



AKELIUS RESIDENTIAL PROPERTY AB (PUBL)

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

€2,500,000,000

Euro Medium Term Note Programme

This Base Prospectus (the "**Base Prospectus**") has been approved by the Central Bank of Ireland, 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 a relevant Member State of the European Economic Area) (the "**Prospectus Directive**"). The Central Bank of Ireland only approves this Base Prospectus as meeting the requirements imposed under Irish and 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 (the "**Notes**") issued under the €2,500,000,000 Euro Medium Term Note Programme (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 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.

Tranches of Notes may be rated or unrated. A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency. Whether or not each credit rating applied for in relation to the relevant Series of Notes will be issued by a credit rating agency established in the European Union and registered under Regulation (EC) No 1060/2009, as amended (the "**CRA Regulation**") will be disclosed in the Final Terms. In general, European regulated investors are restricted from using a rating for regulatory purposes if such rating is not issued by a credit rating agency established in the European Union and registered under the CRA Regulation (or is endorsed and published or distributed by subscription by such a credit rating agency in accordance with the CRA Regulation). **A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, revision or withdrawal at any time by the assigning rating agency.**

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

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

Arranger

DANSKE BANK

Dealers

BARCLAYS
BNP PARIBAS
DANSKE BANK

BAYERISCHE LANDESBANK
COMMERZBANK
SWEDBANK

21 June 2018

IMPORTANT NOTICES

Akelius Residential Property AB (publ) (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.

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 supplemented 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.

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

If at any time the Issuer shall be required to prepare a supplemental base prospectus pursuant to the requirements of the Central Bank of Ireland, the Issuer will prepare and make available an appropriate supplement to this Base Prospectus which, in respect of any subsequent issue of Notes to be listed on the Official List and admitted to trading on the Main Securities Market, shall constitute a supplemental base prospectus as required by Euronext Dublin.

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

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

Neither the Dealers nor any of their respective affiliates have authorised the whole or any part of this Base Prospectus and none of them makes any representation or warranty or accepts any responsibility as to the accuracy or completeness of the information contained in this Base Prospectus. 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 hereof or, if later, the date upon which this Base Prospectus has been most recently amended or supplemented or that any other information supplied in connection with the Programme is correct at any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same.

To the fullest extent permitted by law, the Arranger, the Trustee and the Dealers accept no responsibility whatsoever for the contents of this Base Prospectus. The Arranger, the Trustee and each Dealer accordingly

disclaims all and any liability whether arising in tort or contract or otherwise which it might otherwise have in respect of this Base Prospectus.

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

This Base Prospectus does not constitute an offer of, or an invitation by or on behalf of the Issuer or the Dealers to subscribe or purchase any Notes and the distribution of this Base Prospectus and any Final Terms and the offering, sale and delivery of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Base Prospectus or any Final Terms comes are required by the Issuer and the Dealers to inform themselves about and to observe any such restrictions. For a description of certain restrictions on offers, sales and deliveries of Notes and on the distribution of this Base Prospectus or any Final Terms and other offering material relating to the Notes, see "*Subscription and Sale*".

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

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

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 ("**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 MiFID II; or (ii) a customer within the meaning of 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. Unless otherwise stated in the Final Terms, 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 / target market – The Final Terms in respect of any Notes will 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.

Benchmark Regulation

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

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.

Certain definitions

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

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

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

Stabilisation

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

FORWARD-LOOKING STATEMENTS

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

"expects", "plans", "seeks", "approximately", "aims", "projects", "anticipates" or similar expressions, or the negative thereof, to generally identify forward-looking statements.

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

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

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OVERVIEW OF THE PROGRAMME

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

Issuer:	Akelius Residential Property AB (publ) (the " Issuer ")
Programme Amount:	Up to €2,500,000,000 (or the equivalent in other currencies at the date of issue) aggregate principal amount of Notes outstanding at any one time. The Issuer may increase the amount of the Programme in accordance with the terms of the Dealer Agreement.
Arranger:	Danske Bank A/S (the " Arranger ")
Dealers:	Barclays Bank PLC Bayerische Landesbank BNP Paribas Commerzbank Aktiengesellschaft Danske Bank A/S Swedbank AB (publ) and any other Dealer appointed from time to time by the Issuer either generally or in respect of the Programme or in relation to a particular Tranche of Notes
Principal Paying Agent:	Deutsche Bank AG, London Branch (the " Principal Paying Agent ")
Transfer Agent:	Deutsche Bank Luxembourg S.A.
Registrar:	Deutsche Bank Luxembourg S.A. (the " Registrar ")
Trustee:	Deutsche Trustee Company Limited (the " Trustee ")
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.
Method of Issue:	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.
Denominations:	Notes will be issued in such denominations as may be agreed between the Issuer and the relevant Dealer(s) (subject to compliance with all applicable legal and/or regulatory and/or central bank requirements), save that the minimum denomination of each Note will be EUR 100,000 (or the equivalent in any other currency).
Maturities:	Any maturity, subject to compliance with all applicable legal and/or regulatory and/or central bank requirements. Any Notes in respect of which the issue proceeds are received by the Issuer in the United Kingdom and which have a maturity of less than one year must (a) have a minimum redemption value and minimum denomination of £100,000 (or its equivalent in other Specified Currencies) provided, however, that the minimum denominations will always be the equivalent of at least EUR 100,000 per Note and be issued only to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their

business; or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses or (b) be issued in other circumstances which do not constitute a contravention of section 19 of the Financial Services and Markets Act 2000 ("**FSMA**") by the Issuer.

Listing and Trading: Each Series may be admitted to trading on the regulated market of Euronext Dublin and/or admitted to listing, trading and/or quotation by any other competent authority, stock exchange and/or quotation system as may be agreed between the Issuer and the relevant Dealer and specified in the relevant Final Terms or may be issued on the basis that they will not be admitted to listing, trading and/or quotation by any competent authority, stock exchange and/or quotation system.

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

Final Terms or Drawdown Prospectus: Notes issued under the Programme may be issued either (1) pursuant to this Base Prospectus and associated Final Terms or (2) pursuant to a Drawdown Prospectus. The terms and conditions applicable to any particular Tranche of Notes will be the Conditions as supplemented by the relevant Final Terms or, as the case may be, as supplemented, amended and/or replaced by the relevant Drawdown Prospectus.

Issue Price: Notes may be issued at any price, as specified in the relevant Final Terms or Drawdown Prospectus. The price and amount of Notes to be issued under the Programme will be determined by the Issuer and the relevant Dealer(s) at the time of issue in accordance with prevailing market conditions.

Clearing Systems: Euroclear Bank SA/NV ("**Euroclear**") and/or Clearstream Banking S.A. ("**Clearstream, Luxembourg**" and together with Euroclear, the "**ICSDs**") and/or, in relation to any Tranche of Notes, any other clearing system as may be specified in the relevant Final Terms.

Forms of Notes: Notes may be issued in bearer form ("**Bearer Notes**") or in registered form ("**Registered Notes**"). Bearer Notes will not be exchangeable for Registered Notes and Registered Notes will not be exchangeable for Bearer Notes. No single Series or Tranche may comprise both Bearer Notes and Registered Notes.

Each Tranche of Bearer Notes will initially be in the form of either a temporary global note (the "**Temporary Global Note**") or a permanent global note (the "**Permanent Global Note**"), in each case as specified in the relevant Final Terms (each a "**Global Note**"). Each Global Note which is not intended to be issued in new global note form ("**NGN**"), as specified in the relevant Final Terms, will be deposited on or around the relevant Issue Date with a depositary or a common depositary for Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system and each Global Note which is intended to be issued in NGN form, as specified in the relevant Final Terms, will be deposited on or around the relevant Issue Date with a common safekeeper for Euroclear and/or Clearstream, Luxembourg. Each Temporary Global Note will be exchangeable for a Permanent Global Note or, if so specified in the relevant Final Terms, for Definitive Notes. If the TEFRA D Rules are specified in the relevant Final Terms as applicable, certification as to non-U.S. beneficial ownership will be a condition precedent to any exchange of an interest in a Temporary

Global Note or receipt of any payment of interest in respect of a Temporary Global Note.

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

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

Negative Pledge and other Covenants:

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

Interest:

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

Redemption:

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

Optional Redemption:

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

Tax Redemption:

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

Taxation:

All payments of principal and interest in respect of the Notes and the Coupons by or on behalf of the Issuer shall be made free and clear of, and without withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature ("**Taxes**") imposed, levied, collected, withheld or assessed by or on behalf of the Kingdom of Sweden or any authority therein or thereof having the power to tax, unless such withholding or deduction of Taxes is required by law. In that event, the Issuer shall (subject to certain exceptions) pay such additional amounts as will result in receipt by the Noteholders and the

Couponholders of such amounts as would have been received by them had no such withholding or deduction been required. See "*Terms and Conditions of the Notes—Taxation*".

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

Governing Law: English law.

Ratings: Tranches of Notes issued under the Programme will be rated or unrated. Where a Tranche of Notes is rated, such rating will not necessarily be the same as the rating(s) (if any) assigned to the Issuer or the rating(s) assigned to Notes already issued. Where a Tranche of Notes is rated, the applicable rating(s) will be specified in the relevant Final Terms. A rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the assigning rating organisation. Any change in the rating of Notes could adversely affect the price that a purchase would be willing to pay for Notes. Whether or not each credit rating applied for in relation to the relevant Series of Notes will be issued by a credit rating agency established in the European Union and registered under the CRA Regulation will be disclosed in the Final Terms.

Selling Restrictions: For a description of certain restrictions on offers, sales and deliveries of Notes and on the distribution of offering material in the United States of America, the European Economic Area, the United Kingdom, the Kingdom of Sweden and Japan, 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 risk factors associated with any investment in the Notes, the business of the Issuer and the industry in which it operates together with all other information contained in this Base Prospectus, including, in particular the risk factors described below. Words and expressions defined in the "Terms and Conditions of the Notes" (the "**Conditions**") below or elsewhere in this Base Prospectus have the same meanings in this section.

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

Risk factors relating to the Issuer and the Group

Slow or negative economic growth may have an adverse effect on the real estate market and the Group's rental revenue

The real estate business is to a large extent affected by macroeconomic factors such as general economic trends, regional economic development, employment rate development, the production rate of new residential units and premises, changes in infrastructure, population growth, structure of the population, inflation and interest rates. In addition, political uncertainty (including, for example, the United Kingdom's vote to leave the European Union in June 2016 and its subsequent invocation of Article 50 of the Lisbon Treaty in March 2017 to begin the withdrawal process) may have a negative impact on economic conditions and consumer confidence in the countries where the Group operates. The deterioration of economic conditions in either the countries where the Group operates or globally could result in an increase in unemployment or a decline in real income. This may, in turn, have an adverse effect on supply and demand in the real estate market, vacancy and rental rates and the financial condition of the Group's tenants and other counterparties.

Expectations regarding inflation and/or fluctuations in inflation rates may affect interest rates, including the interest rates that may be payable by the Group on a finance or credit agreement that it enters into. The cost of interest payments on debts owed to credit institutions is one of the Group's main expenses and so any changes in interest rates could have a significant effect on the Group's financial results and cash flow. Increases in the rate of inflation could also increase the operating and administrative expenses of the Group. Furthermore, changes in interest rates and the rate of inflation may also affect the yield requirements and, therefore, the market or fair value of the Group's properties.

If one or several of these factors would develop negatively, it could have a material adverse impact on the Group's operations, earnings and financial position.

A decreased demand for, or an increased supply of, or a contraction of the market for, properties in the countries, in which the Group operates, could adversely affect the business and financial condition of the Group

Supply and demand for real estate, and accordingly the yield on real estate investments differ between different geographical markets and may also develop differently within a specific geographical market. The Group has a diversified property portfolio with properties in a variety of countries and cities. If there are changes in supply and demand or a general contraction of the property market in any of those countries or cities, this may negatively influence the occupancy rates of the Group's properties, the rental rates, the level of demand and ultimately the value of such properties. This could, in turn, have a material adverse impact on the Group's earnings and financial position.

The Group may not be able to execute disposals of real estate properties and residential units at acceptable prices, on acceptable terms or at all

Part of the Group's business model consists of selling fully developed real estate properties and residential units. For this to be successful, it relies on high demand for such properties and on the ability of the purchasers to successfully complete those transactions.

The desire to purchase a real estate property or residential unit is dependent, among other things, on whether the characteristics of the specific property or residential unit correspond to the current market demand, the general activity on the real estate market where the property or unit is based, the general price trend on the real estate market and demographic factors. The desire to purchase residential units is further affected by, among other things, the access to and cost for alternative properties and/or housing arrangements.

