsche Bank AG, London Branch, DNB Bank ASA, Sweden Branch, Nordea Bank AB (publ), Skandinaviska Enskilda Banken AB (publ), Svenska Handelsbanken AB (publ) and Swedbank AB (publ) and any other Dealer appointed from time to time by the Issuer either generally in respect of the Programme or in relation to a particular Tranche of Notes.
Fiscal Agent	Citibank N.A., London Branch
Issuing and Paying Agent and Transfer Agent:	Citibank N.A., London Branch
Registrar:	Citigroup Global Markets Deutschland AG
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 amended and/or replaced by the relevant Drawdown Prospectus.
Listing and Trading:	Application has been made to Euronext Dublin for the Notes issued under the Programme during the period of 12 months from the date of this Base Prospectus to be admitted to the Official List and to trading on its regulated market. 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.
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.
Initial Programme Amount:	Up to EUR 3,000,000,000 (or its equivalent in other currencies) 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.
Issuance in Series:	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.

Forms of Notes:	Notes may be issued in bearer form or in registered form. Each Tranche of Bearer Notes will initially be in the form of either a Temporary Global Note or a Permanent Global Note, in each case as specified in the relevant Final Terms. Each Global Note which is not intended to be issued in new global note form (a "**Classic Global Note**" or "**CGN**"), 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 new global note form (a "**New Global Note**" or "**NGN**"), 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 be in the form of either Individual Note Certificates or a Global Registered Note, in each case as specified in the relevant Final Terms. Each Tranche of Notes represented by a Global Registered Note will either be: (a) in the case of a Note which is not to be held under the new safekeeping structure ("**New Safekeeping Structure**" or "**NSS**"), registered in the name of a common depositary (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 depositary; or (b) in the case of a Note to be held under the New Safekeeping Structure, 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. ***Security Identification Number(s):*** In respect of each Tranche of Notes, the relevant security identification number(s) will be specified in the relevant Final Terms.
Currencies:	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.
Status of the Notes:	Notes will be issued on an unsubordinated basis.
Issue Price:	Notes may be issued at any price. 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.
Maturities:	Any maturity, subject to compliance with all applicable legal and/or regulatory and/or central bank requirements.

Redemption:	Notes may be redeemable at par or at such other redemption amount as may be specified in the relevant Final Terms.
Optional Redemption:	Notes may be redeemed before their stated maturity at the option of: (i) the Issuer (either in whole or in part); (ii) the Noteholders; or (iii) the Noteholders upon a Change of Control, in each case to the extent (if at all) specified in the relevant Final Terms.
Early 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)*, or if the aggregate principal amount of outstanding Notes of the relevant Series is 20 per cent. or less of the aggregate principal amount of such Series, as described in Condition 9(g) (*No other redemption*).
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.
Denominations:	Notes issued under the Programme which are to be admitted to trading on the Main Securities Market and/or admitted to listing, trading and/or quotation by any other listing authority, stock exchange and/or quotation system which is a regulated market situated or operating in a Member State and/or offered to the public in any Member State, in each case in circumstances which require the publication of a prospectus under the Prospectus Directive and the implementing measures in the relevant Member State, may not have a minimum denomination of less than EUR 100,000 (or its equivalent in any other currency). Subject thereto, Notes will be issued in such denominations as may be specified in the relevant Final Terms, subject to compliance with all applicable legal and/or regulatory and/or central bank requirements.
Negative Pledge:	The Notes will have the benefit of a negative pledge as described in Condition 5(a) (*Covenants - Negative Pledge*).
Cross-Default:	The Notes will have the benefit of a cross-default as described in Condition 13 (*Events of Default*).
Taxation:	All payments of principal and interest in respect of Notes by or on behalf of the Issuer will be made free and clear of withholding taxes of the Kingdom of Sweden, unless the withholding is required by law. In that event, the Issuer will (subject as provided in Condition 10 (*Payments – Bearer Notes*) and Condition 11 (*Payments – Registered Notes*) and Condition 12 (*Taxation*)) pay such additional amounts as will result in the Noteholders receiving such amounts as they would have received in respect of such Notes had no such withholding been required.
Governing Law:	English law.
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, Japan and the Kingdom of Sweden, see "*Subscription and Sale*" 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 the risk factors associated with any investment in the Notes, the business of Hemsö 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" below or elsewhere in this Base Prospectus have the same meanings in this section.

In purchasing Notes, investors assume the risk that Hemsö may become insolvent or otherwise be unable to make all payments due in respect of the Notes. There is a wide range of factors which individually or together could result in Hemsö becoming unable to make all payments due. It is not possible to identify all such factors or to determine which factors are most likely to occur, as Hemsö may not be aware of all relevant factors and certain factors which it currently deems not to be material may become material as a result of the occurrence of events outside Hemsö's control. Hemsö has identified in this Base Prospectus a number of factors which could materially adversely affect its business and ability to make payments due.

In addition, factors which are material for the purpose of assessing the market risks associated with Notes issued under the Programme are also described below.

Prospective investors should also read the detailed information set out elsewhere in this Base Prospectus and reach their own views prior to making any investment decision.

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

Industry and business-related risks

Risks related to macroeconomic factors

The property industry, and therefore Hemsö, is affected to a large extent by macroeconomic factors such as general economic trends, growth, employment, the rate of production of new housing and commercial premises, changes in infrastructure, population growth, inflation and interest rate levels. Growth in the economy affects the employment level, which is an important factor for demand for properties and payment capability on the part of tenants. The occupancy rate and rent level for Hemsö's properties are influenced primarily by long-term demand for properties for use by public sector tenants. In addition, Hemsö's ability to find suitable tenants may be impacted by any change in Swedish Government policy with respect to the procurement of public services. Hemsö's ability to ensure rent levels that are competitive and secure in the long-term, long leases, and low vacancy rates depends, among other things, on the possibility to adapt the properties to the tenants' changing needs in terms of quality, functionality and size.

The majority of Hemsö's leases include a supplement based on changes in the Consumer Price Index (CPI) in addition to base rent, i.e. they are wholly or partially linked to inflation. If Hemsö's costs increase by more than the compensation obtained through such supplements, this may have a material adverse impact on Hemsö's earnings. Furthermore, certain leases are index-linked downwards, which provides potential for Hemsö's rental income to decrease. Hemsö's costs are also affected by inflation and there is a risk that Hemsö will not always be able to secure leases that provide full or partial compensation for inflation.

A downturn in the economy, changed demands from tenants, lower rental levels, higher vacancy rates, higher interest rates and increased costs may have a material adverse impact on Hemsö's operations, financial position and earnings.

Variations in supply and demand in the property market could have a material adverse impact on Hemsö's business

Supply and demand for properties, and therefore the yield on property investments, varies between different geographic markets and property categories, and can thus develop differently within such geographic markets and property categories. There is a risk that demand will fall and the yield requirement will therefore increase within those geographic markets and property categories in which Hemsö operates. This may have a material adverse impact on Hemsö's operations, financial position and earnings.

Competitive threats to Hemsö's business

Hemsö operates in an industry which is exposed to competition. Hemsö's future ability to compete will depend, among other things, on Hemsö's ability to foresee future changes and react promptly to current and future market needs and/or changes in the Swedish Government's policy with respect to the procurement of public services. Accordingly, Hemsö may be forced to make costly investments, restructurings or price reductions in order to adapt to a changed competitive situation, for example through the renegotiation of lease terms. There is a risk that Hemsö will not be able to successfully counteract the effects of competition, which may have a material adverse impact on its operations, financial position and earnings.

Hemsö's income is dependent on tenants meeting their rental obligations

Hemsö's income primarily comprises rental income from its properties. There is a risk that Hemsö's major tenants will not renew or extend their leases as they expire. There is also a risk that it will not be possible to find new tenants, or that new tenants will not pay the same rents as the previous tenants, which may result in a higher vacancy rate and lower rental income. Community services are operated from Hemsö's properties and most of the rental income derives from public sector tenants or from tenants who run publicly funded activities on behalf of the Swedish Government, county councils or municipalities. Despite the fact that almost all of Hemsö's tenants conduct publicly funded activities and have a high credit rating, there is a risk of tenants failing to pay rents or otherwise failing to perform their obligations to Hemsö. If this occurs, it may lead to lower rental income and bad debt losses. If tenants fail to perform their obligations at all, for example in the event of bankruptcy, or only after debt collection measures have been taken, this may also result in an increased vacancy rate, with lower property values as a consequence. If tenants fail to renew or extend their leases as they expire, or fail to pay agreed rents on time or otherwise fail to perform their obligations, this may have a material adverse impact on Hemsö's operations, financial position and earnings.

As at 31 December 2017, Hemsö's 20 largest tenants accounted for 51.1 per cent. of the total rental value, of which the largest (the Swedish Police Authority) accounted for 5.5 per cent. There is a risk that one or more of Hemsö's more major tenants will fail to renew or extend their leases as they expire. Unless Hemsö is able to obtain replacement income from new tenants, this may lead to a reduction in rental income and/or higher vacancy rates, which may have a material adverse impact on Hemsö's operations, financial position and earnings.

Increasing operating and maintenance costs may affect Hemsö's financial position

Hemsö's operating expenses mainly comprise tariff-based costs such as costs for heating, electricity, water and waste. There are a limited number of suppliers in respect of some of these utilities and services, which could result in an increased cost to Hemsö. Notwithstanding that some of Hemsö's leases are structured in such a manner that the tenant defrays most of these costs, there may be a material adverse impact on Hemsö's operations, financial position and earnings to the extent that it is not possible to receive increased rental payments to cover for any such increased costs incurred by Hemsö.

Measures aimed at maintaining the standard of Hemsö's properties in the long-term or maintaining and/or modernising properties require maintenance and renovation expenditures. Such expenditures as are necessary to satisfy market, public authority or other legal requirements may be significant and unforeseen. There is a risk that, in respect of large-scale operating expenses, maintenance or renovation work, it may not be possible to (i) pass on the associated costs to Hemsö's tenants through increased rents or (ii) receive compensation through insurance indemnification. This may have a material adverse impact on Hemsö's operations, financial position and earnings.

Defects in Hemsö's properties may result in unforeseen costs

There are risks associated with the technical operation of properties, such as the risk of structural defects, other latent defects or deficiencies, damage (for example, through fire or other forces of nature) and contamination. Although Hemsö seeks to invest in properties of a sound technical standard, there remains a risk that unforeseen costs could arise. In the event that such technical problems arise and the costs cannot be fully or partially covered by insurance, this may have a material adverse impact on Hemsö's operations, financial position and earnings.

System failures and internal deficiencies may expose Hemsö to operating risk

The term operating risk refers mainly to the risk of financial consequences and consequences related to the loss of trust which ensue from shortcomings in internal routines and systems, including IT systems. The risk also includes legal risks and risks within regulatory compliance. The handling of operating risks is aimed at identifying, assessing, monitoring and reducing those risks. The risks are handled based on the expected consequences and the degree of probability that they could occur. Internal directives and guidelines form the basis of risk management within Hemsö. Corporate culture is critical in ensuring that internal controls are a normal and necessary operating prerequisite. Hemsö's assets are insured in line with the assessed insurance requirements.

Failure to properly manage these risks may have a material adverse effect on Hemsö's business which could adversely affect Hemsö's operations, financial position and earnings.

Property valuation relies on factors which are subject to change

Hemsö is exposed to changes in the market value of its property portfolio. Hemsö reports its property holdings at fair value in accordance with IAS 40 *Investment Property*, such that the book value in respect of the properties of Hemsö and its subsidiaries (together, the "**Group**") corresponds to their assessed market value. Hemsö uses an internal valuation process to assess the market value of its properties. In addition to this internal valuation, an external valuation is also carried out each year by an independent firm of appraisers. The value of the properties is affected by, and any assessment made in the light of, a number of factors such as market supply, vacancy rate, rent level and operating expenses, residual value, yield requirement, general economic trends, interest rates and inflation. Whilst the liquidity of such properties has increased over recent years, there is no guarantee that there will be a market for such properties going forward. There is a risk that changes in respect of such factors may have a negative affect on property values. This could have a material adverse impact on Hemsö's credit rating, financial position and earnings.

Property transactions involve uncertainties which could adversely impact Hemsö's business

Property transactions represent an important part of Hemsö's day-to-day business operations and will continue to constitute a part of Hemsö's growth strategy going forward. Property transactions entail inherent risks concerning uncertainties and there is a risk that Hemsö may be (i) unable to find suitable acquisition properties, (ii) unable to finance property acquisitions on terms acceptable to Hemsö or (iii) that desired property sales cannot be completed on terms acceptable to Hemsö. All property investments are associated with uncertainty and assumptions. The market's yield requirement, future vacancies, the tenants' payment capability, environmental conditions as well as technical defects constitute some of the uncertainty elements associated with property transactions. There is a risk that Hemsö may fail to complete property transactions, which may have a material adverse impact on Hemsö's operations, financial position and earnings.

In addition, property-owning and property-acquiring companies are exposed to risks in relation to non-identified risks linked to businesses that are acquired, either because of a lack of information or due to the fact that assumptions made may turn out to be erroneous. For example, tenants may be lost, the accounts of the acquired business may be erroneous and/or the business may be the subject of unforeseen environmental or tax claims. Furthermore, other circumstances may exist that have an adverse impact on the value of the business or property being acquired. Notwithstanding the fact that, prior to each investment, Hemsö makes an evaluation aimed at identifying and, if possible, mitigating the risks that may be associated with the investment, there remains a risk that future businesses or properties that are added through acquisitions may have a material adverse impact on Hemsö's operations, financial position and earnings.

In several of the sales agreements entered into by Hemsö, the purchaser may present warranty claims, such as that the property's use has deviated from an applicable zoning plan in violation of stipulated warranties; that, contrary to stipulated warranties, all charges relating to road construction/ maintenance costs and connection fees relating to the period prior to the completion date have not been paid in full; or that, contrary to stipulated warranties concerning the property, a public authority order to take measures has not been performed in full prior to the completion date. While there have not been any material unsettled warranty claims with respect to sold properties and companies in the last few years, there is a risk that any claims in the future may have a material adverse impact on Hemsö's business, financial position and earnings. Correspondingly, there is a risk that the possibility of obtaining compensation in the case of a warranty claim will be limited if an acquisition was made from a vendor which is, or will be, in financial difficulties or if there is a cap in respect of the amount

of compensation that may be claimed – this may contribute to increased uncertainty and increased costs for Hemsö, which in turn may have a material adverse impact on its operations, financial position and earnings.

Project development poses risks to Hemsö

The construction, refurbishment and extension of properties constitutes a part of Hemsö's regular business operations. Project development is inherently associated with uncertainties and risks as regards costs and delays (among other things). Major projects can involve significant investments, which may lead to an increased credit risk if tenants fail to perform their obligations to pay rent and Hemsö is unable to find other tenants for the premises in question, if Hemsö fails to let the premises upon completion of a project, or if the demand or price of properties generally changes during the course of a project. Furthermore, although Hemsö monitors development projects closely, projects may be delayed, become more expensive or the quality may not be as expected, which may result in increased costs or reduced income. In addition, Hemsö may be dependent on procuring the necessary public authority permits and permits for carrying out property development projects. There is a risk that Hemsö will not succeed in implementing its property projects, which may have a material adverse impact on its operations, financial position and earnings.

Hemsö has no direct control over jointly-owned companies

In addition to the Group's wholly-owned subsidiaries, Hemsö holds stakes in a number of companies. Among other things, Hemsö holds 50 per cent. of the shares and voting rights in the following project development companies: Lanthem Samhällsfastigheter AB and Vitartes AB with its subsidiaries. The remaining shares in Lanthem Samhällsfastigheter AB are owned by Lantmännen Fastigheter AB and the remaining shares in Vitartes AB are owned by SveaNor Holding AB. Hemsö has no exclusive right of decision-making over these companies and is not able, alone, to ensure that investments or divestments of properties in these companies take place in accordance with Hemsö's requirements. There is a risk that property development in these companies will be carried out in a manner that is detrimental to Hemsö, which may have a material adverse impact on Hemsö's operations, financial position and earnings.

Business disruptions and operational shortcomings may cause Hemsö to incur losses

All operational activities are associated with the risk of incurring losses due to deficient routines and/or the business being detrimentally affected by disruptions caused by shortcomings or internal or external events. Operational certainty, achieved through sound internal control, appropriate administrative systems and access to reliable valuation and risk models, is required to mitigate such risks and reduce the risk to Hemsö's administrative security and control. However, business disruptions and shortcomings in operational security may have a material adverse impact on Hemsö's operations, financial position and earnings.

Loss of key personnel may undermine Hemsö's operations

Hemsö's business is dependent on experienced employees possessing relevant skills. Such key individuals are included among senior executives as well as the Group's employees in general. There may be a risk that, over time, Hemsö is unable to retain or recruit qualified personnel to the desired extent. Any disruption caused by the departure of one or more key individuals may have a material adverse impact on Hemsö's operations, financial position and earnings.

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

Hemsö's management believes that its risks are covered by appropriate insurance coverage in line with market practice. Hemsö has insurance policies, for example, in respect of property, business interruption and liability for damages. However, the actual losses suffered by Hemsö could exceed its insurance coverage and could be material. The realisation of one or more damaging events for which Hemsö has no insurance coverage or for which Hemsö's insurance coverage is insufficient could have a material adverse effect on Hemsö's business, financial condition and results of operations.

Interests of Hemsö's shareholders may conflict with those of the holders of the Notes

The interests of Hemsö's shareholders, in certain circumstances, may conflict with those of the holders of the Notes, particularly if Hemsö encounters financial difficulties or is unable to pay its debts when due. In addition, Hemsö's shareholders may have an interest in pursuing acquisitions, divestitures, financings or other

transactions that, in their judgment, could enhance their equity investments, even though such transactions might involve risks to the holders of the Notes. Any of these actions could have an adverse effect on Hemsö's operations, financial position, earnings and future prospects.

Credit ratings assigned to Hemsö or any Notes may not reflect all the risks associated with an investment in those Notes.

One or more independent credit rating agencies may assign credit ratings to the Issuer or the Notes. The ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed above, and other factors that may affect the value of the Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be revised, suspended or withdrawn by the rating agency at any time.

In general, European regulated investors are restricted under the CRA Regulation from using credit ratings for regulatory purposes, unless such ratings are issued by a credit rating agency established in the EU and registered under the CRA Regulation (and such registration has not been withdrawn or suspended), subject to transitional provisions that apply in certain circumstances whilst the registration application is pending. Such general restriction will also apply in the case of credit ratings issued by non-EU credit rating agencies, unless the relevant credit ratings are endorsed by an EU registered credit rating agency or the relevant non-EU rating agency is certified in accordance with the CRA Regulation (and such endorsement action or certification, as the case may be, has not been withdrawn or suspended). The list of registered and certified rating agencies published by the European Securities and Markets Authority (**ESMA**) on its website in accordance with the CRA Regulation is not conclusive evidence of the status of the relevant rating agency included in such list, as there may be delays between certain supervisory measures being taken against a relevant rating agency and the publication of the updated ESMA list. Certain information with respect to the credit rating agencies and ratings is set out on the cover of this Base Prospectus.

Hemsö has a holding company structure in which its subsidiaries conduct its operations and own nearly all its properties

Hemsö has no significant assets other than the equity interests in its subsidiaries. As a result, Hemsö's ability to make required payments under the Notes depends on the performance of its subsidiaries and their ability to distribute funds to it. Such cash flows will depend on the business and financial conditions of its subsidiaries. In addition, the ability of certain subsidiaries to pay dividends and distributions may be limited by applicable laws and any indebtedness those subsidiaries have incurred. Equally, if Hemsö's subsidiaries do not pay any dividends or distributions, or do so irregularly, the Group's performance may be adversely affected.

Further, Hemsö's right to receive payment of provided financing from the liquidation of one of its subsidiaries, and therefore the right of Noteholders to participate in those proceeds, will be structurally subordinated to the claims of other creditors of that subsidiary. In addition, even if Hemsö is a creditor of any of its subsidiaries, its rights as a creditor would be subordinated to any existing security interest in the assets of such subsidiary.

Legal risks

Changes in legislation may adversely affect Hemsö's business

The majority of Hemsö's tenants engage in publicly funded activities on behalf of the Swedish Government, municipalities or county councils, and Hemsö's operations are highly dependent on decisions and requirements of public authorities as regards, among other things, property ownership, letting, rent levels, maintenance and operation. New or amended laws and regulations, or changes in the application of existing laws and regulations governing the operations of Hemsö or its tenants may be introduced. For example, property-related decisions made by public authorities or, alternatively in the event that public authorities make assessments which differ from those of Hemsö or its tenants regarding licence requirements, health and safety requirements, obligatory permits or other commercial law requirements, may have a material adverse impact on Hemsö's operations, financial position and earnings.

On March 20, 2018, the Swedish minority government presented the government bills "*Tillstånd att ta emot offentlig finansiering inom socialtjänsten, assistansersättningen och skollagsreglerad verksamhet*" (prop. 2017/18:159) and "*Ökade tillståndskrav och särskilda regler för upphandling inom välfärden*" (prop. 2017/18:158).

The first bill - ”*Tillstånd att ta emot offentlig finansiering inom socialtjänsten, assistansersättningen och skollagsreglerad verksamhet”* - includes proposals regarding a new regulatory framework for the performance of publicly financed welfare services in Sweden, more specifically, services offered by private operators and pursuant to the Social Services Act (SFS 2001:453), the Act concerning Support and Service for Persons with Certain Functional Impairments (SFS 1993:387) and the Education Act (SFS 2010:800). The bill seeks to ensure that only legal entities holding relevant permits may receive public financing within the Swedish welfare sectors. To acquire such a permit to receive public financing, it is suggested that the legal entity must be able to show that public funds will be substantially used in a way which corresponds to their intended use. The bill therefore proposes that a legal entity permitted to receive public financing may not exceed a certain operating profit. The limitation imposed on operating profit is proposed to be determined in relation to the capital invested in the operating activities, so-called “operating capital” (operating assets minus operating liabilities). The maximum operating profit permitted is proposed to be determined in accordance with the government borrowing rate (Sw. *statslåneränta*) at the end of the previous financial year, with the addition of 7 percentage points, multiplied by the operating capital at the end of the previous financial year. To avoid circumvention of the rules, it is proposed, among other things, that no value transfers from the legal entity exceeding the allowed operating profit may be executed. The requirements are proposed to apply to each legal entity within a group that has received a permit, which means, among other things, that a value transfer exceeding the allowed operating profit from a group company to any other company within the same group is not permitted. Primarily, penalty charges are proposed to reprimand violations of the regulatory framework. If a violation is serious, the permit to receive public financing may be revoked. It is proposed that the new legislation will come into effect on 2 January 2019.

The second bill - *Ökade tillståndskrav och särskilda regler för upphandling inom välfärden* - provides for, among other things, the introduction of certain requirements relating to the authorisation to conduct welfare services. It is proposed that private providers be required to hold a permit from the Health and Social Care Inspectorate (Sw. *Inspektionen för vård och omsorg*) in order to conduct home care operations under the Social Services Act and to provide certain other welfare services, such as guide service and relief service, under the Act concerning Support and Service for Persons with Certain Functional Impairments. It is also proposed that certain provisions relating to the authorisation process, such as ownership and leadership assessments, to grant a permit under the Social Services Act, the Act concerning Support and Service for Persons with Certain Functional Impairments and the Education Act, are amended. It is proposed that the new legislation will come into effect on January 1, 2019.

Should either of the bills mentioned above, or any similar proposals, be supported by a political majority in the Swedish parliament and therefore be introduced, the business models of private welfare providers may be challenged as a result and the providers’ costs for regulatory compliance may increase. As a consequence, some of Hemsö’s tenants may be required to limit or entirely cease their activities, which may have a material adverse impact on Hemsö’s operations, financial position and earnings.

Hemsö is subject to future possible change in tax laws and regulations

Hemsö conducts operations in several jurisdictions. Hemsö’s operations are affected by the applicable corporation tax, value added tax and property tax rules in force from time to time in those jurisdictions in which it operates. This is also the case as regards other governmental and municipal charges and contributions. Notwithstanding that Hemsö’s operations are conducted in accordance with Hemsö’s interpretation of applicable laws and rules in respect of taxes, there is a risk that its interpretation is incorrect or that applicable tax law and rules may be amended with possible retroactive effect. In addition, future changes to applicable tax laws and rules may affect the conditions for Hemsö’s operations, financial position and earnings.

In this context, it should specifically be noted that it is expected that new general limitations to deduct interest expenses will be introduced (based on Directive 216/1164). It is proposed that these changes will enter into force on 1 January 2019 and have the effect that only net interest expenses of up to 30 per cent. of EBITDA (earnings before interest, tax, depreciation and amortisation) will be deductible. It is also proposed that the corporate income tax rate over a two year period will be reduced initially from the current rate of 22 per cent. to 21.4 per cent. and then further reduced to 20.6 per cent. from 1 January 2021. In addition, a proposal was presented on 30 March 2017 to amend certain tax rules addressing the tax situation in the real estate sector (SOU 2017:27). The main element of this proposal is to remove the tax exemption for divestments of properties through share deals (such transactions would instead generally be treated for tax purposes in the same manner as a direct sale of a property). If the proposal is implemented, the difference between the market value and the tax

residual value of a property would thus be subject to corporate income tax even if the sale is carried out in the form of a share deal. In addition, a cost corresponding to the stamp duty on a direct sale of a property would also materialise in the form of a notional income even if the property is not sold directly but only indirectly through the selling of shares in the company owning the property. At the same time, the stamp duty would be decreased from the current rate of 4.25 per cent. to 2 per cent. for legal entities. These potential new rules are proposed to be implemented by 1 July 2018 but the proposal has been heavily criticised and it is currently uncertain if and when these new rules will be implemented. Swedish tax legislation might also be affected by progress in relation to the Base Erosion and Profit Shifting (BEPS) Action Plan, a project launched by the OECD, which aims to achieve increased tax harmonisation between jurisdictions. This could also affect Hemsö's tax situation.

In the event that any of the above-mentioned proposals or projects would be implemented and/or result in legislation, or if changes take place in tax legislation or case law, this may result in a change in Hemsö's tax situation, which may have a material adverse impact on Hemsö's operations, financial position and earnings.

The Swedish Tax Agency may not agree with Hemsö's previous tax assessment decisions

The Swedish Tax Agency carries out regular tax assessment audits of companies. There is a risk that, in conjunction with a tax assessment audit, the Swedish Tax Agency will not share Hemsö's opinion regarding, for example, the right of deduction, possibilities for tax write-offs, or the ability to use loss carry-forwards. Such a different opinion by the Swedish Tax Agency may have a material adverse impact on Hemsö's operations, financial position and earnings.

Disputes and legal proceedings could have a material adverse effect on Hemsö

This risk relates to the costs that the Group may incur as a consequence of conducting legal proceedings, settlement costs, as well as costs in respect of awarded damages and other obligations which may be imposed on Hemsö. Companies within the Group may, from time to time, become involved in disputes within the scope of normal business operations and run the risk, similarly to other companies within Hemsö's industry, of being the subject of claims with respect to, for example, contractual issues, warranty claims, alleged errors in the provision of services, environmental issues and intellectual property rights. Such disputes and claims may be time-consuming, disrupt normal operations, involve large amounts, detrimentally affect customer relations and result in significant costs. In the event such disputes arise and Hemsö is held liable in damages or enters into a settlement agreement, there is a risk that claims will not be covered in full by Hemsö's insurance. In addition, the outcome of complicated disputes may be difficult to predict. Potential disputes and legal proceedings brought against Hemsö may have a material adverse impact on Hemsö's operations, financial position and earnings.

Environmental risks

Properties affect the environment through their construction, on-going maintenance and through the activities conducted within them. According to the Swedish Environmental Code *(Miljöbalken (SFS 1998:808))*, persons who pursue activities that have contributed to contamination are responsible for remedying any harm caused. In Hemsö's case, it would be its tenants who are pursuing such activities. However, if the person pursuing the activity is unable to carry out or defray the cost of remediation, responsibility for the after-treatment is imposed on the party that acquired the property and, at the time of the acquisition, was aware or should have been aware of the contamination. Accordingly, there is a risk that in certain circumstances claims may be brought against Hemsö for the clean-up of contamination that has taken place, in order to restore properties to a condition that complies with the Environmental Code. In the event such liability is imposed on Hemsö, it may have a material adverse impact on its operations, financial position and earnings.

Hemsö may have to defend, and may lose, the right to use its trademark

Recognition of the Hemsö's trademarks and business names, and their positive reputation, have contributed to Hemsö's success. Hemsö has sought to protect its trademarks through trademark registration. There is a risk that a third party may challenge the validity of such registrations or Hemsö's right to use its distinctive marks. Defending itself in proceedings regarding the validity of distinctive marks or registrations may be costly and, in the event Hemsö is required to cease using its business names or valuable trademarks, this may have a material adverse impact on Hemsö's operations, financial position and earnings.

Financial risks

Fluctuations in market interest rates and loan margins may adversely affect Hemsö's business

Hemsö's operations are primarily financed through equity and interest-bearing debts. Interest expenses represent Hemsö's individual largest cost item. As a consequence, Hemsö is exposed to the risk of changes in market interest rates and loan margins. The risk is also affected by the strategy Hemsö chooses in respect of fixed–interest periods. Increased interest expenses may have a material adverse impact on Hemsö's operations, financial position and earnings.

Changes in the value of financial derivative instruments may result in losses for Hemsö

Hemsö has a large number of loans with short fixed-interest periods and uses interest rate derivatives (mainly interest rate swaps) as an element in the management of interest-rate risk. Interest rate derivatives are regularly reported at fair value in the balance sheet, with changes in value being reported in the income statement. In the event that market rates fall, the market value of Hemsö's interest rate derivatives will decrease, which may have a material adverse impact on Hemsö's operations, financial position and earnings.

Hemsö is exposed to credit and counterparty risk

There is a risk that Hemsö's counterparties within its financing operations will fail to perform their financial obligations to Hemsö. Hemsö's financing activities include, among other things, the execution of long and short-term loan agreements, the execution of interest rate derivatives, as well as the investment of liquidity surpluses through the execution of long and short-term loan agreements. There is a risk that Hemsö's counterparties will fail to perform their financial obligations to Hemsö, which may have a material adverse impact on Hemsö's operations, financial position and earnings.

Hemsö may not be able to refinance its existing loans on competitive terms or at all

External borrowing accounts for a large part of Hemsö's supply of capital. As these loans mature, they must be repaid, extended or renewed. The conditions for Hemsö refinancing loan facilities as they expire depend on access to financing at the time and Hemsö's financial position. In the event that Hemsö is unable to secure refinancing or can only obtain refinancing at substantially increased costs, this may have a material adverse impact on Hemsö's operations, financial position and earnings.

A change in the controlling ownership of Hemsö could result in the requirement for Hemsö to repay under the terms of its existing financing agreements and Notes issued under the Programme and adversely affect its ability to secure subsequent refinancing

If, for whatever reason, the Third Swedish National Pension Fund was to reduce its holding in Hemsö, this could result in control of Hemsö passing to another shareholder. Such a change in controlling ownership could affect the general perception of Hemsö, which could entail, among other things, a changed credit rating, and may possibly trigger terms in loan agreements that result in the termination of such agreements or a need to renegotiate them. Such a provision is included in Hemsö's domestic MTN programme (the "**Domestic MTN Programme**"), the majority of loan agreements in place with lenders and the Programme. In the event of a change in controlling ownership, Hemsö's ability to secure refinancing may be adversely affected, which could indirectly affect the Group's ownership of properties and therefore have a material adverse impact on the Group's operations, earnings and financial position.

The Terms and Conditions of the notes issued under the Domestic MTN Programme stipulate that Noteholders are entitled to early redemption if one or more Swedish National Pension Funds cease, individually or jointly, directly or indirectly, to own shares representing more than 50 per cent. of the voting capital in Hemsö. For Notes issued under the Programme, there is a similar provision set out at Condition 9(f) of the Terms and Conditions of the Notes, which provides for a change of control where one or more persons acting together acquire shares representing more than 50 per cent. of the voting capital in Hemsö and includes the added requirement for a downgrade in Hemsö's credit rating following the relevant change of control before Noteholders are entitled to early redemption. Given this difference in the change of control event and the additional credit rating downgrade requirement, there is a risk to Noteholders that creditors under existing financings may exercise their right to repayment ahead of Noteholders in the event that the change of control under the Programme is not triggered or there has not been a credit rating downgrade following a change in

controlling ownership of Hemsö. This could result in the claim for repayment by Noteholders on a subsequent winding up of Hemsö being prejudiced as other unsecured creditors under existing financings may have been repaid prior to the Noteholders' claim, thereby reducing the assets available to Hemsö to satisfy such claim by the Noteholders.

Breach of financial covenants may lead to Hemsö's creditors accelerating its loans

Hemsö's bank loan agreements usually include both financial and other covenants. Such covenants may, for example, relate to an interest-coverage ratio or loan volumes relative to the fair value of Hemsö's properties. In addition, the majority of the financing agreements entitle the lenders to accelerate repayment of the loan in the event that the Third Swedish National Pension Fund's direct or indirect ownership represents less than 50.1 per cent. (51 per cent. in the case of certain agreements) of the voting rights in Hemsö.

As security for bank loans, Hemsö may grant mortgages over certain properties or security interests in intragroup claims against subsidiaries, or Hemsö may issue shares in its subsidiaries, partnerships or limited partnerships, or demand guarantees.

In the event that Hemsö breaches its financial covenants in a loan agreement, or in the event that the Third Swedish National Pension Fund's direct or indirect ownership stake falls to below the required percentages stated in loan agreements, this may lead to the acceleration of loans or to credit institutions having recourse to pledged assets, which may have a material adverse impact on Hemsö's operations, financial position and earnings.

Major unforeseen payment obligations may impact on Hemsö's liquidity

Hemsö's payment obligations primarily comprise operating expenses, such as costs for heating, electricity, water and refuse collection, agreed maintenance charges, investments in project development and other investments, as well as interest on, and the repayment of, debts. Major payment obligations may arise in conjunction with the refinancing of loans in the event that lenders demand a lower loan-to-value ratio or if the relevant property falls in value following the drawing of the relevant loan by Hemsö. Major unforeseen payment obligations may also arise, and there remains a possibility of non-payment to Hemsö of large rent amounts. There is a risk that Hemsö's liquidity will be insufficient to cover the performance of its payment obligations, which may have a material adverse impact on Hemsö's operations, financial position and earnings.

Movements in exchange rates may adversely affect Hemsö's business

Hemsö is exposed to currency risks as a consequence of its operations in Germany and Finland. The Swedish krona is Hemsö's reporting currency, but the Group also has revenues, expenses, assets and liabilities in currencies other than the Swedish krona. Hemsö's currency exposure is limited to the euro and relates to the properties that the Group owns in Germany and Finland. Currency exposure arises in connection with the purchase and sale of goods and services in currencies other than the local currency of Hemsö's relevant subsidiary (transaction exposure), and the translation into Swedish kronor of the balance sheets and income statements of the relevant foreign subsidiaries that are reported in foreign currency (translation exposure). Accordingly Hemsö is exposed to exchange rates movements that could affect its income statement and balance sheet, which may have a material adverse impact on Hemsö's operations, financial position and earnings.

Risks related to the structure of a particular issue of Notes

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

Notes subject to optional redemption by the Issuer

An optional redemption feature of Notes is likely to limit their market value. During any period when the Issuer may elect to redeem Notes, the market value of those Notes generally will not rise substantially above the price at which they can be redeemed. This may also be true prior to any redemption period. The Issuer may be expected to redeem Notes when its cost of borrowing is lower than the interest rate on the Notes. At those times, an investor generally would not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Notes being redeemed and may only be able to do so at a significantly lower rate. Potential investors should consider reinvestment risk in light of other investments available at that time.

Fixed/Floating Rate Notes

Fixed/Floating Rate Notes may bear interest at a rate that converts from a fixed rate to a floating rate, or from a floating rate to a fixed rate. Where the Issuer has the right to effect such a conversion, this may affect the secondary market and the market value of the Notes since the Issuer may be expected to convert the rate when it is likely to produce a lower overall cost of borrowing. If the Issuer converts from a fixed rate to a floating rate in such circumstances, the spread on the Fixed/Floating Rate Notes may be less favourable than then prevailing spreads on comparable Floating Rate Notes tied to the same reference rate. In addition, the new floating rate at any time may be lower than the rates on other Notes. If the Issuer converts from a floating rate to a fixed rate in such circumstances, the fixed rate may be lower than then prevailing market rates.

Notes issued at a substantial discount or premium

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

In respect of any Notes issued with a specific use of proceeds, such as a Sustainable 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) ("**Sustainable Projects**"). Prospective investors should have regard to the information in the relevant Final Terms regarding such use of proceeds and must determine for themselves the relevance of such information for the purpose of any investment in such Notes together with any other investigation such investor deems necessary. In particular no assurance is given by the Issuer that the use of such proceeds for any Sustainable 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 Sustainable 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 Sustainable Projects will meet any or all investor expectations regarding such "green", "sustainable" or other equivalently-labelled performance objectives or that any adverse environmental, social and/or other impacts will not occur during the implementation of any projects or uses the subject of, or related to, any Sustainable 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 Sustainable Projects to fulfil any environmental, sustainability, social and/or other criteria. For the avoidance of doubt, any such opinion or certification is not, nor shall be deemed to be, incorporated in and/or form part of this Base Prospectus. Any such opinion or certification is not, nor should be deemed to be, a recommendation by the Issuer or any other person to buy, sell or hold any such Notes. Any such opinion or certification is only current as of the date that such opinion 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 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 Sustainable 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 Sustainable 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 Sustainable 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 Sustainable Projects. Nor can there be any assurance that such Sustainable 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 Sustainable 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 Sustainable Projects and/or result in adverse consequences for certain investors with portfolio mandates to invest in securities to be used for a particular purpose.

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

Interest rates and indices which are deemed to be "benchmarks", (including the Copenhagen Interbank Offered Rate ("**CIBOR**"), the Euro Interbank Offered Rate ("**EURIBOR**"), the London Interbank Offered Rate ("**LIBOR**"), the Norwegian Interbank Offered Rate ("**NIBOR**") and the Stockholm Interbank Offered Rate ("**STIBOR**")) are the subject of recent national, international and other regulatory guidance and proposals for reform. Some of these reforms are already effective while others are still to be implemented. These reforms may cause such benchmarks to perform differently than in the past, or to disappear entirely, or have other consequences which cannot be predicted. Any such consequence could have a material adverse effect on any Notes linked to such a "benchmark".

Regulation (EU) 2016/1011 (the "**Benchmarks Regulation**") was published in the Official Journal of the EU on 29 June 2016 and will apply from 1 January 2018. The Benchmarks Regulation applies to the provision of benchmarks, the contribution of input data to a benchmark and the use of a benchmark, within the EU. It will, among other things, (i) require benchmark administrators to be authorised or registered (or, if non-EU-based, to be subject to an equivalent regime or otherwise recognised or endorsed) and (ii) prevent certain uses by EU supervised entities of benchmarks of administrators that are not authorised or registered (or, if non-EU based, not deemed equivalent or recognised or endorsed).