The value and price of, and the ability of purchasers to pay for, real estate properties and residential units is influenced by several factors, such as general economic conditions, interest rates, inflation expectations, investor yield requirements, the levels of taxes and charges payable on the acquisition. The ability of counterparties to pay for residential units is further affected by their ability to make interest deductions, to receive loan financing, changes in interest rates for residential loans and rules applied by law or credit institutions regarding maximum borrowings and amortisations.

A decrease in purchasers' desire or ability to pay for the real estate properties and residential units or the inability of the Group to sell at acceptable prices could have a material adverse impact on the Group's operations, earnings and financial position.

There can be no assurance that the Group will be successful in implementing its strategy or achieving its financial targets or investment objectives

No assurance can be given that the implementation of the Group's strategy and/or the achievement of its financial targets or investment objectives will be successful under current or future market conditions. The Group's approach may be modified and altered from time to time. It is therefore possible that the approach adopted to implement its strategy and achieve its financial targets and investment objectives in the future may be different from that presently expected to be used and disclosed in this Base Prospectus.

Moreover, the availability of potential investments that meet the Group's acquisition criteria will depend on the state of the economy and financial markets in the countries in which the Group operates or is interested in entering into. The Group can offer no assurance that it will be able to identify and make investments that are consistent with its acquisition criteria or rate of return targets.

The Group is exposed to risks regarding development projects

As part of its business, the Group carries out development projects on its real estate properties. Such projects include the upgrade of its residential units according to the Group's "Better Living" concept. The ability to successfully complete these development projects in an economically efficient manner depends on a number of factors, including the ability of the Group to retain and recruit personnel with necessary competence within the construction, project management, design, architecture and sales fields, to obtain necessary permits and decisions from local and/or regional authorities and to hire contractors that will implement projects on terms that are acceptable to the Group.

When considering development project investments and development risks, the Group needs to make an estimate of the economic and market conditions that will prevail in the market where the project is located at the time the project is completed and becomes operational, and there is uncertainty at the beginning of a development project about the economic and market conditions at the time of completion of the project. Such estimates are difficult to make since it takes a considerable time before development projects are completed and become operational. During this time, economic conditions may change unfavourably and lower the Group's expected return on the investment. For example, a given market may experience an oversupply of residential properties at the time of a project's completion, leading to lower occupancy rates. As a result, the Group may incorrectly time its development project investments and adopt an inappropriate business strategy.

There are also technical risks associated with such development projects. These include risks of constructional defects, other concealed defects or deficiencies, damage and contaminations. If technical problems do occur, it could result in delays in scheduled real estate development projects, or increased costs

for upgrade and management of the Group's properties. Technical problems could also arise from the actions or omissions of third parties and may not be known to the Group. Although the Group may have rights against the building contractor and/or professional team in connection with such defects and/or recourse to insurance in place for the project in question, there can be no assurance that the Group will be able to enforce its rights and fully recover the costs arising from any claim against the Group. Furthermore, the Group may not be able to obtain the necessary decisions or permits from local and/or regional authorities that are required to implement a change in the use of acquired properties and changes in permits, plans, planning laws or regulations may result in delays in construction works or other unforeseen delays, increases in the cost of construction and construction materials, cost overruns or the failure to complete the Group's real estate development projects.

If one or several of the above factors would develop negatively or if any of the above described risks would materialise, it could have a material adverse impact on the Group's operations, earnings and financial position.

The Group's operating, maintenance and administrative costs may be higher than expected

The Group's operating expenses mainly consist of ongoing electricity, cleaning, water and heating costs associated with its properties. Depending on the geographic market where a property is based, a number of these services can only be purchased from a single operator, and this may lead to periodic increases in the prices for such services. To the extent any of such increases in costs cannot be passed onto the Group's tenants through regulation in lease agreements, or rental increases through renegotiations of lease agreements, it may have a negative impact on the Group's earnings and financial position.

Maintenance expenses result from the measures taken by the Group in order to maintain the standard of its properties in the long term. As properties age, they generally require greater maintenance, refurbishment and redevelopment costs. Numerous factors, including the age of the relevant building, the material and substances used at the time of its construction could result in substantial unbudgeted costs for refurbishment and modernisation. If the Group does not carry out maintenance, refurbishment and redevelopment activities with respect to its properties, these properties may become less attractive to tenants and the Group's rental income may decrease, thereby adversely affecting the Group's business, financial condition, prospects and results of operations. These maintenance expenditures are accounted for as expenses to the extent they relate to repairs and replacements of minor items. In addition to pure maintenance costs, costs for refurbishments in advance of rent renewals or re-lettings normally arise. Unexpected and extensive renovation needs and expenditures may have an adverse impact on the Group's earnings and financial position.

Other factors which could increase operating, maintenance and administrative expenses include, amongst others, increases relating to the rate of inflation, payroll expenses, legal expenses, property taxes and other statutory charges, energy costs and cost of services provided by third party providers; movements in foreign exchange rates and increases in insurance premiums. Any such increases may have an adverse effect on the Group's earnings and financial position.

The Group is subject to credit and counterparty risks

The Group is subject to the counterparty risk of its tenants as the net revenue generated from the Group's properties depends on the financial stability of its tenants. The creditworthiness of a tenant can decline over the short or medium term, leading to a risk that the tenant will become insolvent or unable to pay its agreed rents in a timely manner or otherwise unable to meet its obligations under the lease. If leases are terminated, the Group may be unable to re-let the units for rent at a level previously received or at all. The Group is also exposed to the counterparty risk of purchasers to the extent that they fail to make payments for the properties in relation to which the Group has entered into an agreement for their sale. The realisation of these risks could have a negative impact on the Group's earnings and financial position.

In addition to the credit risks associated with its tenants/purchasers, the Group is exposed to credit risks relating to its financial operations. Such credit risks arise in connection with, among other things, investments of excess liquidity, entering into interest swap agreements and when obtaining long-term and short-term credit agreements. If the counterparties in these operations cannot fulfil their obligations towards the Group, it could have a material adverse impact on the Group's operations, earnings and financial position.

Interest rate risks may reduce the Group's net return

Aside from equity contributions, the Group's operations are largely financed by borrowings, including loans from credit institutions and listed bonds and, as a result, the cost of interest payments on such debts is one of the Group's main expenses. Changes in interest rates can affect the Group's profitability by affecting the spread between, among other things, the income on its assets and the expense of its interest-bearing liabilities, the value of any interest-earning assets, its ability to make acquisitions and its ability to realise gains from the sale of its assets. Market interest rates are highly sensitive to many factors, including the expected inflation rate, governmental, monetary and tax policies, domestic and international economic and political considerations, fiscal deficits, regulatory requirements and other factors beyond the Group's control. The short-term interest rates are mainly determined by reference to the respective national bank's repo rate, which is a monetary policy rate. In times of increasing inflation expectations, the interest rate can be expected to increase and in times of decreasing inflation expectations, the interest rate can be expected to decrease.

The Group's interest costs are mainly affected by the current market interest rate, the margin imposed by credit institutions and the method for determining the rate of interest on the debts entered into by the Group. As at 31 March 2018, the loans of the Group carried an average interest rate of 2.39 per cent. and the average interest rate hedge was 4.8 years. As at 31 March 2018, 16 per cent. of the Group's borrowings carried an interest rate with a term of less than one year. With respect to fixed rate debt, a longer average fixed interest term on the Group's debts means that the Group is tied to a fixed interest rate that may or may not be in line with the prevailing market interest rate. With respect to floating rate debt, the Group's floating rate loan expenses may increase with a rise in market interest rates. An increase in interest rates may increase the Group's interest expense and this could have a material adverse impact on the Group's operations, earnings and financial position.

The Group may not be able to secure financing in the future

The Group is exposed to the risk of not being able to obtain new financing or to re-finance existing debt obligations. In addition, the terms and conditions on which future funding or re-financing may be made available may not be acceptable to the Group. As at 31 March 2018, the Issuer's interest-bearing debt amounted to a total of EUR 4,999 million. There is a risk that these lenders in the future do not want or have the possibility to continue with the current financing.

During the financial crisis in 2008-2009, there was severe volatility and disturbance in the financial and credit markets, with decreased liquidity and increased credit risk premiums for many credit institutions. Even though the Group currently believes that its refinancing risk is small, there is no guarantee that future refinancing can be obtained on commercially acceptable terms, and this could have a material adverse impact on the Group's operations, earnings and financial position.

The Group's inability to procure sufficient financing for its property acquisitions or development projects could adversely affect its ability to expand its business and may result in unexpected costs for the Group. If such circumstances occur, it could also result in development projects not being completed before the Group's loan repayments are due, or that such increased costs in the development project not being covered by the credit facilities in place. If the Group is not able to obtain new financing with respect to its property acquisitions or development projects, or an extension or increase of existing financing arrangements, or is only able to obtain such financing on terms that are disadvantageous, it could have a material adverse impact on the Group's operations, earnings and financial position.

The Group may be forced to refinance its debt or may forfeit secured assets if it fails to meet the obligations and requirements under its loan agreements and debt securities

The Group is financed from a variety of sources. In total, the Group has loans with 35 banks in different countries and it has eight listed bonds.

The Group has provided security and guarantees for a large proportion of its loans. As at 31 March 2018, the Group had total borrowings, including bonds and bank loans, with a nominal value of EUR 4,999 million, of which EUR 2,149 million was secured. Some of the loan agreements and terms of the bonds contain financial covenants which, among other things, cover (i) the ownership of the company that has raised the loan and (ii) the Group's equity ratio and certain other financial ratios. In this context, it should be noted that some of the Group's financial ratios, at least in the short term, are negatively affected when a

company within the Group acquires properties which are financed through loans from external creditors. Accordingly, such acquisitions (which constitute a part of the Group's business model) could increase the Group's risk of breaching such financial covenants. Whilst the Issuer's financial policy aims to maintain buffers to avoid any breach of financial covenants set out in the loan agreements and the terms of the bonds (see "*Description of the Issuer and the Group – Financial Policy*"), if any of the financial covenants are breached, it could result in the acceleration of the loans and/or bonds and/or the realisation of the security granted to the relevant credit institutions, which could, in turn, have a material adverse impact on the Group's operations, earnings and financial position.

Liquidity risks

Liquidity risk is the risk that the Group cannot meet its payment obligations under its financing arrangements. If the Group's liquidity sources prove not to be sufficient, it could have a material adverse impact on the Group's operations, earnings and financial position. There is also a risk that the cost for obtaining cash to service the Group's payment obligations increases significantly.

The Group is also exposed to risks arising from the illiquidity of its portfolio. The market for the types of properties the Group owns or may acquire in the future is generally illiquid. Were the Group required to liquidate parts of its portfolio on short notice for any reason, including raising funds to support its operations or repay outstanding indebtedness, the Group may not be able to sell any portion of its portfolio on favourable terms or at all. In the case of an accelerated sale, there may be a significant shortfall between the fair value of the property and the price at which the Group could sell such property. In planned disposals in the ordinary course of business, an illiquid market may result in a sales price that is lower than anticipated or in a delay of the sale. Any such shortfall could have a material adverse effect on the business, financial condition or results of operations of the Group. In addition, the Group may be subject to restrictions on its ability to sell properties pursuant to covenants and pledges limiting asset disposals in the Group's financing agreements.

Change of control

In some of the Group's financing agreements there may be provisions which are triggered by a change of control of the Group's companies. Upon such changes, certain rights of the counterparty, or obligations for the Group, may arise which among other things could impact the Group's financing arrangements. If the Group's financing arrangements are affected, it could have a material adverse impact on the Group's operations, earnings and financial position.

Changes in value of the Group's interest rate derivatives could have an adverse impact on the Group's financial position

A number of the Group's credit agreements bear interest at a floating rate. The Group uses interest rate derivatives, mainly interest rate swaps, to hedge against the interest rate risk. The interest rate derivatives are accounted for in the balance sheet at actual value and the changes in value are accounted for in the income statement. As the market interest rate changes, this results in a theoretical over or under value on the interest rate derivatives, which does not affect the cash flow. At the term of the relevant derivative, the value of the derivatives is always zero. The majority of the derivatives provide hedging against increased interest rates. The market value of the Group's interest rate derivatives decreases if the market interest rates decrease, which has an adverse impact on the Group's financial position.