The Benchmarks Regulation could have a material impact on any Notes linked to a rate or index deemed to be a "benchmark", in particular, if the methodology or other terms of the "benchmark" are changed in order to comply with the requirements of the Benchmarks Regulation. Such changes could, among other things, have the effect of reducing, increasing or otherwise affecting the volatility of the published rate or level of the "benchmark".

More broadly, any of the international, national or other proposals for reform, or the general increased regulatory scrutiny of "benchmarks", could increase the costs and risks of administering or otherwise participating in the setting of a "benchmark" and complying with any such regulations or requirements. Such factors may have the following effects on certain "benchmarks" (including CIBOR, EURIBOR, LIBOR, NIBOR and STIBOR): (i) discourage market participants from continuing to administer or contribute to such "benchmark"; (ii) trigger changes in the rules or methodologies used in the "benchmarks" or (iii) lead to the disappearance of the "benchmark". Any of the above changes or any other consequential changes as a result of international, national or other proposals for reform or other initiatives or investigations, could have a material adverse effect on the value of and return on any Notes linked to a "benchmark".

Investors should consult their own independent advisers and make their own assessment about the potential risks imposed by the Benchmarks Regulation reforms in making any investment decision with respect to any Notes linked to or referencing a "benchmark".

Future discontinuance of LIBOR may adversely affect the value of Floating Rate Notes which reference LIBOR

On 27 July 2017, the Chief Executive of the United Kingdom Financial Conduct Authority, which regulates LIBOR, announced that it does not intend to continue to persuade, or use its powers to compel, panel banks to submit rates for the calculation of LIBOR to the administrator of LIBOR after 2021. The announcement indicates that the continuation of LIBOR on the current basis is not guaranteed after 2021. It is not possible to predict whether, and to what extent, panel banks will continue to provide LIBOR submissions to the administrator of LIBOR going forwards. This may cause LIBOR to perform differently than it did in the past and may have other consequences which cannot be predicted.

Investors should be aware that, if LIBOR were discontinued or otherwise unavailable, the rate of interest on Floating Rate Notes which reference LIBOR will be determined for the relevant period by the fall-back provisions applicable to such Notes. Depending on the manner in which the LIBOR rate is to be determined under the Terms and Conditions, this may (i) if ISDA Determination applies, be reliant upon the provision by reference banks of offered quotations for the LIBOR rate which, depending on market circumstances, may not be available at the relevant time or (ii) if Screen Rate Determination applies, result in the effective application of a fixed rate based on the rate which applied in the previous period when LIBOR was available. Any of the foregoing could have an adverse effect on the value or liquidity of, and return on, any Floating Rate Notes which reference LIBOR.

Risks related to Notes generally

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

Modification and waivers

The Conditions of the Notes contain provisions for calling meetings of Noteholders to consider matters affecting their 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.

Change of law

The conditions of the Notes are based on English law in effect as at the date of this Base Prospectus. No assurance can be given as to the impact of any possible judicial decision or change to English law or administrative practice after the date of this Base Prospectus.

Bearer Notes where denominations involve integral multiples: definitive Bearer Notes

In relation to any issue of bearer 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 its account with the relevant clearing system at the relevant time may not receive a definitive bearer Note in respect of such holding (should definitive bearer Notes be printed) and would need to purchase a principal amount of Notes such that its holding amounts to a Specified Denomination. Further, a holder who, as a result of trading such amounts, holds an amount which is less than the minimum Specified Denomination in 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 or issued) and would need to purchase a principal amount of Notes at or in excess of the minimum Specified Denomination such that its holding amounts to a Specified Denomination. If definitive bearer Notes are issued, holders should be aware that definitive bearer Notes which have a denomination that is not an integral multiple of the minimum Specified Denomination may be illiquid and difficult to trade.

Risks related to the market generally

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

The secondary market generally

Notes may have no established trading market when issued, and one may never develop (for example, Notes may be allocated to a limited pool of investors). If a market does develop, it may not be very liquid. Therefore, investors may not be able to sell their Notes easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. This is particularly the case for Notes that are especially sensitive to interest rate, currency or market risks, are designed for specific investment objectives or strategies or have been structured to meet the investment requirements of limited categories of investors. These types of Notes generally would have a more limited secondary market and more price volatility than conventional debt securities. Illiquidity may have a material adverse effect on the market value of Notes. Therefore, investors may not be able to sell their Notes easily or at prices that will provide them with a yield comparable to similar investments that have a developed trading market.

Exchange rate risks and exchange controls

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.

Interest rate risks

Investment in Fixed Rate Notes involves the risk that subsequent changes in market interest rates may adversely affect the value of the Fixed Rate Notes.

Credit ratings may not reflect all risks

One or more independent credit rating agencies may assign credit ratings to the Notes. The ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed above, and other factors that may affect the value of the Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by the rating agency at any time.

In general, European regulated investors are restricted under the CRA Regulation from using credit ratings for regulatory purposes, unless such ratings are issued by a credit rating agency established in the EU and registered under the CRA Regulation (and such registration has not been withdrawn or suspended, subject to transitional provisions that apply in certain circumstances whilst the registration application is pending). Such general restriction will also apply in the case of credit ratings issued by non-EU credit rating agencies, unless the relevant credit ratings are endorsed by an EU-registered credit rating agency or the relevant non-EU rating agency is certified in accordance with the CRA Regulation (and such endorsement action or certification, as the case may be, has not been withdrawn or suspended). The list of registered and certified rating agencies published by the European Securities and Markets Authority ("**ESMA**") on its website in accordance with the CRA Regulation is not conclusive evidence of the status of the relevant rating agency included in such list, as there may be delays between certain supervisory measures being taken against a relevant rating agency and the publication of the updated ESMA list. Certain information with respect to the credit rating agencies and ratings is set out on the cover of this Base Prospectus.

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 (1) Notes are legal investments for it, (2) Notes can be used as collateral for various types of borrowing and (3) other restrictions apply to its purchase or pledge of any Notes. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of Notes under any applicable risk-based capital or similar rules.

Conflicts may arise between the interests of the Calculation Agent and the interests of the Noteholders

Potential conflicts of interest may exist between the Calculation Agent (if any) and Noteholders, including with respect to certain determinations and judgements that such Calculation Agent makes pursuant to the Conditions that may influence amounts receivable by the Noteholders during the term of the Notes and upon their redemption.

The Issuer may appoint a Dealer as Calculation Agent in respect of an issuance of Notes under the Programme. In such a case the Calculation Agent is likely to be a member of an international financial group that is involved, in the ordinary course of its business, in a wide range of banking activities out of which conflicting interests may arise. Whilst such a Calculation Agent will, where relevant, have information barriers and procedures in place to manage conflicts of interest, it may in its other banking activities from time to time be engaged in transactions involving an index or related derivatives which may affect amounts receivable by Noteholders during the term and on the maturity of the Notes or the market price, liquidity or value of the Notes and which could be deemed to be adverse to the interests of the Noteholders.

INFORMATION INCORPORATED BY REFERENCE

The following documents which have been filed with the Central Bank of Ireland shall be deemed to be incorporated in, and form part of, this Base Prospectus:

(a) the audited consolidated and non-consolidated financial statements (including the auditors' report thereon and notes thereto) of the Issuer which are contained in the annual report of the Issuer in respect of the year ended 31 December 2017 including the information set out at the following pages in particular:

Consolidated of Comprehensive Income	Page 90
Consolidated Statement of Financial Position	Page 91
Consolidated Statement of Changes in Equity	Page 92
Consolidated Statement of Cash Flows	Page 92
Issuer Income Statement	Page 93
Issuer Statement of Comprehensive Income	Page 93
Issuer Balance Sheet	Page 94
Issuer Statement of Changes in Equity	Page 95
Issuer Statement of Cash Flows	Page 95
Accounting Principles and Notes	Pages Page 96 to Page 113
Audit Report	Pages Page 115 to Page 117

This document is available for viewing on the following website:

http://www.hemso.se/globalassets/dokument/finansiella-rapporter/arsredovisningar/annual-report-2017

(b) the audited consolidated and non-consolidated financial statements (including the auditors' report thereon and notes thereto) of the Issuer extracted from the annual report of the Issuer in respect of the year ended 31 December 2016. This document is available for viewing on the following website:

http://www.hemso.se/globalassets/dokument/finansiella-rapporter/arsredovisningar/annual-report-2016

(c) the Terms and Conditions of the Notes contained in the previous Base Prospectus dated 9 June 2017 at pages 24-49 (inclusive) prepared by the Issuer in connection with the Programme which is available for viewing on the following website:

http://www.hemso.se/contentassets/6e9b7855f21243d5bf85630eac6c71d1/icm-27433281-v1-hemso_-_base_prospectus.pdf

(d) the Terms and Conditions of the Notes contained in the previous Base Prospectus dated 26 August 2016 at pages 23-47 (inclusive) prepared by the Issuer in connection with the Programme which is available for viewing on the following website:

http://ise.ie/debt_documents/Base%20Prospectus_9ce09b51-c677-44da-a666-34b8d41aa999.PDF

Copies of the documents incorporated by reference in this Base Prospectus may be inspected, free of charge, at the registered office of the Issuer.

Any non-incorporated parts of a document referred to herein are either deemed not relevant for an investor or are otherwise covered elsewhere in this Base Prospectus.

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. 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.

The terms and conditions applicable to any particular Tranche of Notes which is the subject of a Drawdown Prospectus will be the Conditions as 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.

TERMS AND CONDITIONS OF THE NOTES

The following is the text of the terms and conditions which, as completed by the relevant Final Terms, will be endorsed on each Note in definitive form issued under the Programme. In the case of any Tranche of Notes which are being (a) offered to the public in a Member State (other than pursuant to one or more of the exemptions set out in Article 3.2 of the Prospectus Directive) or (b) admitted to trading on a regulated market in a Member State, the relevant Final Terms shall not amend or replace any information in this Base Prospectus. Subject to this, to the extent permitted by applicable law and/or regulation, the Final Terms in respect of any Tranche of Notes may supplement, amend or replace any information in this Base Prospectus.

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.

1. **Introduction**

(a) *Programme*: Hemsö Fastighets AB (the "**Issuer**") has established a Euro Medium Term Note Programme (the "**Programme**") for the issuance of up to EUR 3,000,000,000 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 or supplemented, amended and/or replaced by the relevant Final Terms. In the event of any inconsistency between these Conditions and the relevant Final Terms, the relevant Final Terms shall prevail.

(c) *Agency Agreement*: The Notes are the subject of an issue and paying agency agreement dated 9 June 2017 (the "**Agency Agreement**") between the Issuer, Citibank N.A., London Branch as fiscal agent (the "**Fiscal Agent**", which expression includes any successor fiscal agent appointed from time to time in connection with the Notes), Citigroup Global Markets Deutschland AG 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 Fiscal Agent, the "**Paying Agents**", which expression includes any successor or additional paying agents appointed from time to time in connection with the Notes) and 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). In these Conditions references to the "**Agents**" are to the Paying Agents, the Registrar and the Transfer Agents and any reference to an "**Agent**" is to any one of them.

(d) *Deed of Covenant:* The Notes may be issued in bearer form ("**Bearer Notes**"), or in registered form ("**Registered Notes**"). Registered Notes are constituted by a deed of covenant dated 9 June 2017 (the "**Deed of Covenant**") entered into by the Issuer.

(e) *The 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 specified office of the Fiscal Agent.

(f) *Summaries*: Certain provisions of these Conditions are summaries of the Agency Agreement and the Deed of Covenant and are subject to their detailed provisions. Noteholders and the holders of the related interest coupons, if any, (the "**Couponholders**" and the "**Coupons**", respectively) are bound by, and are deemed to have notice of, all the provisions of the Agency Agreement and the Deed of Covenant applicable to them. Copies of the Agency Agreement and the Deed of Covenant 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:

"**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;

"**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 Fiscal 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;

"**Change of Control**" occurs when a person or persons, acting together, acquire (i) the beneficial ownership (directly or indirectly) of more than 50 per cent. of the total voting rights represented by shares of the Issuer, or (ii) have the power to appoint or remove the majority of the members of the board of directors of the Issuer;

"**Change of Control Event**" has the meaning ascribed to it in Condition 9(f) (*Redemption at the option of Noteholders upon Change of Control*);

"**Change of Control Notice**" has the meaning ascribed to it in Condition 9(f) (*Redemption at the option of Noteholders upon Change of Control*);

"**Change of Control Period**" means the period (i) commencing on the date that is the earlier of (A) the date of the first public announcement of the relevant Change of Control and (B) the date of the earliest Potential Change of Control Announcement (as defined below), if any, and (ii) ending on the date which is the 120th day after the date of the first public announcement of the relevant Change of Control (such 120th day, the "**Initial Longstop Date**"); provided that, unless any other Rating Agency has on or prior to the Initial Longstop Date effected a Rating Downgrade in respect of its rating of the Issuer, if a Rating Agency publicly announces, at any time during the period commencing on the date which is 60 days prior to the Initial Longstop Date and ending on the Initial Longstop Date, that it has placed its rating of the Issuer under consideration for rating review either entirely or partially as a result of the relevant public announcement of the Change of Control or Potential Change of Control Announcement, the Change of Control Period shall be extended to the date which falls 90 days after the date of such public announcement by such Rating Agency;

"**CIBOR**" means, in respect of Danish Kroner and for any specified period, 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 Danish Bankers' Association based on estimated interbank borrowing rates for Danish Kroner for a number of designated maturities which are provided by a panel of contributor banks (details of historic CIBOR rates can be obtained from the designated distributor);

"**Consolidated Total Assets**" means the value of the consolidated total assets of the Issuer and its Subsidiaries, as such amount appears, or would appear, on a consolidated balance sheet of the Issuer prepared in accordance with IFRS as shown in the most recent published audited annual, unaudited semi-annual or unaudited quarterly interim, as the case may be, consolidated financial statements of the Issuer;

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

"**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

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

where:

"$\mathbf{Y_1}$" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"$\mathbf{Y_2}$" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"$\mathbf{M_1}$" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"$\mathbf{M_2}$" is the calendar month, expressed as number, in which the day immediately following the last day included in the Calculation Period falls;

"$\mathbf{D_1}$" is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D_1 will be 30; and

"$\mathbf{D_2}$" 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 D_1 is greater than 29, in which case D_2 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:

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

where:

"$\mathbf{Y_1}$" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"$\mathbf{Y_2}$" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"$\mathbf{M_1}$" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"$\mathbf{M_2}$" is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"$\mathbf{D_1}$" is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D_1 will be 30; and

"$\mathbf{D_2}$" 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 D_2 will be 30; and

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:

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

where:

"**Y_1**" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"**Y_2**" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"**M_1**" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"**M_2**" is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"**D_1**" 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 D_1 will be 30; and

"**D_2**" 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 D_2 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;

"**DA Selected Bond**" means a government security or securities selected by the Determination Agent as having an actual or interpolated maturity comparable with the remaining term of the Notes that would be utilised, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities denominated in the same currency as the Notes and of a comparable maturity to the remaining term of the Notes;

"**Determination Agent**" means a financial adviser 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;

"**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) the 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 Agency Agreement;

"**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;

"**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;

"**Guarantee**" means, in relation to any Indebtedness of any Person, any obligation of another Person to pay such Indebtedness including (without limitation):

(a) any obligation to purchase such Indebtedness;

(b) any obligation to lend money, to purchase or subscribe shares or other securities or to purchase assets or services in order to provide funds for the payment of such Indebtedness;

(c) any indemnity against the consequences of a default in the payment of such Indebtedness; and

(d) any other agreement to be responsible for such Indebtedness;

"**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*);

"**IFRS**" means International Financial Reporting Standards, including International Accounting Standards and Interpretations, issued by the International Accounting Standards Board (as amended, supplemented or re-issued from time to time);

"**Indebtedness**" means any indebtedness of any Person for money borrowed or raised including (without limitation) any indebtedness for or in respect of:

(a) amounts raised by acceptance under any acceptance credit facility;

(b) amounts raised under any note purchase facility;

(c) the amount of any liability in respect of leases or hire purchase contracts which would, in accordance with applicable law and generally accepted accounting principles, be treated as finance or capital leases;

(d) the amount of any liability in respect of any purchase price for assets or services the payment of which is deferred for a period in excess of 60 days; and

(e) amounts raised under any other transaction (including, without limitation, any forward sale or purchase agreement) having the commercial effect of a borrowing;

"**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;

"**Investment Grade Rating Change**" means if any rating previously assigned to the Issuer by any Rating Agency is changed from an investment grade rating (being at least Baa3 by Moody's, BBB- by Fitch or BBB- by S&P) to a non-investment grade rating (being Ba1 or lower by Moody's, or BB+ or lower by Fitch or BB+ or lower by S&P);

"**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 historic LIBOR rates can be obtained from the designated distributor);

"**Make-Whole Redemption Amount**" means the amount calculated by the Determination Agent which is the greater of (i) 100 per cent. of the principal amount of the Notes to be redeemed and (ii) the sum of the then present values of each remaining scheduled payments of principal and interest on such Notes (not including any interest accrued on the Notes to, but excluding, the relevant Optional Redemption Date (Call)) discounted to the relevant Optional Redemption Date (Call) on an annual basis at the Make-Whole Redemption Rate plus the Make-Whole Redemption Margin, if any, specified in the applicable Final Terms;

"**Make-Whole Redemption Margin**" has the meaning given in the relevant Final Terms;

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

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

"**Material Subsidiary**" means, at any particular time, a Subsidiary of the Issuer whose total assets or pre-tax profits as shown in the most recent consolidated audited financial statements represent 5 per cent. or more of the consolidated total assets of the Issuer as calculated by reference to the most recent consolidated audited financial statements of the Issuer;

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

"**Maximum Redemption Amount**" 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 Services Ltd;

"**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 Thomson Reuters) 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 (Call)**" means, in respect of any Note, its principal amount, the Make-Whole Redemption Amount or such other amount as may be specified in the relevant Final Terms;

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

"**Optional Redemption Date (Put)**" 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 Refinancing Indebtedness**" means any Indebtedness of the Issuer or any of its Subsidiaries raised or issued in exchange for, or the net proceeds of which are used to renew, refund, refinance, replace, exchange or discharge other Indebtedness of the Issuer or any of its Subsidiaries (other than intercompany Indebtedness); provided that:

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

(ii) such Permitted Refinancing Indebtedness has a final maturity date, or may only be redeemed at the option of the Issuer, either (i) no earlier than the final maturity date of the Indebtedness being renewed, refunded, refinanced, replaced, exchanged or discharged or (ii) after the final maturity date of the Notes;

(iii) if the Indebtedness being renewed, refunded, refinanced, replaced or discharged is expressly, contractually subordinated in right of payment to the Notes, such Permitted Refinancing Indebtedness is subordinated in right of payment to the Notes; and

(iv) if the Issuer was the obligor on the Indebtedness being renewed, refunded, refinanced, replaced or discharged, such Permitted Refinancing Indebtedness is incurred by the Issuer;

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

"**Potential Change of Control Announcement**" means any public announcement or statement by the Issuer, any actual or potential bidder or any designated advisor thereto relating to any specific and near-term potential Change of Control (where "near-term" shall mean that such potential Change of Control is reasonably likely to occur, or is publicly stated by the Issuer, any such actual or potential bidder or any such designated advisor to be intended to occur, within 120 days of the date of such announcement of statement);

"**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 Communities 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;

"**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;

"**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;

"**Rating Agency**" means each of Fitch, Moody's and S&P;

"**Rating Downgrade**" shall be deemed to have occurred in respect of a Change of Control if within the Change of Control Period (i) the rating previously assigned to the Issuer by any Rating Agency (at the invitation or with the consent of the Issuer) is withdrawn and not subsequently reinstated within the Change of Control Period or (ii) the non-investment grade rating previously assigned to the Issuer by any Rating Agency (at the invitation or with the consent of the Issuer) is lowered one rating category (for example, from Ba1/BB+ to Ba2/BB or such similar lower or equivalent rating) and not subsequently upgraded within the Change of Control Period or (iii) an Investment Grade Rating Change occurs and is not subsequently reinstated within the Change of Control Period, *provided that* a Rating Downgrade otherwise arising by virtue of a particular change in rating shall be deemed not to have occurred in respect of a particular Change of Control if the Rating Agency making the change in rating to which this definition would otherwise apply does not publicly announce or publicly confirm that the withdrawal or reduction was the result of the applicable Change of Control;

"**Redemption Amount**" means, as appropriate, the Final Redemption Amount, the Early Redemption Amount (Tax), the Optional Redemption Amount (Call), 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;

"**Reference Banks**" has the meaning given in the relevant Final Terms or, if none, four major banks selected by the Calculation Agent, in consultation with the Issuer, in the market that is most closely connected with the Reference Rate;

"**Reference Bond**" shall be as specified in the relevant Final Terms or the DA Selected Bond;

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

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

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

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

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

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

"**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 Fiscal Agent 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 Indebtedness**" means any Indebtedness which is in the form of or represented by any bond, note, debenture, debenture stock, loan stock, certificate or other instrument which is, or is capable of being listed, quoted or traded on any stock exchange or in any securities market (including, without limitation, any over-the-counter market);

"**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;

"**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, to alter the method of calculating the amount of any payment in respect of the Notes or the date for any such payment, to change the currency of any payment under the Notes or to change the quorum requirements relating to meetings or the majority required to pass an Extraordinary Resolution;

"**S&P**" means Standard and Poor's Credit Market Services Europe Ltd.;

"**Secured Indebtedness**" means any Indebtedness secured in whole or in part by any assets of the Issuer or any of its Subsidiaries;

"**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 any specified currency and any specified period, the interest rate benchmark known as the Stockholm interbank offered rate which is calculated and published by a designated distributor (currently the Swedish Bankers' Association) in accordance with the requirements from time to time of the Swedish Bankers' Association (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 STIBOR rates can be obtained from the designated distributor);

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

(a) whose affairs and policies the first Person controls or has the power to control, whether by ownership of share capital, contract, the power to appoint or remove members of the governing body of the second Person or otherwise; or

(b) whose financial statements are, in accordance with applicable law and generally accepted accounting principles, consolidated with those of the first Person;

"**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;

"**Treaty**" means the Treaty of the Functioning of the European Union, as amended;

"**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 Agency Agreement;

(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 Agency Agreement shall be construed as a reference to the Agency Agreement 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, Talons 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 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 in respect of the Registered Notes.

(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. 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**

(a) *Status of the Notes*: The Notes constitute direct, general, unsubordinated and unconditional obligations of the Issuer which will at all times rank *pari passu* among themselves and at least *pari passu* with all other present and future unsecured obligations of the Issuer, save for such obligations as may be preferred by provisions of law that are both mandatory and of general application.

5. **Covenants**

(a) *Negative Pledge:* So long as any Note remains outstanding, the Issuer shall not, and the Issuer shall procure that none of its Subsidiaries will, create or permit to subsist any Security Interest upon the whole or any part of its present or future undertaking, assets or revenues (including uncalled capital) to secure any Relevant Indebtedness or Guarantee of Relevant Indebtedness without (a) at the same time or prior thereto securing the Notes equally and rateably therewith or (b) providing such other security for the Notes as may be approved by an Extraordinary Resolution of Noteholders.

(b) *Limitations on the Incurrence of Secured Indebtedness:* So long as any Note remains outstanding the Issuer will not, and will not permit any Subsidiary to incur directly or indirectly, any Secured Indebtedness or any Guarantee of any Secured Indebtedness (excluding for the purposes of this Condition 5(b) any Permitted Refinancing Indebtedness) if, on the date of such incurrence and after giving pro forma effect thereto (including pro forma application of the proceeds) the total value of Secured Indebtedness would exceed 40 per cent. of Consolidated Total Assets.

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*). 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 (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 Fiscal Agent 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.

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*). 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 (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 Fiscal Agent 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, in consultation with the Issuer, 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, the Calculation Agent will, in consultation with the Issuer:

(A) 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

(B) determine the arithmetic mean of such quotations; and

(v) if fewer than two such quotations are provided as requested, the Calculation Agent, in consultation with the Issuer, 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 Calculation Agent, 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,

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 (which will not be the Fiscal Agent for this purpose) 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) *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.

(f) *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.

(g) *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 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.

(h) *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 will (in the absence of manifest error) be binding on the Issuer, the Paying Agents, the Noteholders and the Couponholders and (subject as aforesaid) no liability to any such Person will attach to the Calculation Agent in connection with the exercise or non-exercise by it of its powers, duties and discretions for such purposes.

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 Fiscal Agent 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:* 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 Noteholders, or such other period(s) as may be specified in the relevant Final Terms, (which notice shall be irrevocable),

at their Early Redemption Amount (Tax), together with interest accrued (if any) to the date fixed for redemption, if:

(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 an agreement is reached to issue the first Tranche of the Notes; and

(B) such obligation cannot be avoided by the Issuer taking reasonable measures available to it,

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

(1) where the Notes may be redeemed at any time, 90 days (or such other period as may be specified in the relevant Final Terms) 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 (or such other period as may be specified in the relevant Final Terms) 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 paragraph, the Issuer shall deliver to the Fiscal Agent (A) a certificate signed by two directors of the Issuer stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred of and (B) an opinion of independent legal advisers of recognised standing to the effect that the Issuer has or will become obliged to pay such additional amounts as a result of such change or amendment. 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 Call Option is specified in the relevant Final Terms as being applicable, 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, 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 any relevant Optional Redemption Date (Call) at the relevant Optional Redemption Amount (Call) plus accrued interest (if any) to (but excluding) such Optional Redemption Date (Call)). Any such redemption must be of a nominal amount not less than any Minimum Redemption Amount and not more than any Maximum Redemption Amount, in each case as may be specified in the applicable Final Terms.

(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 as the Fiscal Agent approves and in such manner as the Fiscal Agent considers appropriate, 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*) (to be reflected in the records of Euroclear and Clearstream, Luxembourg as either a pool factor or a reduction in nominal amount, at their discretion) shall specify the serial numbers of the Notes so to be redeemed (which will be published by the Issuer in accordance with Condition 19 not less than 15 days prior to the date fixed for redemption), 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 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 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 all unmatured Coupons relating thereto and a duly completed Put Option Notice in the form obtainable from any Paying Agent. The Paying Agent with which a Note is so deposited shall deliver a duly completed Put Option Receipt to the depositing Noteholder. No Note, once deposited with a duly completed Put Option Notice in accordance with this Condition 9(e), 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 hold such Note at its Specified Office for collection by the depositing Noteholder against surrender of the relevant Put Option Receipt. For so long as any outstanding Note is held by a Paying Agent in accordance with this Condition 9(e), the depositor of such Note and not such Paying Agent shall be deemed to be the Holder of such Note for all purposes.

(f) *Redemption at the option of Noteholders upon Change of Control*. If a Change of Control Put Option is specified as applicable in the relevant Final Terms, then this Condition 9(f) (*Redemption at the option of Noteholders upon Change of Control*) will apply. If after the Issue Date (i) a Change of Control occurs; and (ii) within the Change of Control Period, a Rating Downgrade in respect of that Change of Control occurs (a "**Change of Control Event**") the Issuer shall, at the option of the holder of any Note, upon the holder of such Note giving notice to the Issuer as provided in this Condition 9(f) (*Redemption at the option of Noteholders upon Change of Control)* at any time during the Put Option Redemption Period, redeem such Note on the Put Option Redemption Date at 100 per cent. of its principal amount together (if applicable) with interest accrued and unpaid to (but excluding) the Put Option Redemption Date.

Immediately upon the Issuer becoming aware that a Change of Control Event has occurred, the Issuer shall give notice (a "**Change of Control Notice**") to the Noteholders in accordance with Condition 19 (*Notices*) specifying the nature of the Change of Control Event and the procedure for exercising the put option contained in this Condition 9(f) (*Redemption at the option of Noteholders upon Change of Control*).

To exercise the put option pursuant to this Condition 9(f) (*Redemption at the option of Noteholders upon Change of Control*), a holder must deposit the certificate representing the Note(s) to be redeemed with the Registrar or any Paying and Transfer Agent at its specified office, together with a duly completed option exercise notice ("**Exercise Notice**") in the form obtainable from any Paying and Transfer Agent or the Registrar within the Put Option Redemption Period. An Exercise Notice, once given, shall be irrevocable.

If 80 per cent. or more in principal amount of the Notes then outstanding has been redeemed pursuant to this Condition 9(f) (*Redemption at the option of Noteholders upon Change of Control*), the Issuer may, on not less than 30 or more than 60 days' notice to the Noteholders given within 30 days after the Put Option Redemption Date, redeem, at its option, the remaining Notes at 100 per cent. of their principal amount, together with interest accrued and unpaid to (but excluding) the date of such redemption. Such notice to the Noteholders shall specify the date fixed for redemption, the redemption price and the manner in which redemption will be effected.

For the purpose of Condition 9(f) (*Redemption at the option of Noteholders upon Change of Control)*:

(1) "**Put Option Redemption Date**" means, in respect of any Note, the date which falls 14 days after the date on which the relevant holder exercises its option in accordance with Condition 9(f) (Redemption at the option of Noteholders upon Change of Control);

(2) "**Put Option Redemption Period**" means the period from and including the date on which a Change of Control Event occurs (whether or not the Issuer has given a Change of Control Notice (as applicable) in respect of such event) to and including the date falling 45 days after the date on which such Change of Control Notice is delivered to the Noteholders, provided that if no Change of Control Notice (as applicable) is given, the Put Option Redemption Period shall not terminate.

(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 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. Such Notes may be held, reissued, resold or, at the option of the Issuer or the relevant Subsidiary surrendered to the Fiscal Agent for cancellation.

(j) *Cancellation:* All Notes so redeemed or purchased or surrendered for cancellation 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 (h) 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 Notes are subject in all cases to (i) any applicable fiscal or other laws and regulations in the place of payment, but without prejudice to the

provisions of Condition 12 (*Taxation*) and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the US Internal Revenue Code of 1986, as amended (the "**Code**") or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof, or (without prejudice to the provisions of Condition 12 (*Taxation*)) any law implementing an intergovernmental approach thereto.

(e) *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.

(f) *Unmatured Coupons void*: If the relevant Final Terms specifies that this Condition 10(f) 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(e) (*Redemption at the option of Noteholders*), Condition 9(c) (*Redemption at the option of the Issuer*) 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.

(g) *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.

(h) *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).

(i) *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.

(j) *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 Fiscal 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 Fiscal 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 Fiscal 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 (i) any applicable fiscal or other laws and regulations in the place of payment, but without prejudice to the provisions of Condition 12 (*Taxation*) and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the Code or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof, or (without prejudice to the provisions of Condition 12 (*Taxation*)) any law implementing an intergovernmental approach thereto.

(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 close 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 political subdivision therein 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) presented for payment in the Kingdom of Sweden;

(ii) 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 by which such taxes, duties, assessments or charges have been imposed, levied, collected, withheld or assessed other than the mere holding of the Note or Coupon; or

(iii) to, or to a third party on behalf of, a Holder who could lawfully avoid (but has not so avoided) such withholding or deduction by (i) complying (or procuring that any third party complies with) any statutory requirements, (ii) providing (or procuring that any third party provides any certification or documentation or makes a claim under the laws or regulations of a taxing jurisdiction or an applicable tax treaty which are required to eliminate or reduce such withholding or deduction, or (iii) making (or procuring that any third party makes) a declaration of non-residence or other similar claim for exemption to the relevant tax authority in the place where the relevant Note (or the Note Certificate representing it) or Coupon is presented for payment;

(iv) 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 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.

(b) *Taxing jurisdiction:* means the Kingdom of Sweden or any political subdivision or any authority thereof or therein having the power to tax or any other jurisdiction or political subdivision or any authority thereof or therein having power to tax to which payments made by the Issuer of principal or interest on the Notes or Coupons become generally subject to tax and references in these Conditions to the Kingdom of Sweden shall be construed as references to the Kingdom of Sweden and/or such other jurisdiction.

(c) *FATCA*: Notwithstanding any other provision of these Conditions, in no event will the Issuer be required to pay any additional amounts in respect of the Notes for, or on account of, any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the Code or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, or any official interpretations thereof.

13. **Events of Default**

If any of the following events occurs and is continuing:

(a) *Non-payment:* the Issuer fails to pay any amount of principal or interest in respect of the Notes within seven days of the due date for payment thereof; or

(b) *Breach of other obligations:* the Issuer defaults in the performance or observance of any of its other obligations under or in respect of the Notes and such default remains unremedied for 45 days after written notice thereof, addressed to the Issuer by any Noteholder, has been delivered to the Issuer or to the Specified Office of the Fiscal Agent; or

(c) *Cross-default of Issuer or Material Subsidiary*:

(i) any Indebtedness of the Issuer or any of its Material Subsidiaries is not paid when due (within any originally applicable grace period);

(ii) any Indebtedness of the Issuer or any of its Material Subsidiaries becomes due and payable prior to its stated maturity otherwise than at the option of the Issuer, the relevant Material Subsidiary or (**provided that** no event of default, howsoever described, has occurred) any Person entitled to such Indebtedness; or

(iii) the Issuer, or any of its Material Subsidiaries fails to pay when due (within any originally applicable grace period) any amount payable by it under any Guarantee of any Indebtedness;

provided that the amount of Indebtedness referred to in sub-paragraph (i) and/or sub-paragraph (ii) above and/or the amount payable under any Guarantee referred to in sub-paragraph (iii) above individually or in the aggregate exceeds EUR 20,000,000 (or its equivalent in any other currency or currencies); or

(d) *Unsatisfied judgment*: one or more judgment(s) or order(s) by a court of competent jurisdiction from which there is no right of appeal for the payment is rendered against the Issuer or any of its Material Subsidiaries and continue(s) unsatisfied and unstayed for a period of 45 days after the date(s) thereof or, if later, the date therein specified for payment, of any amount/an aggregate amount in excess of EUR 20,000,000 (or its equivalent in any other currency or currencies); or

(e) *Security enforced:* a secured party takes possession, or a receiver, manager or other similar officer is appointed, of the whole or any substantial part of the undertaking, assets and revenues of the Issuer or any of their respective Subsidiaries; or

(f) *Insolvency etc.:* (i) the Issuer or any of its Material Subsidiaries becomes insolvent or is unable to pay its debts as they fall due, (ii) an administrator or liquidator is appointed (or application for any such appointment is made) in respect of the Issuer or any of its Material Subsidiaries or the whole or any part of the undertaking, assets and revenues of the Issuer or any of its Material Subsidiaries, (iii) the Issuer or any of its Material Subsidiaries takes any action for a readjustment or deferment of any of its obligations or makes a general assignment or an arrangement or composition with or for the benefit of its creditors or declares a moratorium in respect of any of its Indebtedness or any Guarantee of any Indebtedness given by it or (iv) the Issuer, or any of its Material Subsidiaries ceases or threatens to cease to carry on all or substantially all of its business; or

(g) *Winding up etc.:* an order is made or an effective resolution is passed for the winding up, liquidation or dissolution of the Issuer or the insolvent or involuntary winding up, liquidation or dissolution of any of its Material Subsidiaries; or

(h) *Analogous event:* any event occurs which under the laws of the Kingdom of Sweden has an analogous effect to any of the events referred to in paragraphs (d) to (g) above; or

(i) *Unlawfulness:* it is or will become unlawful for the Issuer to perform or comply with any of its obligations under or in respect of the Notes,

then any Note may, by written notice addressed by the Holder thereof to the Issuer and delivered to the Issuer or to the Specified Office of the Fiscal Agent, be declared immediately due and payable, whereupon it shall become immediately due and payable at its Early Termination Amount together with accrued interest (if any) without further action or formality.

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 Fiscal 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. **Agents**

In acting under the Agency Agreement and in connection with the Notes and the Coupons, the Agents act solely as agents of the Issuer 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 at any time to vary or terminate the appointment of any Agent and to appoint a successor fiscal agent or registrar or Calculation Agent and additional or successor paying agents; **provided, however, that***:*

(a) the Issuer shall at all times maintain a fiscal agent and a registrar; and

(b) if a Calculation Agent is specified in the relevant Final Terms, the Issuer shall at all times maintain a Calculation Agent; and

(c) 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 in their Specified Offices shall promptly be given to the Noteholders.

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

(a) *Meetings of Noteholders*: The Agency Agreement 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 and shall be convened by it upon the request in writing of Noteholders holding not less than one-tenth 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 one more than half 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 three-quarters or, at any adjourned meeting, one quarter 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 all Noteholders who for the time being are entitled to receive notice of a meeting of Noteholders 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.

(b) *Modification:* The Notes, these Conditions and the Deed of Covenant may be amended without the consent of the Noteholders or the Couponholders to correct a manifest error. In addition, the parties to the Agency Agreement may agree to modify any provision thereof, but the Issuer shall not agree, without the consent of the Noteholders, to any such modification unless it is of a formal, minor or technical nature, it is made to correct a manifest error or it is, in the opinion of such parties, not materially prejudicial to the interests of the Noteholders.

18. **Further Issues**

The Issuer may from time to time, without the consent of the Noteholders or the Couponholders, 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.

19. **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. 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 publication 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.

20. **Currency Indemnity**

If any sum due from the Issuer in respect of the Notes or the Coupons or any order or judgment given or made in relation thereto has to be converted from the currency (the "**first currency**") in which the same is payable under these Conditions or such order or judgment into another currency (the "**second currency**") for the purpose of (a) making or filing a claim or proof against the Issuer, (b) obtaining an order or judgment in any court or other tribunal or (c) enforcing any order or judgment given or made in relation to the Notes, the Issuer shall indemnify each Noteholder, on the written demand of such Noteholder addressed to the Issuer and delivered to the Issuer or to the Specified Office of the Fiscal Agent, against any loss suffered as a result of any discrepancy between (i) the rate of exchange used for such purpose to convert the sum in question from the first currency into the second currency and (ii) the rate or rates of exchange at which such Noteholder may in the ordinary course of business purchase the first currency with the second currency upon receipt of a sum paid to it in satisfaction, in whole or in part, of any such order, judgment, claim or proof.

This indemnity constitutes a separate and independent obligation of the Issuer and shall give rise to a separate and independent cause of action.

21. **Rounding**

(a) 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 and any non-contractual obligations arising out of or in connection with the Notes are governed by, and construed in accordance with, English law.

(b) *English courts*: The courts of England have exclusive jurisdiction to settle any dispute (a "**Dispute**") arising out of or in connection with the Notes (including any non-contractual obligation arising out of or in connection with the Notes).

(c) *Appropriate forum*: The Issuer agrees that the courts of England are the most appropriate and convenient courts to settle any Dispute and, accordingly, that it will not argue to the contrary.

(d) *Rights of the Noteholders to take proceedings outside England*: Notwithstanding Condition 22(b) (*English courts*), any Noteholder may take proceedings relating to a Dispute ("**Proceedings**") in any other courts with jurisdiction. To the extent allowed by law, Noteholders may take concurrent Proceedings in any number of jurisdictions.