The Group is exposed to currencies not denominated in Euro ("Foreign Currency") exchange rate fluctuations, and there can be no assurance that its Foreign Currency hedging strategy will be effective

The Group's reporting currency is Euro. The Group is subject to fluctuations in Foreign Currency exchange rates as a consequence of a large part of the Group's income, cost, assets and all liabilities being denominated in currencies other than the Euro. The Group may enter into derivative transactions for hedging purposes to mitigate risks resulting from fluctuations in Foreign Currency exchange rates. Hedging arrangements involve risks, such as the risk that counterparties may fail to honour their obligations under these arrangements. The funds required to settle such arrangements could be significant depending on the stability and movement of foreign currency. There can be no assurance that its Foreign Currency hedging strategy will be effective or that, when such derivative transactions expire, they could be renewed on acceptable terms or at all.

As a result, the Group's financial condition, results of operations and cash flow could be adversely affected by hedged and unhedged Foreign Currency fluctuations if the Group is required to exchange a Foreign Currency to Euro (for financial reporting purposes or on a cash basis), in particular from Sterling, Canadian Dollar, U.S. Dollar or Swedish Krona to Euro, at a time when Foreign Currency exchange rates are not favourable, and it has not been able to enter into appropriate hedging arrangements in respect thereof.

Changes in value of the Group's real estate properties

The Group's real estate properties are accounted for in the balance sheet at actual value and the changes in value are accounted for in the income statement. Non-realised value changes do not affect the cash flow. The value of the properties is affected by a number of factors, partly property specific such as vacancy rate, the rental level and operating costs, and partly market specific such as yield requirements and cost of capital derived from comparable transactions on the real estate market. Both property specific deteriorations such as lower rental levels and increased vacancy rate and market specific deteriorations such as higher yield requirements may cause the Group to write-down the actual value of its properties which could have a material adverse impact on the Group's operations, earnings and financial position.

The Group is subject to acquisition, sale and other transactional risks in relation to its real estate properties

Transactions relating to real estate properties involve uncertainties and risks for the Group. Acquisitions of properties involve, for instance, uncertainties regarding the management of new tenants, unexpected costs with respect to environmental clean-up, rebuilding and the handling of technical problems, decisions from authorities and the emergence of disputes relating to the acquisition or the condition of the real estate property. Such uncertainties may result in delays in the Group's development projects for the acquired properties or increased or unexpected costs for the real estate properties or transactions.

The sale of real estate properties by the Group also involves uncertainties regarding, for instance, the ability to successfully dispose of the relevant properties at acceptable prices and the fact that the Group may be subject to contractual claims by purchasers in respect of the properties sold. Also, in the case of an accelerated sale, there may be a significant shortfall between the fair value of the property and the price at which the Group could sell such property.

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

The Group intends to selectively acquire additional real estate assets in the future, but it may overestimate the potential of such assets, over pay for such assets, not identify all potential liabilities or be unable to obtain relevant clearances to complete the acquisition

The acquisition of real estate requires, among other things, an analysis that is subject to a wide variety of factors, including subjective assessments and assumptions. It is possible that the Group may overestimate the potential of a real estate asset when making acquisition decisions or may base its decision on inaccurate information or assumptions that turn out to be incorrect. For example, the Group may overestimate the attractiveness of a property or its location, or the demand for such premises, in which case it may be difficult to find suitable tenants that are willing to enter into favourable leases. The Group may also underestimate the likelihood that a newly acquired real estate asset will require substantial renovation or capital repairs. Such errors may only become apparent at a later stage and force the Group to recognise fair value losses on its statement of financial position and income statement.

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

Operational risks

Operational risk is the risk of incurring losses due to inadequate systems or policies relating to, among other things, internal control, administration, competence development and access to reliable valuation and risk models. If the Group's systems or policies are not adequate, there is a risk that the Group may incur losses which could have a material negative impact on the Group's operations, earnings and financial position.

The Group relies on certain key personnel, the loss of whom could have an adverse impact on its business

The Group's business is dependent, among other things, on the expertise of a number of key personnel, including senior executives and persons with specialist competence. These key persons have extensive experience and competence regarding real estate development and real estate transactions and have, through their experience, established strong relationships with participants on the real estate market and the Group's creditors. Accordingly, retaining these key persons is important to ensure a successful development in the Group's business. The unexpected loss of some or all of these individuals could have a material adverse impact on the Group's operations, earnings and financial position.

The Group has a number of employees whose knowledge, experience and commitment is of importance for the Group's future development. There can be no assurance that the Group will be able to retain all of its existing personnel or to attract additional qualified personnel when needed which, in turn, could affect adversely the Group's operations, earnings and financial position.

The Group faces competition from existing and new market participants

The Group operates in a competitive market. The Group's competitors may have significant resources and in-depth knowledge of the geographical markets in which the Group operates. The Group's ability to successfully compete with existing and new market participants is, among other things, dependent upon the Group's ability to anticipate future market changes and trends, and to rapidly react to existing and future market needs. Competition may result in increased costs or require price reductions or changes to the Group's business model. Therefore, the Group may be forced to make costly investments, reorganisations or price reductions to adapt to a new competitive environment. Increased competition from existing and new market participants could have a material adverse impact on the Group's operations, earnings and financial position.

Changes in laws and the failure to receive permits or be granted decisions by local/regional authorities could affect the Group's properties

The Group's business is regulated and affected by a large number of laws and regulations as well as various processes and decisions relating to these regulations, both on a political level and on an administrative level. Such laws and regulations include the Swedish Planning and Building Act (Sw: *Plan- och bygglagen*) (or similar legislation in any jurisdiction where the Group is carrying out its business), building standards, health and safety regulations, security regulations, construction codes, listed buildings classification and classification of buildings with cultural significance. These laws and regulations can have a material impact on the Group's business as well as the costs of, and opportunities for the Group to develop its properties in accordance with its business model. Even if the Group's business is conducted in accordance with its interpretation of the current laws and regulations, there can be no assurance that the Group's interpretation of laws and regulations is correct, or that the interpretations may change in the future. In addition, the implementation of new laws or regulations in other countries in which the Group currently operates, or may operate in the future, or the interpretation or enforcement of, or change in, existing laws or regulations, may require the Group to incur additional costs or may prevent the Group from using or developing the Group's properties in accordance with its business model.

In order for the Group's properties to be used and developed in accordance with its business model, various permits and decisions may be required, including local plans and a variety of property registrations, which are approved and given by local/regional authorities. There is a risk that the Group may not in the future be granted the permits or obtain the decisions necessary to conduct and develop its business in a desired manner. Furthermore, there can be no assurance that positive decisions or permits for the Group will not be challenged by third parties which would lead to further delays in Group's operations, or that the established decision-making practice, political will or direction in the future will not change in an adverse manner for the Group.

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

The Group may incur environmental liabilities or compliance costs

The environmental laws of certain countries in which the Group has its operations or assets impose actual and potential obligations to conduct remedial action on sites contaminated with hazardous or toxic substances. In such circumstances, the owner's liability is generally not limited under such laws and the costs of any required removal, investigation or remediation can be substantial. The presence of such substances on, or in, any of the Group's properties, or the liability for failure to remedy property contamination from such substances, could adversely affect the Group's ability to let or sell such property or to borrow funds using such property as collateral, which could have an effect on its generation of rental income or return on investment which could have a material adverse effect on the Group's business, financial condition, prospects and results of operations.

Finally, the Group may be required to comply with stricter environmental laws, regulations and requirements which could result in increased costs for the Group with respect to cleaning-up or after-treatment of its current or future properties. Such changes could also result in increased costs or delays for the Group with respect to its real estate development projects. In addition, if the relevant authorities in a country where the Group operates discover violations of applicable environmental laws, the Group may be subject to fines and other penalties.

If any of the above risks materialise, it could have a material adverse impact on the Group's operations, earnings and financial position.

The Group is exposed to risks relating to changes in applicable tax laws and regulations

The Group's operations are affected by the tax rules in force from time to time in the jurisdictions where the Group conducts operations or has assets. These rules include corporate tax, real estate tax, value added tax, rules regarding tax-free disposals of shares, other governmental or municipal taxes and interest deductions and subsidies. The Group's tax situation is also affected by transactions conducted intra-Group and by transactions between the Group and residential co-operatives that are considered to be priced on market terms. Although the Group's business is conducted in accordance with its interpretation of applicable tax laws and regulations, and in accordance with advice the Group has received from its tax advisers, the possibility that the Group's interpretation is incorrect cannot be excluded, nor that such laws and regulations may change, possibly with retroactive effect. Furthermore, future changes in applicable laws and regulations may affect the conditions of the business of the Group.

The Swedish Government has proposed changes to the interest deduction limitation rules. The proposal is based on the Directive 2016/1164 that was presented by the Council of the European Union in July 2016. Under the proposal, a general limitation for interest deductions in the corporate sector is suggested by way of an EBITDA-rule. The proposal is that net interest expenses, i.e. the difference between the taxpayer's interest income and deductible interest expenses, should only be deductible up to 30 per cent. of the taxpayer's EBITDA for tax purposes. A safe harbour rule is proposed under which net interest is always deductible up to a fixed amount of SEK 5 million. The rules are proposed to enter into force on 1 January 2019. The final proposal was submitted to the Swedish Parliament on 3 May 2018.

Furthermore, in June 2015 the Swedish Government appointed a committee to analyse the possibility to divest properties through tax exempt disposals of shares in companies holding properties and, if considered necessary, to propose new legislation to prevent such transactions. The committee also reviewed whether acquisitions through land parcelling procedure are being abused to avoid stamp duty. The result of the review was presented on 30 March 2017. The committee's main proposal is that upon a change of control in a company holding assets that mainly consist of properties, the properties will be considered as divested and re-acquired for a price corresponding to the market value of the properties. The divested real estate company should also report a taxable notional income (instead of stamp duty) corresponding to 7.09 per cent. of the highest amount of the market value and the tax assessment value of the properties. Further, stamp duty is proposed to be introduced on acquisitions of properties by land parcelling procedures. The rules are proposed to enter into force 1 July 2018. The proposals by the committee have been circulated for formal consultation and the consultation period ended on 15 September 2017. It is currently unclear if, and to what extent, the proposals will result in new legislation.

There can be no assurance that tax rates will not be increased in the future or that other changes in tax laws/regulations occur which affect the ownership of real estate properties or real estate transactions. If any of the above described risks materialise, it could have a material adverse impact on the Group's operations, earnings and financial position.

Rental regulations may restrict the Group's ability to increase rents and may have a negative impact on general market rental rates which in turn may affect the valuation of the Group's properties

The ability of the Group to increase rents under its tenancy agreements may be limited by applicable rent regulations in the jurisdictions in which the Group's properties are located. For example, in the Kingdom of Sweden, the system of "utility value" (Sw: *Bruksvärdessystemet*) implies that rent levels should be proportionate to the quality and standard of the residential unit in question and can only be increased to a level that is in line with the rent that is charged on other comparable residential units (in other words, rents can only be subject to more significant above-inflation increases when the residential units have been upgraded). For a general description of the rental regulations applicable in the jurisdictions in which the Group operates, please see "*Description of the Issuer and the Group - Rental Regulations*". In the context of the Group's development projects that relate to the upgrade of the Group's properties according to the Group's "Better Living" concept, to the extent that the Group is or becomes restricted by applicable rental regulations from increasing the rent payable on such upgraded properties, this could have a material impact on the Group's ability to recover the costs and expenses associated with the upgrade of those residential units and this could, in turn, have a material impact on the Group's operations, earnings and/or and financial condition. While rental regulations can contribute to a more stable income relating to rents, the further tightening of any applicable rental regulations in a specific market could have a negative impact on the market rental rates payable in that market. Any general decreases in the rental levels of the Group's properties as a result of decreases in market rental rates could have a negative effect on the value of the Group's properties and this, in turn, could have a material impact on the growth and financial prospects of the Group.

The Group's insurance coverage may be inadequate

The Group's insurance policies may not cover all losses and, as a result, the Group's insurance may not fully compensate it for losses associated with damage to its real estate assets. In addition, there are certain types of losses, generally of a catastrophic nature, such as earthquakes, floods, hurricanes, terrorism or acts of war, that may be uninsurable or that are not economically insurable. Other factors might also result in insurance proceeds being insufficient to repair or replace a property if it is damaged or destroyed, such as inflation, taxation, changes in building codes and ordinances and environmental considerations. Should an uninsured loss or a loss in excess of insured limits occur, the Group could lose capital invested in the affected property as well as anticipated future revenue from that property. In addition, it could be liable to repair damage caused by uninsured risks. The Group may also remain liable for any debt or other financial obligation related to that damaged property.