(e) *Service of process*: The Issuer agrees that the documents which start any Proceedings and any other documents required to be served in relation to those Proceedings may be served on it by being delivered to The Swedish Trade & Invest Council at 5 Upper Montagu Street, London W1H 2AG, or to such other person with an address in England or Wales and/or at such other address in England or Wales as the Issuer may specify by notice in writing to the Noteholders. Nothing in this paragraph shall affect the right of any Noteholder to serve process in any other manner permitted by law. This Condition applies to Proceedings in England and to Proceedings elsewhere.

FORM OF FINAL TERMS

[**IMPORTANT – 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**"); (ii) a customer within the meaning of the Insurance Mediation Directive (Directive 2002/92/EC (as amended)), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in Prospectus Directive 2003/71/EC (as amended). Consequently no key information document required by Regulation (EU) No 1286/2014 (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. [Consider any negative target market]. Any person subsequently offering, selling or recommending the Notes (a "**distributor**") should take into consideration the manufacturer['s/s'] target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturer['s/s'] target market assessment) and determining appropriate distribution channels.]

Final Terms dated [•]

HEMSÖ FASTIGHETS AB

Legal entity identifier (LEI): 549300VOTS5OZ82UTG69

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

under the EUR 3,000,000,000 Euro Medium Term Note Programme

PART A – CONTRACTUAL TERMS

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the "**Conditions**") set forth in the Base Prospectus dated 20 April 2018 [and the supplemental Base Prospectus dated [•]] which [together] constitute[s] a base prospectus (the "**Base Prospectus**") for the purposes of the Prospectus Directive. This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with the Base Prospectus. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Base Prospectus. The Base Prospectus has been published on the websites of the Irish Stock Exchange plc trading as Euronext Dublin (www.ise.ie) and the Issuer (www.hemso.se).

[*The following alternative language applies if the first tranche of an issue which is being increased was issued under a Base Prospectus with an earlier date.*]

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 [[26 August 2016]/[9 June 2017]] [and the supplement to it dated [●]] which are incorporated by reference in the Base Prospectus dated 20 April 2018. This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with the Base Prospectus dated 20 April 2018 [and the supplement[s] to it dated [●] [and [●]] which [together] constitute[s] a base prospectus for the purposes of the Prospectus Directive (the "**Base Prospectus**"), including the Conditions incorporated by reference in the Base Prospectus. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Base Prospectus. The Base Prospectus has been published on the websites of the Irish Stock Exchange plc trading as Euronext Dublin (www.ise.ie) and the Issuer (www.hemso.se).

[*Include whichever of the following apply or specify as "Not Applicable" (N/A). Note that the numbering should remain as set out below, even if "Not Applicable" is indicated for individual paragraphs (in which case the sub-*

paragraphs of the paragraphs which are not applicable can be deleted). Italics denote guidance for completing the Final Terms.]

1.	Issuer:		Hemsö Fastighets AB
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 22 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:	[•] (*NB – Notes must have a minimum denomination of EUR100,000 (or equivalent)*) (*If a Global Note is exchangeable for Definitive Notes at the option of the Noteholders, the Notes shall be tradeable only in principal amounts of at least the Specified Denomination and integral multiples thereof*)
	(ii)	Calculation Amount:	[•]
7.	(i)	Issue Date:	[•]
	(ii)	Interest Commencement Date:	[[•]/Issue Date/Not Applicable]
8.	Maturity Date:		[•]
9.	Interest Basis:		[[•] per cent. Fixed Rate] [•] [CIBOR/EURIBOR/LIBOR/NIBOR/STIBOR] +/– [•] per cent. Floating Rate] [Zero Coupon] (see paragraph [14]/[15]/[16] below)
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		[Applicable/Not Applicable]

	Redemption/Payment Basis:		
12.	Put/Call Options:		[Issuer Call] [Investor Put] [Change of Control Put Option] [(further particulars specified in paragraphs [17]/[18] and [19] below]
13.	[(i)]	Status of the Notes:	[Senior]
	[(ii)]	[Date [Board] approval for issuance of Notes obtained]:	[•]

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

14.	**Fixed Rate Note Provisions**		[Applicable [from [•] to [•]]/Not Applicable] *(If not applicable, delete the remaining sub-paragraphs 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 up to and including the [Maturity Date / [•]]
	(iii)	Fixed Coupon Amount[(s)]:	[•] per Calculation Amount
	(iv)	Broken Amount(s):	[•] per Calculation Amount, payable on the Interest Payment Date falling [in/on] [•]
	(v)	Day Count Fraction:	[30/360 / Actual/Actual (ICMA/ISDA)]
	(vi)	Determination Date	[•]
15.	**Floating Rate Note Provisions**		[Applicable [from [•] to [•]]/Not Applicable] *If not applicable, delete the remaining sub-paragraphs of this paragraph)*
	(i)	Specified Period:	[•] [, subject to adjustment in accordance with the Business Day Convention set out in (iv) below/not subject to any adjustment, or the Business Day Convention in (iv) below is specified to be Not Applicable]
	(ii)	Specified Interest Payment Dates:	[•] [, subject to adjustment in accordance with the Business Day Convention set out in (iv) below/not subject to any adjustment, or the Business Day Convention in (iv) below is specified to be Not Applicable]
	(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 / No Adjustment] [Not Applicable]

	(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 [Fiscal Agent]):	[•]
	(viii)	Screen Rate Determination:	[•]
		• Reference Rate:	[•] [CIBOR/EURIBOR/LIBOR/NIBOR/STIBOR]
		• Interest Determination Date(s):	[•]
		• Relevant Screen Page:	[•]
		• Relevant Time:	[•]
		• Relevant Financial Centre:	[•]
	(ix)	ISDA Determination:	[•]
		• Floating Rate Option:	[•]
		• Designated Maturity:	[•]
		• Reset Date:	[•]
	(x)	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*)
	(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/365 (Fixed)] / [Actual/360] / [30/360] / [30E/360] / [Eurobond Basis] / [30E/360 (ISDA)] / [•]
16.	**Zero Coupon Note Provisions**		[Applicable/Not Applicable] *(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
	(i)	Accrual Yield:	[•] per cent. per annum
	(ii)	Reference Price:	[•]
	(iii)	Day Count Fraction in relation to early Redemption Amounts:	[30/360 / Actual/Actual (ICMA/ISDA]

PROVISIONS RELATING TO REDEMPTION

17.	**Call Option**	[Applicable/Not Applicable]

			(If not applicable, delete the remaining sub-paragraphs of this paragraph)
	(i)	Optional Redemption Date(s):	[•]
	(ii)	Optional Redemption Amount(s) (Call) of each Note:	[[•] per Calculation Amount / Make-Whole Redemption Amount] [in the case of the Optional Redemption Date(s) falling [on [•]]/[in the period from and including [*insert date 3 months prior to maturity*]/[*other date*] to but excluding [*date*]] [and [[•] per Calculation Amount/Make-Whole Redemption Amount] [in the case of the Optional Redemption Date(s) falling [on [•]/in the period from and including [*date*] to but excluding [*date*]]
		[(a) Reference Bond:	[DA Selected Bond] / [*Insert applicable Reference Bond*]
		[(b) Quotation Time:	[•]
		[(c) Make-Whole Redemption Margin:	[•] per cent.
	(iii)	Redeemable in part:	[Applicable/Not Applicable/[*provide details*]]
		(a) Minimum Redemption Amount:	[•] per Calculation Amount
		(b) Maximum Redemption Amount	[•] per Calculation Amount
	(iv)	Notice period:	[•]
18.	**Put Option**		[Applicable/Not Applicable]
	(i)	Redemption at the option of the Noteholder (Condition 9(e)):	[Applicable/Not Applicable]
	(ii)	Optional Redemption Date(s) (Call):	[•]
	(iii)	Optional Redemption Amount(s) of each Note (Call):	[•] per Calculation Amount
	(iv)	Notice period:	[•]
19.	**Change of Control Put Option**		[Applicable/Not Applicable]
20.	**Early Termination Amount**		[[•]/[Par] per Calculation Amount/Not Applicable]
	Early Termination Amount(s) per Calculation Amount payable on redemption on event of default or other early redemption:		
21.	**Final Redemption Amount of each Note**		[•] /[Par] per Calculation Amount
22.	**Early Redemption Amount**		[[•] /[Par] per Calculation Amount/Not Applicable]
	Early Redemption Amount(s) per Calculation Amount payable on redemption on event of default or other		

	early redemption:	
23.	**Early Redemption Amount (Tax)**	[[•] /[Par] per Calculation Amount/Not Applicable]
	Early Redemption Amount(s) per Calculation Amount payable on redemption for taxation reasons:	

GENERAL PROVISIONS APPLICABLE TO THE NOTES

24.	**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 described in the Global Registered Note [and Global Registered Note [(U.S.$/Euro [•] nominal amount)] registered in the name of a nominee for [a common depositary for Euroclear and Clearstream, Luxembourg/a common safekeeper for Euroclear and Clearstream, Luxembourg (that is, held under the New Safekeeping Structure (NSS)). (*The exchange upon notice/at any time options should not be expressed to be applicable if the Specified Denomination of the Notes includes language substantially to the following effect: "€100,000 and integral multiples of €1,000 in excess thereof up to and including €199,000".* *Furthermore, such Specified Denomination construction should not be used in relation to any issuance of Notes which is to be represented on issue by a Permanent Bearer Global Note exchangeable for Definitive Notes.*)
25.	New Global Note:	[Yes] [No]
26.	Additional Financial Centre(s):	[Not Applicable/*give details. Note that this paragraph relates to the date of payment, and not the end dates of interest periods for the purposes of calculating the amount of interest end dates, to*

		which sub paragraph 15(v) relates]
27.	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.]

Signed on behalf of Hemsö Fastighets AB:

By: .....
Duly authorised

PART B – OTHER INFORMATION

1. **LISTING AND ADMISSION TO TRADING**

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

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]/[the Notes to be issued will be unrated]:

[[Standard & Poor's Credit Market Services Europe Ltd.]/[•]: [•]]

[Standard & Poor's Credit Market Services Europe Ltd.]/[•]: [•] is established in the EEA and registered under Regulation (EC) No. 1060/2009, as amended / [•] is not established in the EEA but the rating it has given to the Notes is endorsed by [•], which is established in the EEA and registered under Regulation (EC) No. 1060/2009, as amended / [•] is not established in the EEA but is certified under Regulation (EC) No. 1060/2009, as amended / [•].

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

[Save for the fees [of [•]] 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 affiliates in the ordinary course of business. (*Amend as appropriate if there are other interests*)]

4. **REASONS FOR THE OFFER, ESTIMATED PROCEEDS AND TOTAL EXPENSES**

[(i)	Reasons for the offer	[•] / [*The Issuer intends to apply the net proceeds from this offer of Notes specifically for projects or activities that promote climate-friendly and/or other environmental purposes / other "Sustainable Bond" description*] *(See ["Use of Proceeds"] wording in Base Prospectus – if reasons for offer different will need to include those reasons here.)]*
[(ii)]	Estimated proceeds:	[•] *(If proceeds are intended for more than one use will need to split out and present in order of priority. If proceeds insufficient to fund all proposed uses state amount and sources of other funding.)*

	[(iii)] Estimated total expenses:	[•] [*Include breakdown of expenses*]

5. **[*Fixed Rate Notes only* – YIELD**

Indication of yield:	[•] [*The yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield.*]

6. **OPERATIONAL INFORMATION**

ISIN:	[•]
Common Code:	[•]
FISN:	[[•]/Not Applicable]
CFI Code:	[[•]/Not Applicable]
Any clearing system(s) other than Euroclear or Clearstream, Luxembourg	[Not Applicable/[•]]
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 which are held under the NSS*] and does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.]/ [No. Whilst the designation is specified as "no" at the date of these Final Terms, should the Eurosystem eligibility criteria be amended in the future such that the Notes are capable of meeting them the Notes may then be deposited with one of the ICSDs as common safekeeper [[and registered in the name of a nominee of one of the ICSDs acting as common safekeeper,][*include this text for registered notes*]]. Note that this does not necessarily mean that the Notes will then be recognised as eligible collateral for Eurosystem monetary policy and intra day credit operations by the Eurosystem at any time during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria

have been met.]

7. **DISTRIBUTION**

(i)	Method of Distribution:		[Syndicated/Non-syndicated]
(ii)	If syndicated:		
	(A)	Names of Dealers	[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 [1/2]; (*In the case of Bearer Notes*) TEFRA C/TEFRA D/TEFRA Not Applicable]
(v)	Prohibition of Sales to EEA Retail Investors:		[Applicable/Not Applicable] *(If the Notes clearly do not constitute "packaged" products, "Not Applicable" should be specified. If the Notes may constitute "packaged" products and no key information document will be prepared, "Applicable" should be specified.*)

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 depositary or a common depositary 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 (the "**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.

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

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) (or any successor U.S. Treasury Regulation section including, without limitation, regulations issued in accordance with U.S. Internal Revenue Service Notice 2012-20 or otherwise in connection with the U.S. Hiring Incentives to Restore Employment Act of 2010) (the "**TEFRA C Rules**") or United States Treasury Regulation §1.163-5(c)(2)(i)(D) (or any successor U.S. Treasury Regulation section including, without limitation, regulations issued in accordance with U.S. Internal Revenue Service Notice 2012-20 or otherwise in connection with the U.S. Hiring Incentives to Restore Employment Act of 2010) (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 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 Fiscal Agent; and

(ii) receipt by the Fiscal Agent of a certificate or certificates of non-U.S. beneficial ownership.

The principal amount of Notes represented by the Permanent Global Note shall be equal to the aggregate of the principal amounts specified in the certificates of non-U.S. beneficial ownership *provided, however*, that in no circumstances shall the principal amount of Notes represented by the Permanent Global Note exceed the initial principal amount of Notes represented by the Temporary Global Note.

If:

(a) the Permanent Global Note has not been delivered or the principal amount thereof increased by 5.00 p.m. (London time) on the seventh day after the bearer of the Temporary Global Note has requested exchange of an interest in the Temporary Global Note for an interest in a Permanent Global Note; or

(b) the Temporary Global Note (or any part thereof) has become due and payable in accordance with the Terms and Conditions of the Notes or the date for final redemption of the Temporary Global Note has occurred and, in either case, payment in full of the amount of principal falling due with all accrued interest thereon has not been made to the bearer of the Temporary Global Note in accordance with the terms of the Temporary Global Note on the due date for payment,

then the Temporary Global Note (including the obligation to deliver a Permanent Global Note) will become void at 5.00 p.m. (London time) on such seventh day (in the case of (a) above) or at 5.00 p.m. (London time) on such due date (in the case of (b) above) and the bearer of the Temporary Global Note will have no further rights thereunder (but without prejudice to the rights which the bearer of the Temporary Global Note or others may have under the Deed of Covenant).

The Permanent Global Note will become exchangeable, in whole but not in part only and at the request of the bearer of the Permanent Global Note, for Bearer Notes in definitive form ("**Definitive Notes**"):

(a) on the expiry of such period of notice as may be specified in the Final Terms; or

(b) at any time, if so specified in the Final Terms; or

(c) if the Final Terms specifies "in the limited circumstances described in the Permanent Global 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 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 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 Fiscal Agent within 30 days of the bearer requesting such exchange.

If:

(a) Definitive Notes have not been duly delivered by 5.00 p.m. (London time) on the thirtieth day after the bearer has requested exchange of the Permanent Global Note for Definitive Notes; or

(b) the Permanent Global Note was originally issued in exchange for part only of a Temporary Global Note representing the Notes and such Temporary Global Note becomes void in accordance with its terms; or

(c) the Permanent Global Note (or any part thereof) has become due and payable in accordance with the Terms and Conditions of the Notes or the date for final redemption of the Permanent Global Note has occurred and, in either case, payment in full of the amount of principal falling due with all accrued interest thereon has not been made to the bearer in accordance with the terms of the Permanent Global Note on the due date for payment,

then the Permanent Global Note (including the obligation to deliver Definitive Notes) will become void at 5.00 p.m. (London time) on such thirtieth day (in the case of (a) above) or at 5.00 p.m. (London time) on the date on which such Temporary Global Note becomes void (in the case of (b) above) or at 5.00 p.m. (London time) on such due date ((c) above) and the bearer of the Permanent Global Note will have no further rights thereunder (but without prejudice to the rights which the bearer of the Permanent Global Note or others may have under the Deed of Covenant).

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 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 Fiscal Agent within 30 days of the bearer requesting such exchange.

If:

(a) Definitive Notes have not been duly delivered by 5.00 p.m. (London time) on the thirtieth day after the bearer has requested exchange of the Temporary Global Note for Definitive Notes; or

(b) the Temporary Global Note (or any part thereof) has become due and payable in accordance with the Terms and Conditions of the Notes or the date for final redemption of the Temporary Global Note has occurred and, in either case, payment in full of the amount of principal falling due with all accrued interest thereon has not been made to the bearer in accordance with the terms of the Temporary Global Note on the due date for payment,

then the Temporary Global Note (including the obligation to deliver Definitive Notes) will become void at 5.00 p.m. (London time) on such thirtieth day (in the case of (a) above) or at 5.00 p.m. (London time) on such due date (in the case of (b) above) and the bearer of the Temporary Global Note will have no further rights thereunder (but without prejudice to the rights which the bearer of the Temporary Global Note or others may have under the Deed of Covenant).

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:

(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 Permanent Global 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 12 (*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 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 Fiscal Agent within 30 days of the bearer requesting such exchange.

If:

(a) Definitive Notes have not been duly delivered by 5.00 p.m. (London time) on the thirtieth day after the bearer has requested exchange of the Permanent Global Note for Definitive Notes; or

(b) the Permanent Global Note (or any part thereof) has become due and payable in accordance with the Terms and Conditions of the Notes or the date for final redemption of the Permanent Global Note has occurred and, in either case, payment in full of the amount of principal falling due with all accrued interest thereon has not been made to the bearer in accordance with the terms of the Permanent Global Note on the due date for payment,

then the Permanent Global Note (including the obligation to deliver Definitive Notes) will become void at 5.00 p.m. (London time) on such thirtieth day (in the case of (a) above) or at 5.00 p.m. (London time) on such due date ((b) above) and the bearer of the Permanent Global Note will have no further rights thereunder (but without prejudice to the rights which the bearer of the Permanent Global Note or others may have under the Deed of Covenant).

Rights under Deed of Covenant

Under the Deed of Covenant, 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 Temporary Global Note or a Permanent Global Note which becomes void will acquire directly against the Issuer all those rights to which they would have been entitled if, immediately before the Temporary Global Note or Permanent Global Note became void, they had been the holders of Definitive Notes in an aggregate principal amount equal to the principal amount of Notes they were shown as holding in the records of Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system.

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 complete 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 (other than Temporary Global Notes) 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 OF 1986, AS AMENDED."

Registered Notes

Each Tranche of Registered Notes will be in the form of 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 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 new safekeeping structure ("**New Safekeeping Structure**" or "**NSS**"), registered in the name of a common depositary (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 depositary and will be exchangeable in accordance with its terms; or (b) in the case of a Note to be held under the New Safekeeping Structure, 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 "Individual Note Certificates", then the Notes will at all times be in the form of Individual Note Certificates issued to each Noteholder in respect of their respective holdings.

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 Agency Agreement and the regulations concerning the transfer and registration of Notes scheduled thereto and, in particular, shall be effected without charge to any holder, 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.