The risk of litigation is inherent in the Group's operations

Legal and regulatory actions, claims against the Group and arbitrations involving the Group may arise in the ordinary course of business. The Group may be subject to litigation from suppliers, tenants or third parties, including visitors to properties owned by the Group. Such actions or claims could be time-consuming and result in costs (the size of which cannot always be foreseen) and negative publicity. Litigation could, therefore, have a material adverse impact on the Group's operations, earnings and financial position.

Changed accounting rules

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

Risks related to the Notes

The Notes will constitute unsecured obligations of the Issuer

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

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

Notes issued under the Programme will be unsecured and unsubordinated obligations of the Issuer. The Notes will rank equally with all of the Issuer's other unsecured and unsubordinated indebtedness; however, the Notes will be effectively subordinated to the Issuer's secured indebtedness and securitisations, if any, to the extent of the value of the assets securing such transactions, and will be subject to certain preferential obligations under Swedish law, such as wages of employees.

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

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

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

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

The Notes are subject to optional redemption by the Issuer

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

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

The market price of investments in Notes issued under the Programme could be subject to significant fluctuations in response to actual or anticipated variations in the Issuer's operating results, adverse business developments, changes to the regulatory environment in which the Issuer operates, changes in financial

estimates by securities analysts and the actual or expected sale by the Issuer of other debt securities, as well as other factors, including the trading market for notes issued by the Kingdom of Sweden. In addition, in recent years, the global financial markets have experienced significant price and volume fluctuations that, if repeated in the future, could adversely affect the market price of investments in the Notes without regard to the Issuer's financial condition or results of operations.

The Notes may not be a suitable investment for all investors

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

- (i) have sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained or incorporated by reference in this Base Prospectus;
- (ii) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact such investment will have on its overall investment portfolio;
- (iii) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including where the currency for principal or interest payments is different from the potential investor's currency;
- (iv) understand thoroughly the terms of the Notes and be familiar with the behaviour of any relevant indices and financial markets; and
- (v) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

Credit ratings may not reflect all risks

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

Modification and Waivers

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

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

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

The Final Terms relating to any specific Tranche of Notes may provide that it will be the Issuer's intention to apply the proceeds from an offer of those Notes specifically for projects and activities that promote climate-friendly and/or other environmental purposes (either in those words or otherwise) ("**Green Projects**"). Prospective investors should have regard to the information in the relevant Final Terms regarding such use of proceeds and must determine for themselves the relevance of such information for the purpose of any investment in such Notes together with any other investigation such investor deems necessary. In particular no assurance is given by the Issuer that the use of such proceeds for any Green Projects will satisfy, whether in whole or in part, any present or future investor expectations or requirements as regards any investment criteria or guidelines with which such investor or its investments are required to comply, whether by any present or future applicable law or regulations or by its own by-laws or other governing rules or investment portfolio mandates (in particular with regard to any direct or indirect environmental, sustainability or social impact of any projects or uses, the subject of or related to, the relevant Green Project). Furthermore, it should be noted that there is currently no clearly defined definition (legal, regulatory or otherwise) of, nor market consensus as to what constitutes, a "green" or "sustainable" or an equivalently-labelled project or as to what precise attributes are required for a particular project to be defined as "green" or "sustainable" or such other equivalent label nor can any assurance be given that such a clear definition or consensus will develop over time. Accordingly, no assurance is or can be given to investors that any projects or uses the subject of, or related to, any Green Projects will meet any or all investor expectations regarding such "green", "Green" or other equivalently-labelled performance objectives or that any adverse environmental, social and/or other impacts will not occur during the implementation of any projects or uses the subject of, or related to, any Green Projects.

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

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

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

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

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

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

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

The Issuer may create and issue further Notes

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

Notes where denominations involve integral multiples

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

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

Fixed rate Notes are exposed to specific market risks

A holder of a security with a fixed interest rate is exposed to the risk that the price of such security falls as a result of changes in the current interest rate on the capital markets (the "**Market Interest Rate**"). While

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

Floating Rate Notes

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

Risks relating to Notes which are linked to "benchmarks"

Interest rates or other types of rates and indices which are deemed to be "benchmarks" are the subject of ongoing national and international regulatory discussions and proposals for reform. Some of these reforms are already effective whilst others are still to be implemented. The Benchmark Regulation was published in the Official Journal of the European Union on 29 June 2016 and has applied from 1 January 2018 (with the exception of provisions specified in Article 59 (mainly on critical benchmarks) that have applied since 30 June 2016). The Benchmark Regulation could have a material impact on any Notes linked to LIBOR, EURIBOR, CIBOR, NIBOR, STIBOR or another "benchmark" rate or index, in particular, if the methodology or other terms of the "benchmark" are changed in order to comply with the terms of the Benchmark Regulation, and such changes could (amongst other things) have the effect of reducing or increasing the rate or level, or affecting the volatility of the published rate or level, of the benchmark. In addition, the Benchmark Regulation stipulates that each administrator of a "benchmark" regulated thereunder must be licensed by the competent authority of the Member State where such administrator is located. There is a risk that administrators of certain "benchmarks" will fail to obtain a necessary licence, preventing them from continuing to provide such "benchmarks". Other administrators may cease to administer certain "benchmarks" because of the additional costs of compliance with the Benchmark Regulation and other applicable regulations, and the risks associated therewith. There is also a risk that certain benchmarks may continue to be administered but may in time become obsolete. As an example of such benchmark reforms, on 27 July 2017, the UK Financial Conduct Authority announced that it will no longer persuade or compel banks to submit rates for the calculation of the LIBOR benchmark after 2021 (the "**FCA Announcement**"). The FCA Announcement indicates that the continuation of LIBOR on the current basis (or at all) cannot and will not be guaranteed after 2021 and that planning a transition to alternative reference rates that are based firmly on transactions, such as reformed SONIA (the Sterling Over Night Index Average), must begin.

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

The "*Terms and Conditions of the Notes*" set out below provide for certain fallback arrangements in the event that a published benchmark, such as LIBOR, (including any page on which such benchmark may be published (or any successor service)) becomes unavailable, including the possibility that the rate of interest could be set by reference to a successor rate or an alternative reference rate following the Issuer's consultation with an Independent Adviser (as defined below) and that such successor rate or alternative reference rate may be adjusted (if required) in order to reduce or eliminate, to the extent reasonably practicable in the circumstances, any economic prejudice or benefit (as applicable) to investors arising out of the replacement of the relevant benchmark. In certain circumstances the ultimate fallback of interest for a particular Interest Period may result in the rate of interest for the last preceding Interest Period being used. This may result in the effective application of a fixed rate for Floating Rate Notes based on the rate which was last observed on the Relevant Screen Page. In addition, due to the uncertainty concerning the availability of successor rates and alternative reference rates and the involvement of an Independent Adviser, the relevant fallback provisions may not operate as intended at the relevant time.

Any such consequences could have a material adverse effect on the value of and return on any such Floating Rate Notes. Moreover, any of the above matters or any other significant change to the setting or existence of any relevant reference rate could affect the ability of the relevant Issuer to meet its obligations under the Floating Rate Notes or could have a material adverse effect on the value or liquidity of, and the amount payable under, the Floating Rate Notes. Investors should consider these matters when making their investment decision with respect to the relevant Floating Rate Notes.

Zero coupon Notes

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

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

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

Inflation risk

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

Legal investment considerations may restrict certain investments

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

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

The United States has enacted rules, commonly referred to as "**FATCA**", that generally impose a new reporting and withholding regime with respect to certain payments made after 31 December 2018 by entities that are classified as financial institutions under FATCA. The United States has entered into an intergovernmental agreement regarding the implementation of FATCA with the Kingdom of Sweden (the "**IGA**"). Under the IGA, as currently drafted, the Issuer does not expect payments made on or with respect to the Notes to be subject to withholding under FATCA. However, significant aspects of when and how FATCA will apply remain unclear, and no assurance can be given that withholding under FATCA will not become relevant with respect to payments made on or with respect to the Notes in the future. Prospective investors should consult their own tax advisors regarding the potential impact of FATCA.

INFORMATION INCORPORATED BY REFERENCE

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

1. the audited annual consolidated financial statements of the Issuer in respect of the year ended 31 December 2016 (the "**2016 Financial Statements**") and the audit report from Öhrlings PricewaterhouseCoopers AB in respect of the 2016 Financial Statements, as set out on pages 65–119 (inclusive) of the Issuer's annual report for 2016:
<http://mb.cision.com/Main/3302/2241379/658875.pdf>
2. the audited annual consolidated financial statements of the Issuer in respect of the year ended 31 December 2017 (the "**2017 Financial Statements**") and the audit report from Öhrlings PricewaterhouseCoopers AB in respect of the 2017 Financial Statements, as set out on pages 92–147 (inclusive) of the Issuer's annual report for 2017:
<http://mb.cision.com/Main/3302/2484026/813082.pdf>
3. the unaudited interim consolidated financial statements of the Issuer in respect of the three-month period ended 31 March 2018 (the "**2018 Interim Financial Statements**") as set out on pages 1–38 (inclusive) of the Issuer's interim report for the first three months of 2018:
<http://mb.cision.com/Main/3302/2507353/830968.pdf>
4. The section entitled "*Terms and Conditions of the Notes*" on pages 27 to 60 of the Base Prospectus dated 12 May 2017:
http://www.ise.ie/debt_documents/Base%20Prospectus_113ddf9f-3c73-4a89-80fc-9a4f27fee2fd.PDF

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

Copies of the documents specified above as containing information incorporated by reference in this Base Prospectus may be inspected, free of charge, during usual business hours at the specified offices of the Principal Paying Agent. For the avoidance of doubt, any information incorporated by reference in the information incorporated by reference from 1 to 4 above shall not be incorporated in or to form part of, this Base Prospectus. Non-incorporated parts are either not relevant for an investor or are covered elsewhere in this Base Prospectus. Any websites referred to within this Base Prospectus do not form part of this Base Prospectus.

The 2016 Financial Statements, 2017 Financial Statements and 2018 Interim Financial Statements are English translations of the Swedish financial statements prepared for and used in the Kingdom of Sweden.

FINAL TERMS AND DRAWDOWN PROSPECTUSES

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

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

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

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

FORMS OF THE NOTES

Bearer Notes

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

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

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

Temporary Global Note exchangeable for Permanent Global Note

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

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

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

within 7 days of the bearer requesting such exchange.

Temporary Global Note exchangeable for Definitive Notes

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

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

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

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

Permanent Global Note exchangeable for Definitive Notes

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

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

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

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

Terms and Conditions applicable to the Notes

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

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

Legend concerning United States persons

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

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

Registered Notes

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

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

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

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

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

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

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

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

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

Terms and Conditions applicable to the Notes

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

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

Summary of Provisions relating to the Notes while in Global Form

Clearing System Accountholders

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

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

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

Conditions applicable to Global Notes

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

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

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

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

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

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

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

TERMS AND CONDITIONS OF THE NOTES

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

1. Introduction

- (a) **Programme:** Akelius Residential Property AB (publ) (the "**Issuer**") has established a Euro Medium Term Note Programme (the "**Programme**") for the issuance of up to EUR 2,500,000,000 in aggregate principal amount of notes (the "**Notes**").
- (b) **Final Terms:** Notes issued under the Programme are issued in series (each a "**Series**") and each Series may comprise one or more tranches (each a "**Tranche**") of Notes. Each Tranche is the subject of a final terms (the "**Final Terms**") which supplements these terms and conditions (the "**Conditions**"). The terms and conditions applicable to any particular Tranche of Notes are these Conditions as 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) **Trust Deed:** The Notes are constituted by, are subject to, and have the benefit of, a trust deed dated 21 June 2018 (as amended or supplemented from time to time, the "**Trust Deed**") between the Issuer and Deutsche Trustee Company Limited as trustee (the "**Trustee**", which expression includes all persons for the time being trustee or trustees appointed under the Trust Deed).
- (d) **Agency Agreement:** The Notes are the subject of an issue and paying agency agreement dated 12 May 2017 (as amended or supplemented from time to time, the "**Agency Agreement**") between the Issuer, Deutsche Bank AG, London Branch as principal paying agent (the "**Principal Paying Agent**", which expression includes any successor principal paying agent appointed from time to time in connection with the Notes), Deutsche Bank Luxembourg S.A. as registrar (the "**Registrar**", which expression includes any successor registrar appointed from time to time in connection with the Notes), the paying agents named therein (together with the Principal Paying Agent, the "**Paying Agents**", which expression includes any successor or additional paying agents appointed from time to time in connection with the Notes), the transfer agents named therein (together with the Registrar, the "**Transfer Agents**", which expression includes any successor or additional transfer agents appointed from time to time in connection with the Notes) and the Trustee. In these Conditions references to the "**Agents**" are to the Paying Agents and the Transfer Agents and any reference to an "**Agent**" is to any one of them.
- (e) **The Notes:** The Notes may be issued in bearer form ("**Bearer Notes**"), or in registered form ("**Registered Notes**"). All subsequent references in these Conditions to "Notes" are to the Notes which are the subject of the relevant Final Terms. Copies of the relevant Final Terms are available for viewing at the registered office of the Issuer at Svärdvägen 3A, P.O. Box 104, SE-182 12 Danderyd, Kingdom of Sweden.
- (f) **Summaries:** Certain provisions of these Conditions are summaries of the Trust Deed and the Agency Agreement and are subject to their detailed provisions. Noteholders (as defined below) and the holders of the related interest coupons, if any, (the "**Couponholders**" and the "**Coupons**", respectively) and any Talons are bound by, and are deemed to have notice of, all the provisions of the Trust Deed and the Agency Agreement applicable to them. Copies of the Trust Deed and the Agency Agreement are available for inspection by Noteholders during normal business hours at the Specified Offices of each of the Agents, the initial Specified Offices of which are set out below.