If:

(a) Individual Note Certificates have not been delivered by 5.00 p.m. (London time) on the thirtieth day after they are due to be issued and delivered in accordance with the terms of the Global Registered Note; or

(b) any of the Notes represented by a Global Registered Note (or any part of it) has become due and payable in accordance with the Terms and Conditions of the Notes or the date for final redemption of the Notes has occurred and, in either case, payment in full of the amount of principal falling due with all accrued interest thereon has not been made to the holder of the Global Registered Note in accordance with the terms of the Global Registered Note on the due date for payment,

then the Global Registered Note (including the obligation to deliver Individual Note Certificates) will become void at 5.00 p.m. (London time) on such thirtieth day (in the case of (a) above) or at 5.00 p.m. (London time) on such due date (in the case of (b) above) and the holder of the Global Registered Note will have no further rights thereunder (but without prejudice to the rights which the holder of the Global Registered Note or others may have under the Deed of Covenant. Under the Deed of Covenant, 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 Registered Note will acquire directly against the Issuer all those rights to which they would have been entitled if, immediately before the Global Registered Note became void, they had been the holders of Individual Note Certificates in an aggregate principal amount equal to the principal amount of Notes they were shown as holding in the records of Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system.

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 depositary or a common depositary or a common safekeeper for Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system, will be that depositary or common depositary or common safekeeper or a nominee for that depositary or 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 such 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 which will be appended to the back of the relevant Global Note:

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 Holder 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*) the bearer of the 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 Fiscal 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 Clearstream, Luxembourg (to be reflected in the records of Euroclear and Clearstream, Luxembourg as either a pool factor or a reduction in principal amount, at their discretion).

In the case of a partial redemption of Notes, the Notes to be redeemed ("**Redeemed Notes**") will be selected individually by lot, in the case of Redeemed Notes represented by definitive Notes, and in accordance with the rules of Euroclear and/or Clearstream, Luxembourg, (to be reflected in the records of Euroclear and Clearstream, Luxembourg as either a pool factor or a reduction in nominal amount, at their discretion) in the case of Redeemed Notes represented by a Global Note, not more than 30 days prior to the date fixed for redemption (such date of selection being hereinafter called the "**Selection Date**"). No exchange of the relevant Global Note will be permitted during the period from (and including) the Selection Date to (and including) the date fixed for redemption pursuant to this Condition 9(c) and notice to that effect shall be given by the Issuer to the Noteholders in accordance with Condition 19 at least five days prior to the Selection Date.

Notices: Notwithstanding Condition 19 (*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 depositary or a common depositary 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 19 (*Notices*) on the date of delivery to Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system.

USE OF PROCEEDS

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

In particular, if so specified in the applicable Final Terms, the Issuer intends to apply the net proceeds from an offer of Notes specifically for Sustainable Projects. Such Notes may also be referred to as "**Sustainable Bonds**".

DESCRIPTION OF THE ISSUER

HEMSÖ FASTIGHETS AB

General

Hemsö Fastighets AB (**Hemsö** or the **Company**, and together with its subsidiaries (including 50 per cent. owned joint ventures) taken as a whole from time to time, the **Group**) is incorporated as a limited liability company under the Swedish Companies Act sustainably owns, manages and develops properties for public use within the nursing home, education, healthcare and legal sectors. Its primary strategy is to have a presence in growth regions in which there is strong long-term demand for properties for public use and to engage in effective and sustainable management. Hemsö was one of the first private owners to focus on properties for public use in Sweden and, over the course of 15 years, has strengthened its position as market leader by developing its existing portfolio and through acquisitions and project development. As a result of strategic acquisitions and divestments, efficient property management and an established project development organisation, today Hemsö is Sweden's leading private owner of properties for public use[1]. In addition, Hemsö has established operations in Finland and Germany.

78 per cent. of Hemsö's portfolio is located in Sweden, 12 per cent. in Germany and 10 per cent. in Finland. As at 31 December 2017, Hemsö managed a portfolio valued at SEK 38.9 (compared to SEK 33.6 as at 31 December 2016) billion with a lettable area of 1,636,000 m^2 (compared with 1,638,000 m^2 as at 31 December 2016). 59 (compared to 60 as at 31 December 2016) per cent. of rental income is derived from public sector tenants such as the Government, municipalities, and county councils. The remainder is derived predominantly from private tenants who conduct publicly funded activities.

The following table is a summary of the consolidated statement of comprehensive income and balance sheet of the Group for the year ending and as at 31 December 2016 and 31 December 2017 (on an audited basis):

Consolidated statement of comprehensive income in summary

Amounts in SEK million	**For the year ended 31 December 2017**	**For the year ended 31 December 2016**
Rental income	2,363	2,189
Other income	12	15
Operating expenses	-383	-378
Repairs and maintenance	-161	-141
Other property costs	-43	-33
Net operating income	**1,788**	**1,652**
Central administration expenses	-130	-182
Profit from participations in associated companies	1	-
Financial net	-345	-359
Income before changes in value	**1,314**	**1,111**
Change in fair value		
Investment properties	1,682	2,072
Derivative instruments	135	-208
Income before tax	3,131	2,975
Current tax	-63	-49
Deferred tax	-477	-583
Income for the period	**2,591**	**2,343**
Income for the period attributable to:		

[1] Based on Hemsö's property portfolio value in relation to Hemsö's assessment of the size of the markets in question and the property portfolio value of Hemsö's competitors

Parent Company shareholders	2,577	2,295
Minority interests	14	48
Other total net		
Income for the period	2,591	2,343
Translation difference	31	81
Total net income for the period	**2,622**	**2,424**
Other total net attributable to:		
Attributable to Parent Company shareholders	2,608	2,376
Minority interests	14	48

Consolidated balance sheet in summary

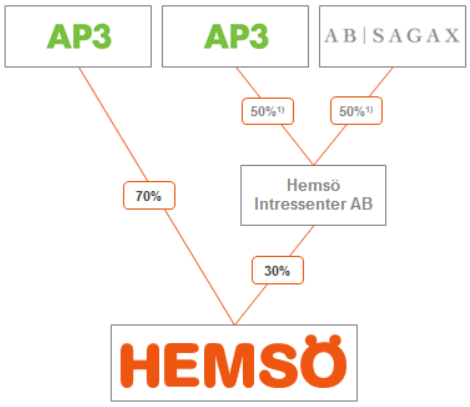
Amount in SEK million	**Dec 31, 2017**	**Dec 31, 2016**
ASSETS		
Non-current assets		
Capitalised development expenditure	5	3
Investment properties	38,883	33,629
Equipment	1	1
Participations in associated companies	101	
Receivables from associated companies	47	
Other non-current assets	26	65
Other current receivables	480	323
Cash and bank	1,134	932
TOTAL ASSETS	**40,677**	**34,953**
EQUITY AND LIABILITIES		
Equity	10,795	8,672
Liabilities to owner	-	-
Deferred tax liability	2,591	2,103
Interest-bearing liabilities	18,884	15,167
Non-interest-bearing liabilities	544	723
Total long-term liabilities	**22,019**	**17,993**
Interest-bearing liabilities	6,691	7,316
Non-interest-bearing liabilities	1,172	972
Total short-term liabilities	**7,863**	**8,288**
TOTAL EQUITY AND LIABILITIES	**40,677**	**34,953**

The business operations of Hemsö started in 2001 when the first properties for public use were acquired under Kungsleden AB (publ)'s (**Kungsleden**) management. Hemsö became an independent company when it was incorporated under the laws of the Kingdom of Sweden as a public limited liability company (*publikt aktiebolag*) on 13 January 2009. It was registered with the Swedish Companies Registration Office (*Bolagsverket*) on 23 March 2009 (with corporate identity number 556779-8169) and has been conducting operations since then in accordance with the Swedish Companies Act (2005:551). Hemsö's registered office and domicile is at Box 24 281, SE-104 51 Stockholm, Sweden, with telephone number +46 8501 170 00. Since 2013, Hemsö has been owned by the Third Swedish National Pension Fund (**AP3**) (70 per cent.) and Hemsö Intressenter[2] (30 per cent.). To the best of the Issuer's knowledge, the rights of AP3 and Hemsö Intressenter as the shareholders of the Issuer are contained in the articles of association of the Issuer and the Issuer will be managed in accordance with those articles and with the provisions of Swedish law.

[2] Hemsö Intressenter AB is, in turn, owned in equal shares by AP3 and AB Sagax.

Legal Structure

The following table represents the ownership structure of Hemsö:



AP3 is a public authority under the Swedish parliament and is one of five so-called buffer funds within the Swedish national pension system. AP3's total assets under management amounted to SEK 345 billion as of 31 December 2017. Hemsö is classified as an alternative investment by AP3. Pär Nuder is the Chairman of the board of both AP3 and Hemsö. Kerstin Hessius, CEO of AP3, is a member of Hemsö's board. AB Sagax is a property company listed on the regulated market of Nasdaq Stockholm and owns commercial properties, primarily in the warehouse and light industrial sector, mainly in Sweden and Finland. David Mindus, board member and Managing Director of AB Sagax, is also on Hemsö's board.

History

2001 – 2011

In 2001, as part of its aim to generate a high and stable yield, Kungsleden acquired properties with long leases within the nursing home sector. In 2005, Kungsleden increased its focus on properties with public sector activities, by expanding to include business areas such as healthcare, schools and nursing homes. In 2006, Kungsleden established operations in the German market through the acquisition of nine nursing homes, thereby increasing the Company's geographic diversification.

AP3 agreed in 2008 to acquire 50 per cent. of Kungsleden's portfolio of properties for public use in Sweden. In 2009 Hemsö was formed and AP3 became an owner of the Company. The establishment of Hemsö as an independent operational company with its own management team was completed in 2011 and the head office relocated to a separate address in Stockholm. During 2011, Hemsö acquired 17 properties from Kungsleden in Germany with a combined property value of SEK 1.3 billion.

2012

In 2012, Hemsö continued to grow the value of its property portfolio and made a number of acquisitions and some minor divestments. Hemsö also issued its first bond in May 2012, which was issued on the Swedish domestic market (an unsecured three-year bond of SEK 750 million). At the end of 2012, AP3 signed an agreement with Kungsleden to acquire the remaining 50 per cent. of the shares in Hemsö.

2013

Hemsö made its first acquisition in the Finnish market in 2013. In order to broaden the supply of capital and secure financing needs over time, Hemsö established a programme for the issuance of commercial paper with a programme limit of SEK 2.0 billion as well as a Swedish MTN programme with a programme limit of SEK 6.0 billion. AB Sagax (a listed Swedish real estate company) acquired a 50 per cent. stake in Hemsö Intressenter AB which, in turn, owns 30 per cent. of Hemsö.

2014

In 2014, Hemsö acquired 33 properties and sold 68 properties. Through these transactions, the Company concentrated its property portfolio in growth regions and created more efficient management units. Properties which were not in line with the Company's strategy in terms of location, category and potential were sold. High quality properties primarily within the education, health care and legal sectors were acquired. Hemsö's property portfolio was expanded with a major investment in life science properties. Further properties were added to the portfolio in Germany and Finland.

2015

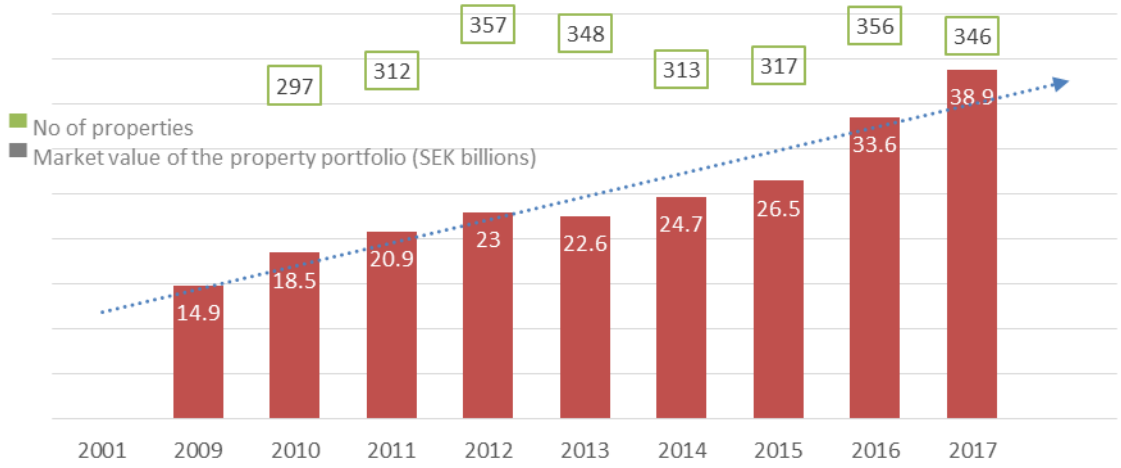
In March 2015, Hemsö obtained a credit rating of 'A-' from Standard & Poor's Credit Market Services Europe Ltd. During the year, the Company repaid its shareholder loan with a nominal value of SEK 3.0 billion by means of a rights issue which did not affect the Company's ownership structure. In June, Hemsö and SveaNor established a jointly owned project development company called Vitartes, with a focus on Life Science properties and a potential project volume of approximately SEK 4 billion. During the third quarter, the Company decided to include sustainability as a core business focus (see *"Business Model and Strategy – Sustainability*" below).

2016

In May 2016 Hemsö issued its first Sustainable Bond. In August 2016 Hemsö established an EMTN programme with a limit of EUR 3.0 billion. In September 2016 the first bond was issued under the programme into the European market. As at 31 December 2016, Hemsö's property portfolio comprised 356 properties with a total property value of SEK 33.6 billion. During 2016 Hemsö appointed Nils Styf as CEO and Rutger Källén as CFO.

2017

During the second quarter of 2017 Hemsö issued euro bonds of EUR 385 billion with maturities between 12 to 15 years. In June Hemsö was named "Investor of the Year" at the annual nursing and elderly care trade fair Altenheim Expo 2017 in Germany. In August 2017 Hemsö acquired an environmental and research centre in Duisburgh, Germany. As at 31 December 2017, Hemsö's property portfolio comprised 346 properties with a total property value of SEK 38.9 billion. The following chart shows the historic development of the property portfolio from the formation of Hemsö in 2009 to 31 December 2017.



Business Model and Strategy

Hemsö owns, manages and develops properties for public use in an economically, socially and environmentally sustainable manner. Premises are let primarily for activities within the nursing homes, education, health care and legal sectors. The strategy is to maintain a diversified property portfolio in terms of product category, tenant structure and geographic market. Accordingly, Hemsö currently has operations in Sweden, Finland and Germany in each case in areas that are considered to possess sound long-term growth prospects. Within each

region, the properties are geographically concentrated in order to promote efficient management. Hemsö's tenants consist primarily of the Government, county councils and municipalities, but to a certain extent also private operators who conduct publicly-financed activities. The tenants' activities impose specific demands as regards premises, external areas and management. Accessibility, user-friendliness for the disabled, security, suitability for a pupil/student base and public authority requirements are some of the key requirements. In addition to acquisitions, Hemsö creates growth by project development, both by developing new-build properties and within the existing property portfolio. Hemsö aims to ensure that its project development business is characterised by:

- lease agreements being in place for a substantial part of each new development prior to the commencement of each project;
- long leases;
- sustainable production and sustainable end products; and
- fixed-price turnkey projects.

In order to create favourable opportunities for acquisitions and developments, Hemsö promotes good relations with municipalities, county councils as well as private sector and governmental operators. Hemsö is an independent company and therefore has to go through procurement and tender processes in respect of such acquisitions and developments. Maintaining good relationships with regular counterparties is essential to the success and development of Hemsö.

Asset management

Hemsö's asset management focus is on being efficient, sustainable and customised to the needs of the tenants. Hemsö works in close cooperation with its tenants to understand their future needs and requirements and consequently Hemsö's management believes that it has a good general knowledge and understanding of its customers' businesses. The properties are concentrated in certain geographical areas in order to create efficient management. Hemsö's tenants engage in long-term activities with long leases, a factor which facilitates sustainable management and efficient use of resources.

Hemsö has a clear focus on development and continually improving efficiency in order to exploit the economies of scale available to a company of its size. Management in Sweden is organised into four regions: East, West, North and South. Customer relations and property development are handled locally by each regional team. In addition, Hemsö has country managers in Finland and Germany whose role also covers asset management for those countries. Contact with tenants is handled locally by the managers and responsible personnel in each region/country. In addition, Hemsö has customer account managers with specific responsibility for larger tenants in Sweden, such as the listed companies Attendo, AcadeMedia, the Western Götaland Region and the Police Authority.

Hemsö places great importance on keeping vacancy levels as low as possible. The average occupancy rate between 1 January 2012 and 31 December 2017 was 98.3 (compared to 96.5 as at 31 December 2016) per cent. per year. The majority of Hemsö's leases include a provision for rent increases based on changes in the Swedish Consumer Price Index (CPI) in addition to base rents (i.e. such leases are wholly or partially linked to inflation). Given that Hemsö's leases are usually signed with a duration of 10-20 years (the average remaining lease term was 9.2 years as at 31 December 2017) and there is a low vacancy rate amongst Hemsö's properties, combined with the fact that Hemsö's tenants have high credit ratings, have ensured historically high and stable rental income and minimal bad debt losses.

Project development

Hemsö engages in project development by working closely with the Swedish Government, county councils and municipalities in order to identify and seize project development opportunities at an early stage. Many Swedish municipalities have an ageing property portfolio, with the consequence that there is a need for new properties and refurbishment of existing properties.

In order to meet the on-going needs of tenants and ensure that the property portfolio is well maintained and retains its value over time, Hemsö regularly refurbishes, and builds extensions to, its existing portfolio.

Hemsö has a wholly-owned project development company in each Swedish region with responsibility for project development, as well as a dedicated project development subsidiary responsible for Sweden as a whole. Hemsö also maintains relationships with municipalities and county councils in order to identify new project opportunities at an early stage. Project development takes place in-house or together with partner companies. Project risks are minimised by the fact that Hemsö will only commence a project once leases are largely secured for it. The projects are often carried out pursuant to fixed price agreements to ensure greater cost control. In addition, to the extent required, project development in Germany and Finland is handled locally.

Set out below five of Hemsö's on-going projects as at 31 December 2017:

- **Solna Patienten 1**
  Type of project: New build development

Location: Solna, in Greater Stockholm
Project space: 21,000 m2

Description of project: Hemsö and SveaNor's joint project concerning a Health care facility. S:t Erik Eye Hospital has signed a 20-year lease.

Scheduled project completion date: 2020

- **Stockholm Princeton 1**
  Type of project: New build development

Location: Stockholm
Project space: 20,000 m2

Description of project: Hemsö and SveaNor's joint project concerning a health care facility.

Scheduled project completion date: 2021

- **Tyresö Krusmyntan 1**
  Type of project: New build development

Location: Tyresö, in Greater Stockholm
Project space: 4,675 m2

Description of project: Hemsö is constructing nursing homes. Ambea has signed a 15-year lease.

Scheduled project completion date: 2018

- **Staffanstorp Stanstorp 5:368**
  Type of project: New build development

  Location: Staffanstorp, adjacent to Greater Malmö
  Project space: 4,290 m2

Description of project: Hemsö is constructing nursing homes. Ambea has signed a 15-year lease.

Scheduled project completion date: 2019

- **Västerås Widénska Gymnasiet**
  Type of project: New build development

Location: Västerås
Project space: 5,800 m2

Description of project: Hemsö is constructing an upper-secondary school in Västerås. It will be close to several other knowledge centres, including the Västerås campus of Mälardalen University and the City Library. The school will accommodate about 480 students and the City of Västerås has signed a 15-year lease.