2. Interpretation

- (a) **Definitions:** In these Conditions the following expressions have the following meanings:
 - "**Accounting Principles**" means the international financial reporting standards (IFRS) within the meaning of Regulation 1606/2002/EC (or as otherwise adopted or amended from time to time);

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

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

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

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

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

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

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

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

¹ For an illustration as to how the measure "Adjusted Profit Before Taxes" is calculated, please see the section entitled "*Description of the Issuer and the Group - Description of alternative performance measures*" in the Base Prospectus relating to the Programme dated 21 June 2018.

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

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

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

"Benchmark Event" means:

- (a) the Original Reference Rate ceasing to be published for a period of at least 5 Business Days or ceasing to exist; or
- (b) a public statement by the administrator of the Original Reference Rate that it will, by a specified date within the following six months, cease publishing the Original Reference Rate permanently or indefinitely (in circumstances where no successor administrator has been appointed that will continue publication of the Original Reference Rate); or
- (c) a public statement by the supervisor of the administrator of the Original Reference Rate that the Original Reference Rate has been or will, by a specified date within the following six months, be permanently or indefinitely discontinued; or
- (d) a public statement by the supervisor of the administrator of the Original Reference Rate that means the Original Reference Rate will be prohibited from being used or that its use will be subject to restrictions or adverse consequences, in each case within the following six months; or
- (e) it has become unlawful for any Paying Agent, Calculation Agent, the Issuer or other party to calculate any payments due to be made to any Noteholder using the Original Reference Rate;

"Business Day" means:

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

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

- (a) **"Following Business Day Convention"** means that the relevant date shall be postponed to the first following day that is a Business Day;
- (b) **"Modified Following Business Day Convention"** or **"Modified Business Day Convention"** means that the relevant date shall be postponed to the first following day that is a Business Day unless that day falls in the next calendar month in which case that date will be the first preceding day that is a Business Day;

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

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

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

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

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

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

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

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

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

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

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

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

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

"Consolidated Net Financial Indebtedness" means the Financial Indebtedness of the Group (excluding any Subordinated Debt) less the Group's consolidated total cash, cash equivalents and

Liquid Financial Assets, in each case on a consolidated basis determined in accordance with the Accounting Principles as shown in the latest Financial Report;

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

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

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

"**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

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

where:

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

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

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

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

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

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

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

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

where:

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

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

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

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

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

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

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

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

where:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

- (a) monies borrowed or raised, including Market Loans;
- (b) the amount of any liability in respect of any finance leases, to the extent the arrangement is or would have been treated as a finance lease in accordance with the Accounting Principles (a lease which in the accounts of the Group is treated as an asset and a corresponding liability);
- (c) receivables sold or discounted (other than any receivables to the extent they are sold on a non-recourse basis);
- (d) any counter-indemnity obligation in respect of a guarantee, indemnity, bond, standby or documentary letter of credit or any other instrument issued by a bank or financial institution; and

- (e) (without double counting) any guarantee or other assurance against financial loss in respect of a type referred to in the above items (a)–(d),

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

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

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

"Fitch" means Fitch Ratings Ltd;

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

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

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

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

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

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

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

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

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

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

Commencement Date (in the case of the First Interest Payment Date) or the previous Interest Payment Date (in any other case);

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

"Payment Business Day" means:

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

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

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

"Permitted Security Interest" means:

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

"Person" means any individual, corporation, partnership, limited liability company, joint venture, association, joint-stock company, trust, unincorporated organisation, government, or any agency or political subdivision thereof, or any other entity, whether or not having a separate legal personality;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

"Reference Government Bond Dealer Quotations" means, with respect to each Reference Government Bond Dealer and any Reference Date, the arithmetic average, as determined by the Determination Agent of the bid and offered prices for the Reference Bond (expressed in each case

as a percentage of its principal amount) quoted in writing to the Determination Agent by each Reference Government Bond Dealer at the Quotation Time on the Reference Date;

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

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

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

"**Regular Period**" means:

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

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

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

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

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

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

"**Relevant Screen Page**" means the page, section or other part of a particular information service (including, without limitation, Reuters) specified as the Relevant Screen Page in the relevant Final Terms, or such other page, section or other part as may replace it on that information service or such other information service, in each case, as may be nominated by the Person providing or sponsoring the information appearing there for the purpose of displaying rates or prices comparable to the Reference Rate;

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

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

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

"S&P" means Standard & Poor's Credit Market Services Europe Limited;

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

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

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

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

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

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

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

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

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

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

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

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

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

"Talon" means a talon for further Coupons;

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

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

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

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

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

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

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

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

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

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

- (i) if the Notes are Zero Coupon Notes, references to Coupons and Couponholders are not applicable;
- (ii) if Talons are specified in the relevant Final Terms as being attached to the Notes at the time of issue, references to Coupons shall be deemed to include references to Talons;
- (iii) if Talons are not specified in the relevant Final Terms as being attached to the Notes at the time of issue, references to Talons are not applicable;
- (iv) any reference to principal shall be deemed to include the Redemption Amount, any additional amounts in respect of principal which may be payable under Condition 12 (*Taxation*), any premium payable in respect of a Note and any other amount in the nature of principal payable pursuant to these Conditions;
- (v) any reference to interest shall be deemed to include any additional amounts in respect of interest which may be payable under Condition 12 (*Taxation*) and any other amount in the nature of interest payable pursuant to these Conditions;

- (vi) references to Notes being "outstanding" shall be construed in accordance with the Trust Deed;
- (vii) if an expression is stated in Condition 2(a) (*Definitions*) to have the meaning given in the relevant Final Terms, but the relevant Final Terms gives no such meaning or specifies that such expression is "not applicable" then such expression is not applicable to the Notes; and
- (viii) any reference to the Trust Deed or the Agency Agreement shall be construed as a reference to the Trust Deed or the Agency Agreement, as the case may be, as amended and/or supplemented up to and including the Issue Date of the Notes.

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

- (a) **Bearer Notes:** Bearer Notes are in the Specified Denomination(s) with Coupons and, if specified in the relevant Final Terms, a Talon attached at the time of issue. In the case of a Series of Bearer Notes with more than one Specified Denomination, Bearer Notes of one Specified Denomination will not be exchangeable for Bearer Notes of another Specified Denomination.
- (b) **Title to Bearer Notes:** Title to Bearer Notes and the Coupons will pass by delivery. In the case of Bearer Notes, "**Holder**" means the holder of such Bearer Note and "**Noteholder**" and "**Couponholder**" shall be construed accordingly.
- (c) **Registered Notes:** Registered Notes are in the Specified Denomination(s), which may include a minimum denomination specified in the relevant Final Terms and higher integral multiples of a smaller amount specified in the relevant Final Terms.
- (d) **Title to Registered Notes:** The Registrar will maintain the register (the "**Register**") in accordance with the provisions of the Agency Agreement. A certificate (each, a "**Note Certificate**") will be issued to each Holder of Registered Notes in respect of its registered holding. Each Note Certificate will be numbered serially with an identifying number which will be recorded in the Register. In the case of Registered Notes, "**Holder**" means the person in whose name such Registered Note is for the time being registered in the Register (or, in the case of a joint holding, the first named thereof) and "**Noteholder**" shall be construed accordingly.
- (e) **Ownership:** The Holder of any Note or Coupon shall (except as otherwise required by law) be treated as its absolute owner for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any other interest therein, any writing thereon or, in the case of Registered Notes, on the Note Certificate relating thereto (other than the endorsed form of transfer) or any notice of any previous loss or theft thereof) and no Person shall be liable for so treating such Holder. No person shall have any right to enforce any term or condition of any Note under the Contracts (Rights of Third Parties) Act 1999.
- (f) **Transfers of Registered Notes:** Subject to paragraphs (i) (*Closed periods*) and (j) (*Regulations concerning transfers and registration*) below, a Registered Note may be transferred upon surrender of the relevant Note Certificate, with the endorsed form of transfer duly completed, at the Specified Office of the Registrar or any Transfer Agent, together with such evidence as the Registrar or (as the case may be) such Transfer Agent may reasonably require to prove the title of the transferor and the authority of the individuals who have executed the form of transfer; **provided, however, that** a Registered Note may not be transferred unless the principal amount of Registered Notes transferred and (where not all of the Registered Notes held by a Holder are being transferred) the principal amount of the balance of Registered Notes not transferred are Specified Denominations. Where not all the Registered Notes represented by the surrendered Note Certificate are the subject of the transfer, a new Note Certificate in respect of the balance of the Registered Notes will be issued to the transferor.
- (g) **Registration and delivery of Note Certificates:** Within five business days of the surrender of a Note Certificate in accordance with paragraph (f) (*Transfers of Registered Notes*) above, the Registrar will register the transfer in question and deliver a new Note Certificate of a like principal amount to the Registered Notes transferred to each relevant Holder at its Specified Office or (as the case may be) the Specified Office of any Transfer Agent or (at the request and risk of any such

relevant Holder) by uninsured first class mail (airmail if overseas) to the address specified for the purpose by such relevant Holder. In this paragraph, "**business day**" means a day on which commercial banks are open for general business (including dealings in foreign currencies) in the city where the Registrar or (as the case may be) the relevant Transfer Agent has its Specified Office.

- (h) **No charge:** The transfer of a Registered Note will be effected without charge by or on behalf of the Issuer or the Registrar or any Transfer Agent but against such indemnity as the Registrar or (as the case may be) such Transfer Agent may require in respect of any tax or other duty of whatsoever nature which may be levied or imposed in connection with such transfer.
- (i) **Closed periods:** Noteholders may not require transfers to be registered during the period of 15 days ending on the due date for any payment of principal or interest.
- (j) **Regulations concerning transfers and registration:** All transfers of Registered Notes and entries on the Register are subject to the detailed regulations concerning the transfer of Registered Notes scheduled to the Agency Agreement. The regulations may be changed by the Issuer with the prior written approval of the Registrar and the Trustee. A copy of the current regulations will be mailed (free of charge) by the Registrar to any Noteholder who requests in writing a copy of such regulations.