Scheduled project completion date: 2018

Transaction activities

As a consequence of a growing and ageing population, there is strong demand for properties for public use in Sweden. The Swedish rental and transaction market for properties for public use is mature and the concept of properties for public use being privately owned is well-established. Hemsö is acknowledged in the property market and has established good relations with the Swedish Government, municipalities, county councils as well as private operators, and in recent years has held a market share of approximately 10 to 20 per cent. of the Swedish transaction volume in respect of properties for public use, according to the estimations of management.

Municipalities have overall responsibility to provide certain public services, including care for the elderly and education for the young. As many of Hemsö's properties are tailored to the provision of such services, default by a tenant that is a private operator in respect of these is likely to lead to the relevant municipality taking over such private operator's obligations under the relevant lease.

Hemsö has its own transaction management team which supervises acquisitions and divestments and involves the local management teams as required. Transactions concerning properties for public use involve processes to secure political support and entail a complicated regulatory regime, which may result in relatively lengthy processes. Agreements concerning acquisitions and divestments are often of a standardised nature and usually contain customary warranties.

The Finnish market for properties for public use is relatively immature compared with the Swedish market and demonstrates low volumes. Germany, on the other hand, has a very large property market for nursing homes, but with a large number of smaller property owners. The German market for nursing home properties is thus relatively fragmented and characterised by high transaction costs. Hemsö has developed a high level of familiarity and experience on both the Finnish and the German markets, which is utilised in connection with acquisitions.

Competition

Competition in the transaction market for properties for public use has increased since Hemsö was established where both larger institutions and newly established companies compete but Hemsö is still the leading private owner of properties for public use in the Swedish market and one of the leading private owners of properties for public use in Germany and Finland. The long-term perspective, knowledge, geographical coverage and experience has given Hemsö advantages to be able to invest in high quality properties for the long-term or grow the portfolio through project development.

Sustainability

Sustainability is integrated into Hemsö's operations, from overarching targets and business focus through internal policy and monitoring to personal goals for each employee. As a part of Hemsö's business strategy of sustainably owning, managing and developing properties for public use, Hemsö engages in long-term operations that seek to positively impact on people, society, the economy and the environment. Hemsö's focus in this respect entails the following:

- Social sustainability – conducting operations with respect for the health, rights and welfare of other people and, through Hemsö's operations, working towards a society and workplace based on these principles.

- Environmental sustainability – carrying out projects and operations that limit the use of non-renewable energy resources which have a detrimental impact on natural ecosystems and the environment.

- Economic sustainability – generating profitability and economic growth within the framework of social and environmental sustainability described above.

Hemsö has many opportunities to reduce its environmental footprint within the area of asset management of its portfolio.

Hemsö's targets with respect to sustainability include, among other things, the following:

- the total use of energy within the property portfolio will be reduced by 30 per cent. between 2012 and 2020. Between 2012 and 2017 energy usage was reduced by 13.5 per cent.;

- in 2018 Hemsö is looking into the possibility of using a more comprehensive form of certification including, amongst other things, energy efficiency;
- new constructions will have a reduced environmental impact by minimising landfill waste; and
- all new buildings will be environmentally certified as Silver standard or higher according to 'Miljöbyggnad'. Miljöbyggnad is a Swedish environmental certification system used for residential and commercial buildings. The rating scale is from Gold to Bronze.

Financing and capital structure

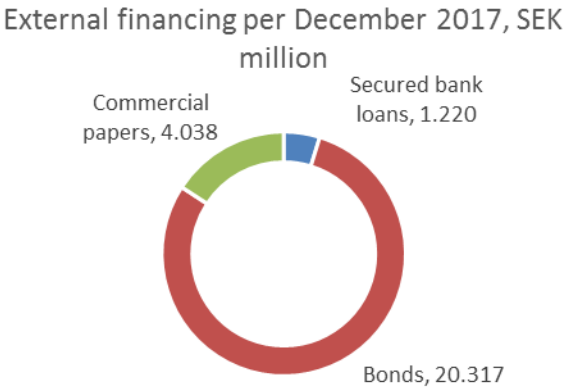
The overall objective of Hemsö's financial management is to maintain the long term stability of the capital structure and to optimise the financial position within the given risk framework set under its finance policy described below. Hemsö is financed with both shareholders' equity and external debt financing. Hemsö's external borrowing includes both bank facilities and capital markets funding. As at 31 December 2017 external financing amounted to SEK 25,575 million (compared to SEK 22,442 million as at 31 December 2016) and comprises secured bank loans and unsecured bonds and commercial paper. Shareholders' equity amounted to SEK 10,795 million (compared to SEK 8,672 million as at 31 December 2016), implying an equity ratio of 27 per cent. (compared to 25 per cent. as at 31 December 2016). In 2015, Hemsö received a credit rating from Standard and Poor's. The current rating is 'A-' with stable outlook.

Responsibility for Hemsö's financial transactions and risks is managed centrally by its finance department based in Stockholm. The department is tasked with managing existing debt, supplying new borrowing for acquisitions and investments, ensuring efficient liquidity management, and limiting financial risks. The work is governed by the finance policy adopted each year by the Board of Directors. The finance policy governs the allocation of responsibilities and risk mandates and establishes principles regarding reporting, follow-up and control. Strategic finance matters are decided by Hemsö's Board of Directors.

The following table sets out the key requirements contained within the finance policy and Hemsö's performance in respect of each as at 31 December 2017.

Finance policy	Policy Requirements	
Summary of Finance Policy		
Financing risk		**Hemsö's performance as at 31 Dec 2017**
Loan-to- value ratio	Maximum 70 per cent. over the long term	62.9%
Average loan maturity	At least two years	5.0
Debt-coverage ratio	At least 110%	166%
Outstanding secured debt	Maximum 20 per cent. of the property value over the long term	3%
Interest rate risk		
Interest-coverage ratio	At least 2.0 (rolling 12 month)	4.8
Fixed rate period	Between 3-8 years	5.1
Fixed rate maturity	Minimum 60% of fixed rate periods should mature above 12 months	72%
Counterparty risk		
Financial instruments	Bank with at least an A- rating (S&P)	Fulfilled
Currency risk		
Currency exposure	Maximum corresponding value in SEK of 20 per cent. of the Group's risk-bearing capital without currency hedging	11%

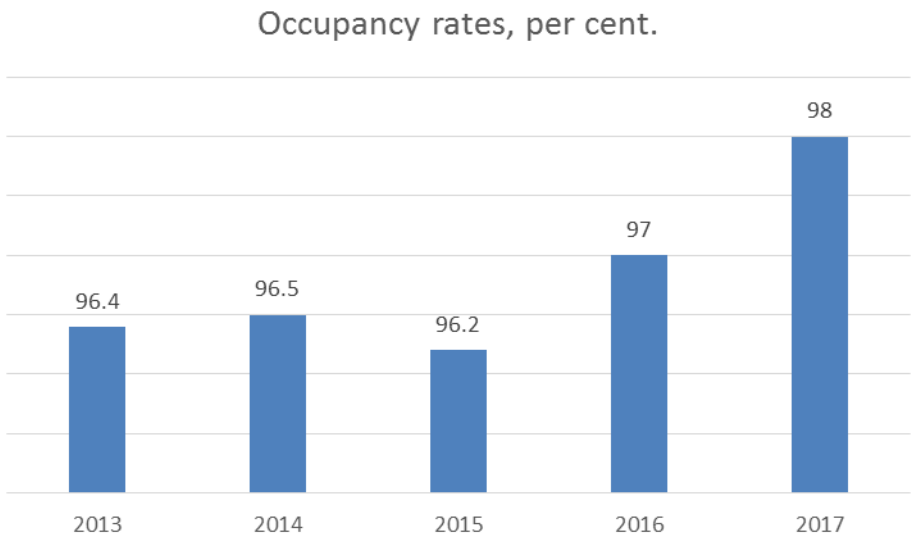
The following chart sets out Hemsö's sources of external financing as at 31 December 2017



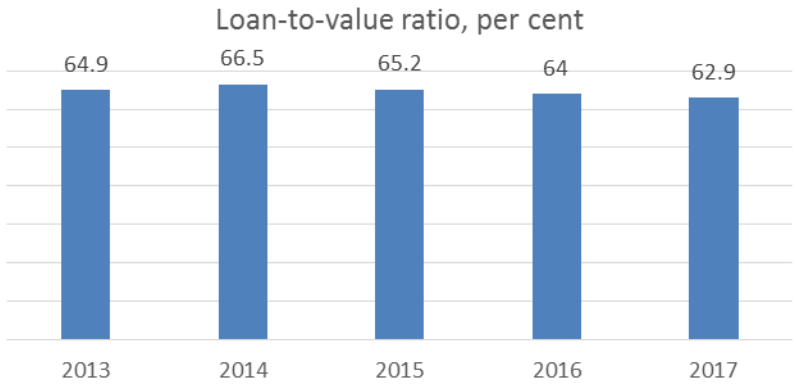
The following table sets out the complete debt maturity profile of and fixed interest periods of Hemsö's outstanding loans, bonds and commercial paper as at 31 December 2017.

Loan maturity				**Fixed-rate period**	
Maturit	**Credit**	**Utilised,**	**Percentage**	**SEK million**	
	SEK million	**SEK**	**%**		**%**
2018	2,653	2,653	12	7,030	28
2019	13,103	4,104	19	1,640	6
2020	5,439	3,719	17	1,347	5
2021	1,503	1,503	7	2,100	8
2022	400	400	2	1,300	5
2023	0	0	0	1,500	6
2024	500	500	2	2,000	8
2025	0	0	0	0	0
2026	4,896	4,896	23	4,896	19
>2026	3,762	3,762	18	3,762	15
Total	32,256	21,537	100.0	25,575	100.0
Outstanding commercial		4,038			
Total		**25,575**			

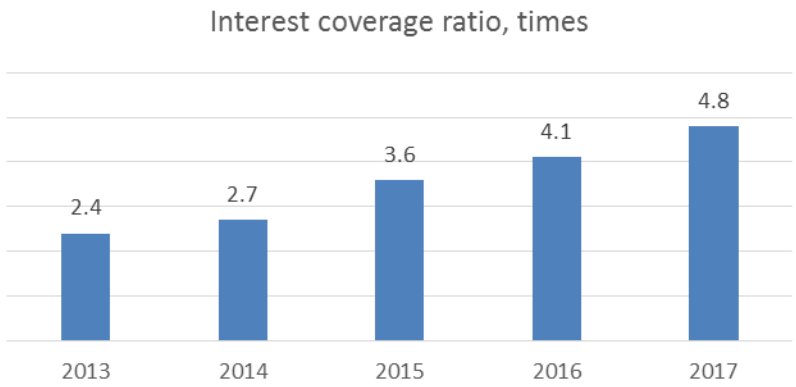
The following table sets out the historical occupancy rates of Hemsö's properties between 2013 and 2017.



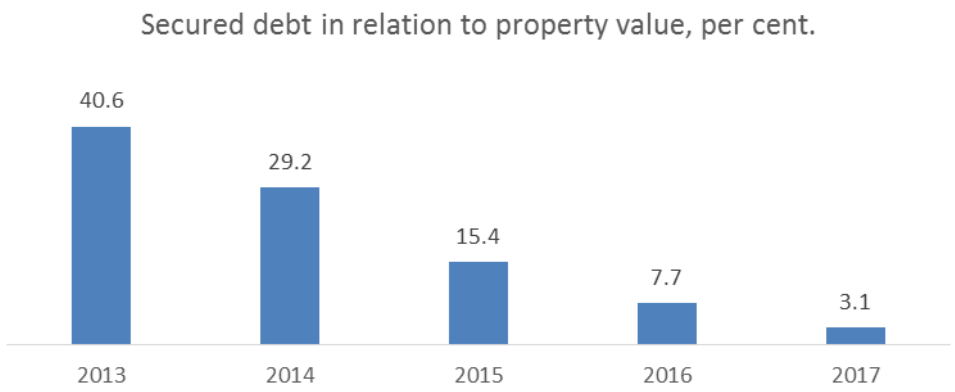
The following graph sets out Hemsö's loan-to-value ratio as at 31 December for each of the years between 2013 and 2017.



The following graph sets out Hemsö's interest coverage ratio as at 31 December for each of the years between 2013 and 2017.



The following graph sets out Hemsö's secured debt in relation to property value as at 31 December for each of the years between 2013 and 2017.



Overview of market

The markets for public properties are growing in all three countries where Hemsö is conducting business. Demand for community services, and therefore demand for properties for public use, is expected to increase as a consequence of the demographic trends of an ageing and increasing population generally. In Sweden, Germany and Finland, the standard and quality of properties for public use are high and are subject to detailed design and usage requirements.

In Sweden the market for public properties has generally increased in recent years following divestments by the Swedish Government, city councils and municipalities. Despite the fact that competition in the category has increased and the number of companies focusing on properties for public use is steadily increasing, most of the properties for public use are still owned by Sweden's 290 municipalities and county councils, although the trend of property divestment by the public sector continues. Hemsö is an independent company and transacts with all entities, including those in the public sector, on an arm's length basis. Within community services, private sector alternatives are steadily increasing, with the consequence that the construction of new properties for private sector alternatives is increasingly being carried out by parties other than the Government, municipalities or county councils. It is thus likely that Sweden's stock of privately-owned properties for public use will continue to grow in the long term. In addition, there is a substantial need for further development of school premises and nursing homes in Sweden, a strong trend towards urbanisation and a growing appetite for the provision of public funding to finance the business/activities of Hemsö's tenants.

Properties for public use in Finland are also largely owned by the Government and municipalities. The privatisation of community services such as nursing homes, education and health care is less extensive.

In Germany, care for the elderly takes place on a competitive basis. General and public nursing home insurance schemes were introduced in the mid-1990s. The insurance schemes are financed through a special payroll tax and managed by private insurance funds. When the insurance policy matures, the individual citizen can choose to receive care at home, or move to a nursing home. Nursing homes are operated and owned by a range of providers, including private companies on a for-profit basis, charitable organisations, foundations and trade unions.

In Finland, going forward, Hemsö intends to continue to focus on growth, and will continue to benefit from the fact that it is one of the first private owners of properties for public use. In Germany, Hemsö exclusively owns nursing homes. The Company will continue to develop its portfolio through acquisitions and project development.

Property portfolio

On 31 December 2017, Hemsö's total property value amounted to SEK 38.9 billion (compared to SEK 33.6 billion as at 31 December 2016) and comprised 346 properties (compared to 356 as at 31 December 2016), of which the lettable area was 1,636,000 m^2 (compared to 1,638,000 m^2 as at 31 December 2016). During the most recent five-year period, the value of Hemsö's portfolio of investment properties has increased in total by 72 per

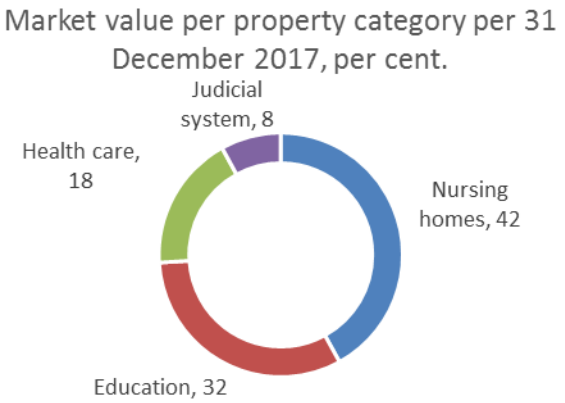
cent., representing average annual growth of 14 per cent. Hemsö's current portfolio has developed through acquisitions and project development and has been streamlined through the divestment of non-strategic properties. Growth has taken place with maintained profitability and a balanced approach to financial risk.

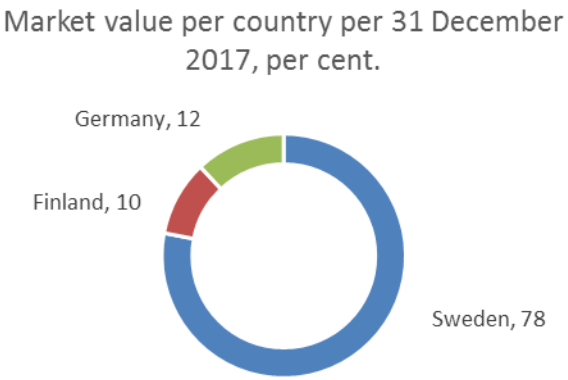
Hemsö's property portfolio is divided into the following property categories: nursing homes, education, healthcare and legal sector. The properties are located in Sweden, Germany and Finland. As at 31 December 2017, Hemsö owned 267 properties (compared to 278 as at 31 December 2016) in Sweden, 43 (compared to 40 as at 31 December 2016) in Germany and 36 (compared to 38 as at 31 December 2016) in Finland. As at 31 December 2017, the market value of Hemsö's property portfolio was SEK 38.9 billion (compared to SEK 33.6 billion as at 31 December 2016), which corresponds to SEK 23,763 per m^2 (compared to SEK 20,529 per m^2 as at 31 December 2016). This valuation is determined through internal valuations carried out by Hemsö, taking into account an individual assessment of market value in respect of each property. Hemsö applies a valuation method based on a cash flow analysis which, in turn, is based on each property's budgeted net operating income. The property portfolio is appraised each year externally for quality control purposes. The valuation report for the year ended 31 December 2017 was delivered by Savills plc (in relation to the Swedish portfolio), Newsec (in relation to the Finnish portfolio), and CBRE (in relation to the German portfolio). In recent years, Hemsö has created more efficient management units and continued its expansion in Finland and Germany.

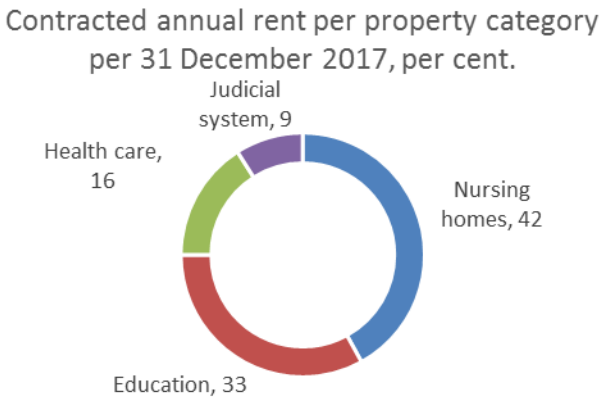
In Sweden and Finland, Hemsö owns properties in each of the categories of nursing homes, education, healthcare and legal sector.

The property portfolio in Germany consists of two categories: nursing homes and education. Hemsö's portfolios are concentrated in towns and cities in which there is deemed to be strong long-term demand for properties for public use.