4. **Status**

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

5. **Covenants**

(a) **Negative Pledge**

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

(b) **Maintenance of Unencumbered Assets**

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

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

So long as any Note remains outstanding (as defined in the Trust Deed), the Issuer undertakes that it will not, and will procure that none of its Subsidiaries will, incur any Financial Indebtedness (except for any Permitted Financial Indebtedness) if, immediately after giving effect to the

incurrence of such additional Financial Indebtedness (taking into account the application of the net proceeds of such incurrence):

- (i) the ratio of (i) the sum of (x) the Consolidated Net Financial Indebtedness as of the immediately preceding Calculation Date for which a Financial Report has been published and (y) the Net Financial Indebtedness incurred since the immediately preceding Calculation Date for which a Financial Report has been published to (ii) the sum of (without duplication) (x) the Total Net Assets as of the immediately preceding Calculation Date for which a Financial Report has been published, (y) the purchase price of any investment property (including any investment property classified as assets held for sale) acquired or contracted for acquisition since the immediately preceding Calculation Date for which a Financial Report has been published and (z) the proceeds of any Financial Indebtedness incurred since the immediately preceding Calculation Date for which a Financial Report has been published (but only to the extent such proceeds were not used to acquire investment property (including any investment property classified as assets held for sale) or to reduce Financial Indebtedness) would exceed 60 per cent;
 - (ii) the ratio of (i) the sum of (x) the Secured Consolidated Net Financial Indebtedness of the Group as of the immediately preceding Calculation Date for which a Financial Report has been published and (y) the Secured Net Financial Indebtedness incurred since the immediately preceding Calculation Date for which a Financial Report has been published to (ii) the sum of (without duplication) (x) Total Net Assets as of the immediately preceding Calculation Date for which a Financial Report has been published, (y) the purchase price of any investment property (including any investment property classified as assets held for sale) acquired or contracted for acquisition since the immediately preceding Calculation Date for which a Financial Report has been published and (z) the proceeds of any Financial Indebtedness incurred since the immediately preceding Calculation Date for which a Financial Report has been published (but only to the extent such proceeds were not used to acquire investment property (including any investment property classified as assets held for sale) or to reduce Financial Indebtedness) would exceed 45 per cent; or
 - (iii) the ratio of (i) the aggregate amount of Adjusted Profit Before Taxes in the respective most recent four consecutive quarters ending prior to the Calculation Date for which a Financial Report has been published to (ii) the aggregate amount of Net Interest Expenses in the respective most recent four consecutive quarters ending prior to the Calculation Date for which a Financial Report has been published would be less than 1.50 to 1.00 (each of (i) and (ii) as determined by a responsible accounting or financial officer of the Issuer (using their reasonable judgment) on a *pro forma* basis (including a *pro forma* application of the net proceeds therefrom), as if the additional Financial Indebtedness had been incurred at the beginning of such four quarter period).
- (d) With respect to the covenants contained in these Conditions 5(b) and (c), the Issuer will provide to the Trustee, on each Reporting Date, a certificate signed by two Authorised Signatories (as defined in the Trust Deed) of the Issuer confirming compliance with Conditions 5(b) and (c) by the Issuer or, if the Issuer has not complied with Conditions 5(b) or 5(c), giving details of such non-compliance. Any certificate addressed to the Trustee signed by two Authorised Signatories of the Issuer as to any of the amounts of any defined term or figure referred to in Conditions 5(b) and (c) may be relied upon by the Trustee, and shall be conclusive and binding on the Issuer and Noteholders.

6. **Fixed Rate Note Provisions**

- (a) **Application:** This Condition 6 (*Fixed Rate Note Provisions*) is applicable to the Notes only if the Fixed Rate Note Provisions are specified in the relevant Final Terms as being applicable.
- (b) **Accrual of interest:** The Notes bear interest from the Interest Commencement Date at the Rate of Interest payable in arrear on each Interest Payment Date, subject as provided in Condition 10 (*Payments - Bearer Notes*) and Condition 11 (*Payments - Registered Notes*). Each Note will cease to bear interest from the due date for final redemption unless, upon due presentation, payment of the Redemption Amount is improperly withheld or refused, in which case it will continue to bear

interest in accordance with this Condition 6(b) (as well after as before judgment) until whichever is the earlier of (i) the day on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant Noteholder and (ii) the day which is seven days after the Principal Paying Agent or the Trustee has notified the Noteholders that it has received all sums due in respect of the Notes up to such seventh day (except to the extent that there is any subsequent default in payment).

- (c) **Fixed Coupon Amount:** The amount of interest payable in respect of each Note for any Interest Period shall be the relevant Fixed Coupon Amount and, if the Notes are in more than one Specified Denomination, shall be the relevant Fixed Coupon Amount in respect of the relevant Specified Denomination.
- (d) **Calculation of interest amount:** The amount of interest payable in respect of each Note for any period for which a Fixed Coupon Amount is not specified shall be calculated by applying the Rate of Interest to the Calculation Amount, multiplying the product by the relevant Day Count Fraction, rounding the resulting figure to the nearest sub-unit of the Specified Currency (half a sub-unit being rounded upwards) and multiplying such rounded figure by a fraction equal to the Specified Denomination of such Note divided by the Calculation Amount. For this purpose a "sub-unit" means, in the case of any currency other than euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, in the case of euro, means one cent.
- (e) **Notes accruing interest otherwise than a Fixed Coupon Amount:** This Condition 6(e) shall apply to Notes which are Fixed Rate Notes only where the Final Terms for such Notes specify that the Interest Payment Dates are subject to adjustment in accordance with the Business Day Convention specified therein. The relevant amount of interest payable in respect of each Note for any Interest Period for such Notes shall be calculated by the Calculation Agent by multiplying the product of the Rate of Interest and the Calculation Amount by the relevant Day Count Fraction and rounding the resultant figure to the nearest sub-unit of the Specified Currency (half a sub-unit being rounded upwards). The Calculation Agent shall cause the relevant amount of interest and the relevant Interest Payment Date to be notified to the Issuer, the Trustee, the Paying Agents, the Registrar (in the case of Registered Notes) and the Noteholders in accordance with Condition 20 (*Notices*) and, if the Notes are listed on a stock exchange and the rules of such exchange so requires, such exchange as soon as possible after their determination or calculation but in no event later than the fourth Business day thereafter or, if earlier in the case of notification to the stock exchange, the time required by the rules of the relevant stock exchange.

7. Floating Rate Note Provisions

- (a) **Application:** This Condition 7 (*Floating Rate Note Provisions*) is applicable to the Notes only if the Floating Rate Note Provisions are specified in the relevant Final Terms as being applicable.
- (b) **Accrual of interest:** The Notes bear interest from the Interest Commencement Date at the Rate of Interest payable in arrear on each Interest Payment Date, subject as provided in Condition 10 (*Payments - Bearer Notes*) and Condition 11 (*Payments - Registered Notes*). Each Note will cease to bear interest from the due date for final redemption unless, upon due presentation, payment of the Redemption Amount is improperly withheld or refused, in which case it will continue to bear interest in accordance with this Condition (before and after judgment) until whichever is the earlier of (i) the day on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant Noteholder and (ii) the day which is seven days after the Principal Paying Agent or the Trustee has notified the Noteholders that it has received all sums due in respect of the Notes up to such seventh day (except to the extent that there is any subsequent default in payment).
- (c) **Screen Rate Determination:** If Screen Rate Determination is specified in the relevant Final Terms as the manner in which the Rate(s) of Interest is/are to be determined, the Rate of Interest applicable to the Notes for each Interest Period will be determined by the Calculation Agent on the following basis:
 - (i) if the Reference Rate is a composite quotation or customarily supplied by one entity, the Calculation Agent will determine the Reference Rate which appears on the Relevant Screen Page as of the Relevant Time on the relevant Interest Determination Date;

- (ii) if Linear Interpolation is specified as applicable in respect of an Interest Period in the applicable Final Terms, the Rate of Interest for such Interest Period shall be calculated by the Calculation Agent by straight-line linear interpolation by reference to two rates which appear on the Relevant Screen Page as of the Relevant Time on the relevant Interest Determination Date, where:
 - (A) one rate shall be determined as if the relevant Interest Period were the period of time for which rates are available next shorter than the length of the relevant Interest Period; and
 - (B) the other rate shall be determined as if the relevant Interest Period were the period of time for which rates are available next longer than the length of the relevant Interest Period;

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

- (iii) in any other case, the Calculation Agent will determine the arithmetic mean of the Reference Rates which appear on the Relevant Screen Page as of the Relevant Time on the relevant Interest Determination Date;
- (iv) if, in the case of (i) above, such rate does not appear on that page or, in the case of (iii) above, fewer than two such rates appear on that page or if, in either case, the Relevant Screen Page is unavailable:
 - (A) the Issuer (or an independent investment bank, commercial bank or stockbroker appointed by the Issuer) will request the principal Relevant Financial Centre office of each of the Reference Banks to provide a quotation of the Reference Rate at approximately the Relevant Time on the Interest Determination Date to prime banks in the Relevant Financial Centre interbank market in an amount that is representative for a single transaction in that market at that time and notify the Calculation Agent of such quotations provided; and
 - (B) the Calculation Agent will determine the arithmetic mean of such quotations; and
- (v) if fewer than two such quotations are provided as requested, the Calculation Agent will determine the arithmetic mean of the rates (being the nearest to the Reference Rate, as determined by the Calculation Agent) quoted by major banks in the Principal Financial Centre of the Specified Currency, selected by the Issuer (or an independent investment bank, commercial bank or stockbroker appointed by the Issuer), at approximately 11.00 a.m. (local time in the Principal Financial Centre of the Specified Currency) on the first day of the relevant Interest Period for loans in the Specified Currency to leading European banks for a period equal to the relevant Interest Period and in an amount that is representative for a single transaction in that market at that time, such quotations to be notified to the Calculation Agent by the Issuer (or such independent investment bank, commercial bank or stockbroker appointed by the Issuer),

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

- (d) **ISDA Determination:** If ISDA Determination is specified in the relevant Final Terms as the manner in which the Rate(s) of Interest is/are to be determined, the Rate of Interest applicable to the Notes for each Interest Period will be the sum of the Margin and the relevant ISDA Rate where "**ISDA Rate**" in relation to any Interest Period means a rate equal to the Floating Rate (as defined in the ISDA Definitions) that would be determined by the Calculation Agent under an interest rate

swap transaction if the Calculation Agent were acting as Calculation Agent for that interest rate swap transaction under the terms of an agreement incorporating the ISDA Definitions and under which:

- (i) the Floating Rate Option (as defined in the ISDA Definitions) is as specified in the relevant Final Terms;
- (ii) the Designated Maturity (as defined in the ISDA Definitions) is a period specified in the relevant Final Terms;
- (iii) the relevant Reset Date (as defined in the ISDA Definitions) is either (A) if the relevant Floating Rate Option is based on LIBOR for a currency, the first day of that Interest Period or (B) in any other case, as specified in the relevant Final Terms; and
- (iv) if Linear Interpolation is specified as applicable in respect of an Interest Period in the applicable Final Terms, the Rate of Interest for such Interest Period shall be calculated by the Calculation Agent by straight-line linear interpolation by reference to two rates based on the relevant Floating Rate Option, where:
 - (A) one rate shall be determined as if the Designated Maturity were the period of time for which rates are available next shorter than the length of the relevant Interest Period; and
 - (B) the other rate shall be determined as if the Designated Maturity were the period of time for which rates are available next longer than the length of the relevant Interest Period

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

(e) ***Benchmark Discontinuation:***

(i) *Independent Adviser*

If a Benchmark Event occurs in relation to an Original Reference Rate when any Rate of Interest (or any component part thereof) remains to be determined by reference to such Original Reference Rate, then the Issuer shall use its reasonable endeavours to appoint and consult with an Independent Adviser, as soon as reasonably practicable, with a view to the Issuer determining a Successor Rate, failing which an Alternative Rate (in accordance with Condition 7(e)(ii)) and, in either case, an Adjustment Spread if any (in accordance with Condition 7(e)(iii)) and any Benchmark Amendments (in accordance with Condition 7(e)(iv)).

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

(ii) *Successor Rate or Alternative Rate*

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

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

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

(iii) *Adjustment Spread*

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

(iv) *Benchmark Amendments*

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

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

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

(v) *Notices, etc.*

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

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

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

(vi) *Survival of Original Reference Rate*

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

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

7A. **Adjustment of Interest Rate**

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

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

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

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

Where:

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

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

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

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

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

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

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

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

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

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

8. **Zero Coupon Note Provisions**

(a) **Application:** This Condition 8 (*Zero Coupon Note Provisions*) is applicable to the Notes only if the Zero Coupon Note Provisions are specified in the relevant Final Terms as being applicable.

(b) **Late payment on Zero Coupon Notes:** If the Redemption Amount payable in respect of any Zero Coupon Note is improperly withheld or refused, the Redemption Amount shall thereafter be an amount equal to the sum of:

(i) the Reference Price; and

(ii) the product of the Accrual Yield (compounded annually) being applied to the Reference Price on the basis of the relevant Day Count Fraction from (and including) the Issue Date to (but excluding) whichever is the earlier of (i) the day on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant Noteholder and (ii) the day which is seven days after the Principal Paying Agent or the Trustee has notified the Noteholders that it has received all sums due in respect of the Notes up to such seventh day (except to the extent that there is any subsequent default in payment).

9. **Redemption and Purchase**

(a) **Scheduled redemption:** Unless previously redeemed, or purchased and cancelled, the Notes will be redeemed at their Final Redemption Amount on the Maturity Date, subject as provided in Condition 10 (*Payments - Bearer Notes*) and Condition 11 (*Payments - Registered Notes*).

(b) **Redemption for tax reasons:** Unless the Issuer has given notice of redemption under Condition 9(c) or given a Change of Control Notice pursuant to Condition 9(f), the Notes may be redeemed at the option of the Issuer in whole, but not in part:

(i) at any time (unless the Floating Rate Note Provisions are specified in the relevant Final Terms as being applicable); or

(ii) on any Interest Payment Date (if the Floating Rate Note Provisions are specified in the relevant Final Terms as being applicable),

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

(A) the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 12 (*Taxation*) as a result of any change in, or amendment to, the laws or regulations of the Kingdom of Sweden or any political subdivision

or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations (including a holding by a court of competent jurisdiction), which change or amendment becomes effective on or after the date of issue of the first Tranche of the Notes; and

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

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

- (1) where the Notes may be redeemed at any time, 90 days prior to the earliest date on which the Issuer would be obliged to pay such additional amounts if a payment in respect of the Notes were then due; or
- (2) where the Notes may be redeemed only on an Interest Payment Date, 60 days prior to the Interest Payment Date occurring immediately before the earliest date on which the Issuer would be obliged to pay such additional amounts if a payment in respect of the Notes were then due.

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

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

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

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

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

all as determined by the Determination Agent.

- (d) **Partial redemption:** If the Notes are to be redeemed in part only on any date in accordance with Condition 9(c) (*Redemption at the option of the Issuer*), in the case of Bearer Notes, the Notes to be redeemed shall be selected by the drawing of lots in such place and in such manner as may be fair and reasonable in the circumstances, taking account of prevailing market practices, subject to compliance with applicable law, the rules of each competent authority, stock exchange and/or quotation system (if any) by which the Notes have then been admitted to listing, trading and/or quotation and the notice to Noteholders referred to in Condition 9(c) (*Redemption at the option of the Issuer*) shall specify the serial numbers of the Notes so to be redeemed, and, in the case of Registered Notes, each Note shall be redeemed in part in the proportion which the aggregate principal amount of the outstanding Notes to be redeemed on the relevant Optional Redemption Date (Call) bears to the aggregate principal amount of outstanding Notes on such date. If any Maximum Redemption Amount or Minimum Redemption Amount is specified in the relevant Final Terms, then the Optional Redemption Amount (Call) shall in no event be greater than the maximum or be less than the minimum so specified.
- (e) **Redemption at the option of Noteholders:** If the Put Option is specified in the relevant Final Terms as being applicable, the Issuer shall, at the option of the Holder of any Note redeem such Note on the Optional Redemption Date (Put) specified in the relevant Put Option Notice at the relevant Optional Redemption Amount (Put) together with interest (if any) accrued to such date. In order to exercise the option contained in this Condition 9(e), the Holder of a Note must, not less than 30 days nor more than 60 days before the relevant Optional Redemption Date (Put) (or such other period(s) as may be specified in the relevant Final Terms), deposit with any Paying Agent such Note (together with any unmatured Coupons relating thereto) or Note Certificate (as applicable) and a duly completed Put Option Notice in the form obtainable from any Paying Agent. The Paying Agent with which a Note or Note Certificate (as applicable) is so deposited shall deliver a duly completed Put Option Receipt to the depositing Noteholder. No Note or Note Certificate (as applicable), once deposited with a duly completed Put Option Notice in accordance with this Condition 9(e) (*Redemption and Purchase – Redemption at the option of Noteholders*), may be withdrawn, **provided, however, that** if, prior to the relevant Optional Redemption Date (Put), any such Note becomes immediately due and payable or, upon due presentation of any such Note on the relevant Optional Redemption Date (Put) payment of the redemption moneys is improperly withheld or refused, the relevant Paying Agent shall mail notification thereof to the depositing Noteholder at such address as may have been given by such Noteholder in the relevant Put Option Notice and shall in the case of a Bearer Note, hold such Note at its Specified Office for collection by the depositing Noteholder against surrender of the relevant Put Option Receipt and, in the case of a Registered Note, mail such Note Certificate by uninsured post to, and at the risk of, the Noteholder at such address as may have been given by such Noteholder in the relevant Put Option Notice. For so long as any outstanding Note is held by a Paying Agent in accordance with this Condition 9(e) (*Redemption and Purchase – Redemption at the option of Noteholders*), the depositor of such Note and not such Paying Agent shall be deemed to be the Holder of such Note for all purposes. The Holder of a Note may not exercise such option in respect of any Note which is the subject of an exercise by the Issuer of its option to redeem such Note under Condition 9(b) (*Redemption and Purchase – Redemption for tax reasons*), 9(c) (*Redemption and Purchase – Redemption at the option of the Issuer*), or 9(d) (*Redemption and Purchase – Partial redemption*) and any exercise of the first-mentioned option in such circumstances shall have no effect.
- (f) **Change of Control Put Option:** If the Change of Control Put Option is specified as applicable in the relevant Final Terms, if at any time while any Note remains outstanding, there occurs a Change of Control (as defined below), each Noteholder will have the option (the "**Change of Control Put Option**") (unless, prior to the giving of the Change of Control Notice (as defined below), the Issuer gives notice to redeem the Notes under Condition 9(b) or 9(c)) to require the Issuer to redeem or, at the Issuer's option, to procure the purchase of, all or part of its Notes, on the Optional Redemption Date (Change of Control) (as defined below) at the Optional Redemption Amount (Change of Control) together with (or where purchased, together with an amount equal to) interest accrued to, but excluding, the Optional Redemption Date (Change of Control).

Where:

A "**Change of Control**" will be deemed to occur if any person or any persons acting in concert, other than the Main Owner or Affiliates of the Main Owner, shall acquire control over the Issuer where "**control**" means (A) acquiring or controlling directly or indirectly more than 50 per cent.

of the voting rights exercisable at a general meeting of the Issuer or (B) the right to appoint or remove the whole or a majority of the board of directors of the Issuer.

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

Promptly upon the Issuer becoming aware that a Change of Control has occurred, the Issuer shall and at any time upon the Trustee having express written notice thereof the Trustee may, and if so requested in writing by the holders of at least one-quarter in principal amount of the Notes then outstanding or if so directed by an Extraordinary Resolution of the Noteholders, shall, (subject in each case to the Trustee being indemnified and/or secured and/or prefunded to its satisfaction) give notice (a "**Change of Control Notice**") to the Noteholders in accordance with Condition 20 (*Notices*) specifying the nature of the Change of Control and the circumstances giving rise to it and the procedure for exercising the Change of Control Put Option contained in this Condition 9(f).

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

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

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

- (g) **No other redemption:** The Issuer shall not be entitled to redeem the Notes otherwise than as provided in paragraphs (a) to (f) above.

- (h) **Early redemption of Zero Coupon Notes:** Unless otherwise specified in the relevant Final Terms, the Redemption Amount payable on redemption of a Zero Coupon Note at any time before the Maturity Date shall be an amount equal to the sum of:
- (i) the Reference Price; and
 - (ii) the product of the Accrual Yield (compounded annually) being applied to the Reference Price from (and including) the Issue Date to (but excluding) the date fixed for redemption or (as the case may be) the date upon which the Note becomes due and payable.

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

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

10. **Payments - Bearer Notes**

This Condition 10 is only applicable to Bearer Notes.

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

- (f) ***Deductions for unmatured Coupons:*** If the relevant Final Terms specifies that the Fixed Rate Note Provisions are applicable and a Bearer Note is presented without all unmatured Coupons relating thereto:
- (i) if the aggregate amount of the missing Coupons is less than or equal to the amount of principal due for payment, a sum equal to the aggregate amount of the missing Coupons will be deducted from the amount of principal due for payment; **provided, however, that** if the gross amount available for payment is less than the amount of principal due for payment, the sum deducted will be that proportion of the aggregate amount of such missing Coupons which the gross amount actually available for payment bears to the amount of principal due for payment;
 - (ii) if the aggregate amount of the missing Coupons is greater than the amount of principal due for payment:
 - (A) so many of such missing Coupons shall become void (in inverse order of maturity) as will result in the aggregate amount of the remainder of such missing Coupons (the "**Relevant Coupons**") being equal to the amount of principal due for payment; **provided, however, that** where this sub-paragraph would otherwise require a fraction of a missing Coupon to become void, such missing Coupon shall become void in its entirety; and
 - (B) a sum equal to the aggregate amount of the Relevant Coupons (or, if less, the amount of principal due for payment) will be deducted from the amount of principal due for payment; **provided, however, that**, if the gross amount available for payment is less than the amount of principal due for payment, the sum deducted will be that proportion of the aggregate amount of the Relevant Coupons (or, as the case may be, the amount of principal due for payment) which the gross amount actually available for payment bears to the amount of principal due for payment.

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

Coupon Sheet (including, if appropriate, a further Talon but excluding any Coupons in respect of which claims have already become void pursuant to Condition 14 (*Prescription*)). Upon the due date for redemption of any Bearer Note, any unexchanged Talon relating to such Note shall become void and no Coupon will be delivered in respect of such Talon.

11. **Payments - Registered Notes**

This Condition 11 is only applicable to Registered Notes.

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

12. **Taxation**

- (a) **Gross up:** All payments of principal and interest in respect of the Notes and the Coupons by or on behalf of the Issuer shall be made free and clear of, and without withholding or deduction for or

on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of the Kingdom of Sweden or any authority therein or thereof having power to tax, unless the withholding or deduction of such taxes, duties, assessments, or governmental charges is required by law. In that event, the Issuer shall pay such additional amounts as will result in receipt by the Noteholders and the Couponholders after such withholding or deduction of such amounts as would have been received by them had no such withholding or deduction been required, except that no such additional amounts shall be payable in respect of any Note or Coupon:

- (i) held by or on behalf of a Holder which is liable to such taxes, duties, assessments or governmental charges in respect of such Note or Coupon by reason of its having some connection with the Kingdom of Sweden other than the mere holding of the Note or Coupon; or
- (ii) where the relevant Note or Coupon or Note Certificate is presented or surrendered for payment more than 30 days after the Relevant Date except to the extent that the Holder of such Note or Coupon or Note Certificate would have been entitled to such additional amounts on presenting or surrendering such Note or Coupon or Note Certificate for payment on the last day of such period of 30 days.

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

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

13. **Events of Default**

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

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

- (iii) the Issuer or any of its Material Subsidiaries fails to pay when due any amount payable by it under any guarantee for, or indemnity in respect of, any moneys borrowed or raised,

provided that the amount of the relevant Financial Indebtedness and the amount payable under the guarantees and indemnities in respect of which one or more of the events mentioned above in this Condition 13(c) have occurred, individually or in the aggregate, exceeds 0.5 per cent. of the Total Assets; or

- (d) **Enforcement proceedings:** a distress, attachment, execution or other legal process is levied, enforced or sued out on or against any part of the property, assets or revenues of the Issuer or any of its Material Subsidiaries in an amount which exceeds 10 per cent. of the Total Assets and is not discharged or stayed within 90 days; or
- (e) **Security Enforced:** any mortgage, charge, pledge, lien or other encumbrance, present or future, created or assumed by the Issuer or any of its Material Subsidiaries becomes enforceable and any step is taken to enforce it (including the taking of possession or the appointment of a receiver, manager or other similar person) unless the amount being enforced (individually or in the aggregate) pursuant to such mortgage, charge, pledge, lien or other encumbrance is less than 15 per cent. of the Total Assets; or
- (f) **Insolvency etc:** the Issuer or any of its Material Subsidiaries is (or is deemed by law or a court to be) insolvent or bankrupt or unable to pay its debts, stops or suspends or threatens to stop or suspend payment of all or a material part of its debts, proposes or makes a general assignment or an arrangement or composition with or for the benefit of the relevant creditors in respect of any of such debts or a moratorium is agreed or declared in respect of or affecting all or any part of (or of a particular type of) the debts of the Issuer or any of its Material Subsidiaries except for the purposes of and pursuant to a reconstruction, amalgamation, reorganisation or merger or consolidation whilst solvent; or
- (g) **Winding up etc:** (i) an order is made or an effective resolution is passed for the winding up, liquidation or dissolution of the Issuer or any of its Material Subsidiaries except that (A) any orders or resolutions which are being disputed in good faith and are discharged, stayed or dismissed within 30 days of their commencement and (B) any solvent liquidation of a Material Subsidiary, shall not be considered an Event of Default, or (ii) the Issuer ceases or threatens to cease to carry on all or substantially all of its business or operations, except for the purpose of and pursuant to a reconstruction, amalgamation, reorganisation, merger or consolidation whilst solvent; or
- (h) **Authorisation and Consents:** any action, condition or thing (including the obtaining of or effecting of any necessary consent, approval, authorisation, exemption, filing, licence, order, recording or registration) at any time required to be taken, fulfilled or done in order (i) to enable the Issuer lawfully to enter into, exercise its rights and perform and comply with its obligations under the Notes and the Trust Deed, (ii) to ensure that those obligations are legally binding and enforceable and (iii) to make the Notes and the Trust Deed admissible in evidence in the courts of England is not taken, fulfilled or done,
- (i) **Illegality:** it is or will become unlawful for the Issuer to perform or comply with any one or more of its obligations under any of the Notes or the Trust Deed; or
- (j) **Analogous event:** any event occurs which under the laws of any relevant jurisdiction has an analogous effect to any of the events referred to in paragraphs (d) to (g) above,

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

The Issuer has undertaken in the Trust Deed that, within 14 days of its annual audited consolidated financial statements being published and also within 14 days of any request by the Trustee, it will send to the Trustee a certificate of the Issuer signed by any two of its Authorised Signatories (as defined in the Trust Deed) that, to the best of the knowledge, information and belief of the Issuer, as at a date not more than five days before the date of the certificate (the "**Certification Date**") no

Event of Default (as defined in the Trust Deed) or Potential Event of Default (as defined in the Trust Deed) or other breach of the Trust Deed had occurred since the Certification Date of the last such certificate or (if none) the date of the Trust Deed or, if such an event had occurred, giving details thereof.