The following charts show the distribution of the portfolio by property category and geography:







Key data per property category and region, as at 31 December 2017

	Property value, SEK million	No. of properties	Rental value, SEK million	Occupancy rate, %	Lettable area, tsqm	Long-term yield requirement, %	Long-term, average yield requirement, %
Nursing homes	2,812	19	157	99.8	104	4.25-5.75	4.66
Education	4,567	42	265	99.2	135	4.25-6.50	5.14
Health care	4,614	20	199	94.1	120	4.25-7.25	5.59
Legal sector	1,245	1	80	94.5	35	5.0-5.0	5.00
East	**13,238**	**82**	**701**	**98.1**	**394**	**4.25-7.25**	**5.12**
Nursing homes	536	6	38	95.4	30	4.25-7.25	4.97
Education	1,459	12	100	97.0	82	5.00-7.10	5.68
Health care	1,548	33	148	89.7	119	4.75-8.50	6.53
Legal sector	–	–	–	–	–	–	–
West	**3,543**	**51**	**286**	**91.9**	**231**	**4.25-8.50**	**6.17**
Nursing homes	4,720	52	311	99.5	251	4.30-6.50	5.18
Education	2,561	26	164	96.2	111	5.15-8.50	5.69
Health care	212	4	18	99.8	12	5.50-6.00	5.78
Legal sector	1,446	4	101	99.2	56	4.80-5.90	5.43
North	**8.939**	**86**	**594**	**98.6**	**430**	**4.30-8.50**	**5.36**
Nursing homes	1,737	26	113	98.9	80	4.50-6.00	4.99
Education	2,420	17	166	94.5	125	5.10-7.50	5.80
Health care	90	2	8	95.4	6	5.75-6.25	6.00
Legal sector	253	3	21	100.0	10	5.00-6.25	5.68
South	**4,500**	**48**	**308**	**97.2**	**221**	**4.50-7.50**	**5.36**
Nursing homes	4,795	42	292	100	212	4.90-7.05	5.50
Education	94	1	6	100	6	5.25-5.25	5.25
Germany	**4,889**	**43**	**298**	**100**	**218**	**4.90-7.05**	**5.50**
Nursing homes	1,812	27	99	100	62	5.00-7.00	5.71
Education	1,519	5	114	100	64	5.20-5.80	5.53
Health care	332	3	25	100	11	5.50-7.20	6.23
Legal sector	111	1	10	100	5	6.30-6.30	6.30
Finland	**3,774**	**36**	**248**	**100**	**142**	**5.00-7.20**	**5.76**
Nursing homes	16,412	172	1,010	99.8	739	4.25-7.25	5.24
Education	12,620	103	815	98.6	523	4.25-8.50	5.46
Health care	6,796	62	398	94.3	268	4.25-8.50	6.17
Legal sector	3,055	9	212	98.7	106	4.80-6.30	5.56
Total	**38.883**	**346**	**2,435**	**98.3**	**1,636**	**4.25-8.50**	**5.48**

Tenants and lease structure

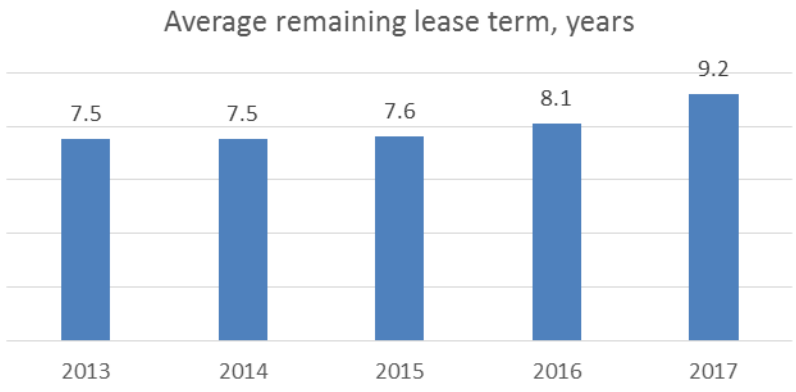
The rental market for properties for public use is characterised by long leases, credit worthy tenants, low volatility as regards rent levels and limited risk of vacancy. Hemsö has a large number of leases, on average with long term maturities. The tenants are primarily comprised of the Swedish State, county councils, municipalities and private operators, including a couple of large, listed companies, who conduct publicly funded activities. The total rental value of the property portfolio on 31 December 2017 was SEK 2,492 million (compared to SEK 2,326 million as at 31 December 2016), of which the assessed rental value of vacant premises amounted to SEK 42 million (compared to SEK 60 million as at 31 December 2016).

The following table sets out Hemsö's 20 largest tenants as at 31 December 2017.

Tenant	Tenant category	Contracted annual rent, SEK million	Percentage of contracted annual rent, %	No. of lease agreements
Swedish Police	State	137	5.5	25
Attendo	Private	134	5.4	67
Academedia	Private	115	4.6	25
Stockholm County Council	County council	105	4.2	73
Municipality of Norrköping	Municipal	73	2.9	23
City of Västerås	Municipal	66	2.6	15
The Karolinska Institute	State	66	2.6	11
AWO (Germany)	Private	63	2.5	8
Västra Götaland Region	County council	61	2.5	65
Mälardalen University	State	53	2.1	2
HEWAG (Germany)	Private	51	2.1	9
Municipality of Gävle	Municipal	48	1.9	19
The Int. English School	Private	45	1.8	8
Region Gotland	Municipal	43	1.7	10
Municipality of Upplands	Municipal	40	1.6	4
Municipality of Uppsala	Municipal	37	1.5	22
Municipality of Nacka	Municipal	36	1.5	14
Royal Institute of Technology	State	36	1.4	1
Municipality of Pori (Finland)	Municipal	35	1.4	1
Kunskapsskolan	Private	34	1.4	6
Total		**1,277**	**51.1**	**408**

As at 31 December 2017, the economic occupancy rate was 98.3 per cent. (compared to 97 per cent. as at 31 December 2016). As at 31 December 2017, the average remaining lease term was 9.2 years (compared to 8.1 years as at 31 December 2016). As at 31 December 2017, Hemsö had nearly 1,900 leases allocated (compared to 1,900 leases as at 31 December 2016), where 408 leases (compared to 440 leases as at 31 December 2016) were held by the 20 largest tenants. As at 31 December 2017, the 20 largest tenants accounted for 51.1 per cent. (compared to 51.2 per cent. as at 31 December 2016) of Hemsö's total lease value. Revenues from public sector tenants, i.e. the State, municipalities and county councils, accounted for 59 per cent. (compared to 60 per cent. as at 31 December 2016) of Hemsö's total lease value.

The following graph sets out the average remaining lease term of Hemsö's leases as at 31 December 2017.



According to the assessment of management, the majority of Hemsö's rental income contain provisions for the increase of rent in line with increases in CPI inflation. The long leases, combined with tenants with assured payment capability and a low vacancy rate, contribute to stable rental income and minimal bad debt losses.

Employees

As at 31 December 2017, Hemsö had a total of 105 full-time employees (compared to 109 as at 31 December 2016). In addition to certain joint group functions, Hemsö's operational structure comprises management organisations in Sweden, Finland and Germany. Hemsö's management team comprises 8 individuals (compared to 8 as at 31 December 2016), including all country managers, the CEO and CFO, as well as heads of the following joint group functions: Strategy & Transactions, HR and Asset Management. Hemsö's management team has overall responsibility for, among other things: strategic issues; business development; investments and divestments; results monitoring; personnel; and Investor Relations issues. For further information regarding group management, see "*Board of directors and senior management*" below.

Board of Directors and senior management

According to Hemsö's articles of association, the Board of Directors shall consist of three to eight members elected by the shareholders at a general meeting. The Board of Directors currently consists of six (compared to six as at 31 December 2016) members (elected by the 2017 annual general meeting held on 26 April 2017 for the period until the 2018 annual general meeting.).

The current members of Hemsö's Board of Directors are as follows:

Name	Position	Principal activities outside Hemsö
Pär Nuder	Chairman	Chairman of AP3, AMF Pensionsförsäkring AB and Öbergs färghus; Board member of Beijerinvest AB, Cleanergy AB, Fabege AB, Skistar AB, IP-Only Holding AB, Business Challenge AB, Dabok AB, Dabok Advisory AB, Dabo Idé AB and STEN HECKSCHER AB; and Senior Counselor of Albright Stonebridge Group.
Åsa Bergström	Member	Vice President and Chief Financial Officer of Fabege AB
Bengt Hellström	Member	Head of alternative investments at AP3; Chairman of Trophi Fastighets AB; Board member of Hemsö Intressenter AB, AP3 Investments AB and Ellevio AB; and Deputy Board member of Sorefa AB.
Kerstin Hessius	Member	CEO of AP3; and Board member of Hemsö Intressenter AB, Vasakronan AB (publ), Öresundskonsortiet (Svensk-Danska Broförbindelsen SVEDAB AB) and Svenska Handelsbanken AB.
David Mindus	Member	CEO and Board member of AB Sagax; Chairman of Hemsö Intressenter AB; and Board member of Fastighetsbolaget Apicius AB, Söderport Holding AB and Mindustri AB.
Johan Thorell	Member	CEO and Board member of Gryningskust Holding AB;

Name	Position	Principal activities outside Hemsö
		Chairman of Fastighetsaktiebolaget Apicius, Kallebäck Property Invest AB, Hållsta Fastighetsutveckling AB and Gamefederation Svenska AB; and Board member of AB Sagax, Oscar Properties Holding AB, Tagehus Holding AB, Delarka Holding AB (publ), K2A Knaust & Andersson Fastigheter AB (publ), and Nicoccino Holding AB.

The business address of each Director (including each of Nils Styf and Rutger Källén when appointed to Hemsö's Board of Directors) is, or will be in the case of Nils Styf and Rutger Källén, Hemsö Fastighets AB, Linnégatan 2, Box 24 281, 104 51 Stockholm, Sweden.

The current members of Hemsö's senior management are as follows:

Name	Position	Principal activities outside Hemsö
Nils Styf	CEO and President	Board member of TKV Fastighets AB and Vitartes AB
Rutger Källén	CFO	Board member of TKV2 Fastighets AB and Vitartes AB
Gustav Björkman	CIO, deputy CEO	Deputy Board member of TKV Fastighets AB and TKV2 Fastighets AB.
Ulrika Frisk	Head of HR	Deputy Board member of aBroker AB, OpiFlex Automation AB, OpiFlex Solutions AB and Prästmyran Invest AB.
Rikard Nyhrén	Head of Asset Management	None
Anna Marand	Head of Project Development	None
Jens Nagel	Country Manager, Germany	CEO and board member of Property Advisors Nordic AB.
Jarkko Leinonen	Country Manager, Finland	None

No member of the Board of Directors or senior management has any private interests or other duties that might conflict with Hemsö's interests.

Insurance

Hemsö's management believes that its property risks are appropriately covered by insurance which is in accordance with industry practice. Hemsö has insurance policies, for example, in respect of property, business interruption and liability for damages.

TAXATION

The following is a general description of certain tax considerations relating to the Notes. It does not purport to be a complete analysis of all tax considerations relating to the Notes, whether in those countries or elsewhere. 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. This summary is based upon the law as in effect on the date of this Base Prospectus and is subject to any change in law that may take effect after such date.

The Kingdom of Sweden

The following summary outlines certain Swedish tax consequences of the acquisition, ownership and disposal of Notes. The summary is based on the laws of Sweden as in effect as of the date of this Base Prospectus and is intended to provide general information only. The summary is not exhaustive and does thus not address all potential aspects of Swedish taxation that may be relevant for a potential investor in the Notes and is neither intended to be nor should be construed as legal or tax advice. In particular, the summary does not address the rules regarding reporting obligations for, among others, payers of interest. Specific tax consequences may be applicable to certain categories of corporations, e.g. investment companies and life insurance companies, not described below. In addition, the summary does not address Notes that are held on an "investment savings account" (investeringssparkonto) that are subject to a specific tax regime. Investors should consult their professional tax advisors regarding the Swedish and foreign tax consequences (including the applicability and effect of double taxation treaties) of acquiring, owning and disposing of Notes in their particular circumstances.

Non-resident holders of Notes

As used herein, a non-resident holder means a holder of Notes who is (a) an individual who is not a resident of Sweden for tax purposes and who has no connection to Sweden other than his/her investment in the Notes, or (b) an entity not organized under the laws of Sweden.

Payments of any principal amount or any amount that is considered to be interest for Swedish tax purposes to a non-resident holder of any Notes should not be subject to Swedish income tax provided that such holder does not carry out business activities from a permanent establishment in Sweden to which the Notes are effectively connected. Under Swedish tax law, no withholding tax is imposed on payments of principal or interest to a non-resident holder of any Notes.

Under Swedish tax law, a capital gain on a sale of Notes by a non-resident holder will not be subject to Swedish income tax unless the non-resident holder of Notes carries on business activities in Sweden through a permanent establishment to which the Notes are attributable.

Private individuals who are not resident in Sweden for tax purposes may be liable to capital gains taxation in Sweden upon disposal or redemption of certain financial instruments, depending on the classification of the particular financial instrument for Swedish income tax purposes, if they have been resident in Sweden or have lived permanently in Sweden at any time during the calendar year of disposal or redemption or the ten calendar years preceding the year of disposal or redemption. This liability may, however, be limited by tax treaties between Sweden and other countries.

Resident holders of Notes

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

Generally, for Swedish corporations and private individuals (and estates of deceased individuals) that are resident holders of any Notes, all capital income (e.g. income that is considered to be interest for Swedish tax purposes and capital gains on Notes) will be taxable.

Amortization of principal is not otherwise subject to Swedish income tax. Swedish tax law does not impose withholding tax on payments of principal or interest to a resident holder of notes. However, if amounts that are considered to be interest for Swedish tax purposes are paid to a private individual (or an estate of a deceased person) that is a resident holder of Notes, Swedish preliminary tax (*preliminärskatt*) is normally withheld on such payments at a rate of 30 per cent.

The proposed financial transactions tax ("FTT")

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

The Commission's proposal has very broad scope and could, if introduced, apply to certain dealings in the Notes (including secondary' market transactions) in certain circumstances. The issuance and subscription of Notes should, however, be exempt.

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

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

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

The Foreign Account Tax Compliance Act ("FATCA")

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 1 January 2019 and Notes characterised as debt (or which are not otherwise characterised as equity and have a fixed term) for U.S. federal tax purposes 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. 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 PLC, BNP Paribas, Citigroup Global Markets Limited, Danske Bank A/S, Deutsche Bank AG, London Branch, Nordea Bank AB (publ), Skandinaviska Enskilda Banken AB (publ), Svenska Handelsbanken AB (publ) and Swedbank AB (publ) and any additional dealers that may accede to the programme from time to time (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 a Dealer Agreement dated 20 April 2018 (the "**Dealer Agreement**") and made between the Issuer and the Dealers. The Dealer Agreement provides that the obligation of any Dealer to subscribe for Notes under any such agreement is subject to certain conditions and that, in certain circumstances, a Dealer shall be entitled to be released and discharged from its obligations under any such agreement prior to the issue of the relevant 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 and addresses 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 Stabilising 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. 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.

Selling Restrictions

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 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 U.S. 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, except as permitted by the Dealer Agreement, it will not offer, sell or deliver Notes, (i) as part of their 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 Fiscal 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 Fiscal 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 EEA Retail Investors

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

(a) the expression "**retail investor**" means a person who is one (or more) of the following:

(i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "**MiFID II**"); or

(ii) a customer within the meaning of the Insurance Mediation Directive (Directive 2002/92/EC (as amended)), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or

(iii) not a qualified investor as defined in Directive 2003/71/EC (as amended, including by Directive 2010/73/EU) (the "**Prospectus Directive**"); and

(b) the expression an "**offer**" includes the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes.

If the Final Terms in respect of any Notes specifies "Prohibition of Sales to EEA Retail Investors" as "Not Applicable" in relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each a "**Relevant Member State**"), each Dealer has represented, warranted and agreed, and each further Dealer appointed under the Programme will be required to represent, warrant and agree, that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the "**Relevant Implementation Date**") it has not made and will not make an offer of Notes which are the subject of the offering contemplated by this Base Prospectus as completed by the Final Terms in relation thereto (or are the subject of the offering contemplated by a Drawdown Prospectus, as the case may be) to the public in that Relevant Member State except that it may, with effect from and including the Relevant Implementation Date, make an offer of such Notes to the public in that Relevant Member State:

(a) if the Final Terms or Drawdown Prospectus in relation to the Notes specify that an offer of those Notes may be made other than pursuant to Article 3(2) of the Prospectus Directive in that Relevant Member State (a "**Public Offer**"), following the date of publication of a prospectus in relation to such Notes which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, provided that any such prospectus (which is not a Drawdown Prospectus) has subsequently been completed by the Final Terms contemplating such Public Offer, in accordance with the Prospectus Directive, in the period beginning and ending on the dates specified in such prospectus or Final Terms, as applicable, and the Issuer has consented in writing to its use for the purposes of that Public Offer;

(b) at any time to any legal entity which is a qualified investor as defined in the Prospectus Directive;

(c) at any time to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive), subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or

(d) at any time in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Notes referred to in (b) to (d) above shall require the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision, the expression an "**offer of Notes to the public**" in relation to any Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or

subscribe the Notes, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State, and the expression "**Prospectus Directive**" means Directive 2003/71/EC (as amended, including by Directive 2010/73/EU), and includes any relevant implementing measure in the Relevant Member State.

Selling Restrictions Addressing Additional United Kingdom Securities Laws

Each Dealer has represented, warranted and agreed 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 would not, if it was not an authorised person, 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.

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.

The Kingdom of Sweden

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that no Notes will be offered to the public in Sweden nor admitted to trading on a regulated market in Sweden unless and until (A) a prospectus in relation to those Notes has been approved by the competent authority in Sweden or, where appropriate, approved in another Relevant Member State and such competent authority has certified to the competent authority in Sweden that the prospectus has been approved with respect to the Prospectus Directive and the Swedish Financial Instruments Trading Act; or (B) an exemption from the requirement to prepare a prospectus is available under the Swedish Financial Instruments Trading Act.

General

Each Dealer has represented, warranted and agreed that it has complied and will comply 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.

GENERAL INFORMATION

Authorisation

1. The establishment of the Programme was authorised by a resolution of the Issuer's Board of Directors passed on 15 August 2016. 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

2. 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 and its Subsidiaries.

Significant/Material Change

3. There has been no significant change in the financial or trading position of the Issuer and its Subsidiaries nor there has been no material adverse change in the prospects of the Issuer and its Subsidiaries since 31 December 2017.

Auditors

4. The consolidated financial statements of the Issuer have been audited without qualification for the years ended 2017 and 2016 by Ernst & Young AB, Jakobsbergsgatan 24, 114 44 Stockholm, Sweden who are authorised and regulated by the Supervisory Board of Public Accountants – Revisorsinspektionen, who 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

5. Physical copies of the following documents (together with English translations thereof) may be inspected during normal business hours at the offices of Hemsö Fastighets AB at Linnégatan 2, Box 24 281, 104 51 Stockholm for 12 months from the date of this Base Prospectus:

   (a) the constitutive documents of the Issuer;

   (b) the audited consolidated financial statements (including the auditors' report thereon and notes thereto) of the Issuer extracted from the annual reports of the Issuer for the years ended 31 December 2017 and 31 December 2016;

   (c) the Agency Agreement;

   (d) the Deed of Covenant;

   (e) the Programme Manual (which contains the forms of the Notes in global and definitive form); and

   (f) the Issuer-ICSDs Agreement.

Material Contracts

6. There are no contracts having been entered into outside the ordinary course of any of the Issuer's or a member of the Group's businesses, which are, or may be, material and contain provisions under which the Issuer or any member of the Group has an obligation or entitlement which is, or may be, material to the ability of the Issuer to meet its obligations in respect of the Notes.

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**"), Financial Instrument Short Name ("**FISN**") and Classification of Financial Instruments ("**CFI**") code (as applicable) 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.

Legal Entity Identifier

8. The Legal Entity Identifier ("**LEI**") code of the Issuer is 549300VOTS5OZ82UTG69.

Notes Having a Maturity of Less Than One Year

9. Where Notes have a maturity of less than one year and either (a) the issue proceeds are received by the Issuer in the United Kingdom or (b) the activity of issuing the Notes is carried on from an establishment maintained by the Issuer in the United Kingdom, such Notes must: (i) have a minimum redemption value of £100,000 (or its equivalent in other currencies) 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 businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses; or (ii) be issued in other circumstances which do not constitute a contravention of section 19 of the FSMA by the Issuer.

Issue Price and Yield

10. 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.

REGISTERED OFFICE OF THE ISSUER

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