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

14. **Prescription**

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

15. **Replacement of Notes and Coupons**

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

16. **Trustee and Agents**

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

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

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

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

- (i) the Issuer shall at all times maintain a principal paying agent and a registrar; and

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

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

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

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

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

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

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

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

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

18. **Enforcement**

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

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

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

19. **Further Issues**

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

20. **Notices**

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

21. **Rounding**

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

22. **Governing Law and Jurisdiction**

- (a) **Governing law:** The Notes, Coupons, Talons and the Trust Deed and all non-contractual obligations arising out of or in connection with them are governed by English law.
- (b) **Jurisdiction:** The Issuer has in the Trust Deed (i) agreed that the courts of England shall have exclusive jurisdiction to settle any dispute (a "**Dispute**") arising out of or in connection with the Notes; (ii) agreed that those courts are the most appropriate and convenient courts to settle any

Dispute and, accordingly, that it will not argue that any other courts are more appropriate or convenient; (iii) designated a person in England to accept service of any process on its behalf. The Trust Deed also states that nothing contained in the Trust Deed prevents the Trustee or any of the Noteholders from taking proceedings relating to a Dispute ("**Proceedings**") in any other courts with jurisdiction and that, to the extent allowed by law, the Trustee or any of the Noteholders may take concurrent Proceedings in any number of jurisdictions.

FORM OF FINAL TERMS

[PROHIBITION OF SALES TO EEA RETAIL INVESTORS - The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area ("**EEA**"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "**MiFID II**"); (ii) a customer within the meaning of 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. 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. 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 [•]

AKELIUS RESIDENTIAL PROPERTY AB (PUBL)

Legal Entity Identifier (LEI): 213800REBFN6T3PU8L97

**Issue of [Aggregate Nominal Amount of Tranche] [Title of Notes]
[Euro Medium Term Note Programme]**

PART A – CONTRACTUAL TERMS

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

[Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the "**Conditions**") set forth in the Base Prospectus dated 21 June 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 relating to the issue of Notes described herein for the purposes of Article 5.4 of the Prospectus Directive.]² / [This document does not constitute the Final Terms relating to the issue of Notes described herein for the purposes of Article 5.4 of the Prospectus Directive, as these Notes are not being issued pursuant to the Prospectus Directive.]³

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

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

² Include this wording where the Notes are to be issued pursuant to the Prospectus Directive.

³ Include this wording where the Notes are not to be issued pursuant to the Prospectus Directive.

in the Base Prospectus. This document constitutes the Final Terms relating to the issue of Notes described herein for the purposes of Article 5.4 of the Prospectus Directive.

END OF OPTIONS

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 [is] [are] available for viewing [at www.centralbank.ie/www.ise.ie] and during normal business hours on any weekday at the office of the Issuer].

The expression "**Prospectus Directive**" means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive and the expression "**2010 PD Amending Directive**" means Directive 2010/73/EU.

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

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

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

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

14. **Fixed Rate Note Provisions** [Applicable/Not Applicable]
(If not applicable, delete the remaining 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 [adjusted in accordance with [*specify Business Day Convention*]]
- (iii) Fixed Coupon Amount[(s)]: [[•] per Calculation Amount/Not Applicable]
- (iv) Broken Amount(s): [•] per Calculation Amount, payable on the Interest Payment Date falling [in/on] [•]
- (v) Day Count Fraction: [Actual/Actual ICMA]/[Actual/Actual ISDA]/[Actual 365 (Fixed)]/[Actual

360)/[30/360]/[30E/360]/[Eurobond Basis]/[30E/360 (ISDA)]

(vi) [Party responsible for calculating the amount of interest payable for any interest period following any Rate Adjustment:] [The Principal Paying Agent/other]

15. **Floating Rate Note Provisions** [Applicable/Not Applicable]

(If not applicable delete the remaining sub-paragraphs of this paragraph)

(i) Specified Period: [•]

(ii) Interest Payment Dates: [•]

(iii) First Interest Payment Date: [•]

(iv) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/ Modified Following Business Day Convention/ Preceding Business Day Convention]

(v) Additional Business Centre(s): [Not Applicable/[•]]

(vi) Manner in which the Rate(s) of Interest is/are to be determined: [Screen Rate Determination/ISDA Determination]

(vii) Party responsible for calculating the Rate(s) of Interest and/or Interest Amount(s) (if not the Principal Paying Agent): [•] shall be the Calculation Agent/Not Applicable

(viii) Screen Rate Determination:

- Reference Rate: [•][•]
[EURIBOR/LIBOR/CIBOR/NIBOR/STIBOR]

- Interest Determination Date(s): [•]

- Relevant Screen Page: [•]

- Relevant Time: [•]

- Relevant Financial Centre: [•]

- (ix) ISDA Determination:
 - Floating Rate Option: [•]
 - Designated Maturity: [•]
 - Reset Date: [•]
 - (xi) Margin(s): [+/-][•] per cent. per annum
 - (xii) Minimum Rate of Interest: [•] per cent. per annum
 - (xiii) Maximum Rate of Interest: [•] per cent. per annum
 - (xiv) Day Count Fraction: [Actual/Actual ICMA]/[Actual/Actual ISDA]/[Actual 365 (Fixed)]/[Actual 360]/[30/360]/[30E/360]/[Eurobond Basis]/[30E/360 (ISDA)]
 - (xv) [Linear Interpolation: Not Applicable/Applicable – the Rate of Interest for the [long/short] [first/last] Interest Period shall be calculated using Linear Interpolation (*specify for each short or long interest period*)]
 - (xvi) Reference Banks: [•]/[As per the Conditions]
16. **Zero Coupon Note Provisions** [Applicable/Not Applicable]
- (If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Accrual Yield: [•] per cent. per annum
 - (ii) Reference Price [•]
 - (iii) Day Count Fraction in relation to Early Redemption Amount: [Actual/Actual ICMA]/[Actual/Actual ISDA]/[Actual 365 (Fixed)]/[Actual 360]/[30/360]/[30E/360]/[Eurobond Basis]/[30E/360 (ISDA)]

PROVISIONS RELATING TO REDEMPTION

- 17. Call Option [Applicable/Not Applicable]
 - (i) Optional Redemption Date(s) (Call): [•]

- (ii) Optional Redemption Amount(s) (Call) of each Note: [[•] per Calculation Amount[/Sterling Make Whole Redemption Amount/Non-Sterling Make Whole Redemption Amount]] (*include this option where one Optional Redemption Amount (Call) is required*)
- [If the Optional Redemption Date (Call) is before the date falling [•] days/months prior to the Maturity Date: [•] per Calculation Amount[/Sterling Make Whole Redemption Amount/Non-Sterling Make Whole Redemption Amount]
- If the Optional Redemption Date (Call) is on or after the date falling [•] days/months prior to the Maturity Date: [•] per [Calculation Amount/Sterling Make Whole Redemption Amount/Non-Sterling Make Whole Redemption Amount]] (*include this option where more than one Optional Redemption Amount (Call) is required*)
- (a) Reference Bond: [•]
- (b) Quotation Time [•]
- (c) Redemption Margin: [•]
- (d) Reference Date: [•]/ As per the Conditions]
- (iii) If redeemable in part:
- (a) Minimum Redemption Amount: [•] per Calculation Amount
- (b) Maximum Redemption Amount [•] per Calculation Amount
- (iv) Notice period: [•]
18. Put Option [Applicable/Not Applicable]
- (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
- (i) Optional Redemption Date(s) (Put): [•]
- (ii) Optional Redemption Amount(s) (Put) of each Note and method, if any, of calculation of such amount(s): [•] per Calculation Amount
- (iii) Notice period: [•]

19. Change of Control Put Option: [Applicable/Not Applicable] (*This option is contained in Condition 9(f)*)
- (i) Optional Redemption Amount(s) (Change of Control) of each Note: [•] per Calculation Amount]
- (ii) Change of Control Put Period [•]
20. **Final Redemption Amount of each Note** [•] per Calculation Amount
21. **Early Redemption Amount (Tax)** [[•] per Calculation Amount/Not Applicable]
22. **Early Termination Amount** [[•] per Calculation Amount/Not Applicable]

GENERAL PROVISIONS APPLICABLE TO THE NOTES

23. Form of Notes: **Bearer Notes:**
- [Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for Definitive Notes on [•] days' notice/at any time/in the limited circumstances specified in the Permanent Global Note]
- [Temporary Global Note exchangeable for Definitive Notes on [•] days' notice]
- [Permanent Global Note exchangeable for Definitive Notes on [•] days' notice/at any time/in the limited circumstances specified in the Permanent Global Note]
- Registered Notes:**
- [Global Registered Note exchangeable for Individual Note Certificates on [•] days' notice/at any time/in the limited circumstances specified in the Global Registered Note registered in the name of a nominee for [a common depository for Euroclear and Clearstream, Luxembourg/a common safekeeper for Euroclear and Clearstream, Luxembourg (that is, held under the New Safekeeping Structure (NSS))].]
24. New Global Note: [Yes] [No]/ [Not Applicable]
25. Additional Financial Centre(s) or other special provisions relating to payment dates: [Not Applicable/[•]]
26. Talons for future Coupons to be attached to Definitive Notes (and coupon payments, talons may be required [Yes/No. As the Notes have more than 27

- dates on which such Talons mature): if, on exchange into definitive form, more than 27 coupon payments are left.]
27. Prohibition of Sales to EEA Retail Investors: [Applicable/Not Applicable, Key Information Document prepared]⁴
28. Relevant Benchmark[s]: [[*specify benchmark*] is provided by [[*administrator legal name*]][*repeat as necessary*]. As at the date hereof, [[*administrator legal name*]][*appears*]/[*does not appear*]][*repeat as necessary*] in the register of administrators and benchmarks established and maintained by ESMA pursuant to Article 36 (*Register of administrators and benchmarks*) of the Benchmark Regulation]/[As far as the Issuer is aware, as at the date hereof, [*specify benchmark*] does not fall within the scope of the Benchmark Regulation]/[Not Applicable]

Signed on behalf of Akelius Residential Property AB (publ):

By:
Duly authorised

⁴ 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 required by Regulation (EU) No 1286/2014 (the "**PRIIPs Regulation**") will be prepared, "Applicable" should be specified. If a key information document required by the PRIIPs Regulation will be prepared, "Not Applicable, Key Information Document prepared" should be specified.

PART B – OTHER INFORMATION

1. LISTING AND ADMISSION TO TRADING

- (i) Listing: [Ireland] / [Not Applicable]⁵
- (ii) Admission to Trading: [Application has been made by the Issuer (or on its behalf) for the Notes to be admitted to trading on the regulated market of the Irish Stock Exchange trading as Euronext Dublin with effect from [].]
[Application is expected to be made by the Issuer (or on its behalf) for the Notes to be admitted to trading on the regulated market of the Irish Stock Exchange trading as Euronext Dublin with effect from [].] / [Not Applicable.]⁶
- (iii) Estimate of total expenses related to admission to trading: [] / [Not Applicable]⁷

2. RATINGS

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

Ratings:

S&P: [•]

[Moody's: [•]]

[Fitch: [•]]

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

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

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

⁵ Insert "Not Applicable" where the Notes are not to be listed.

⁶ Insert "Not Applicable" where the Notes are not to be admitted to trading.

⁷ Insert "Not Applicable" where the Notes are not to be admitted to trading.

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

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

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

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

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

4. **USE OF PROCEEDS**

The proceeds of the issue will be used for [the general corporate purposes of the Group (including investments, acquisitions and development projects) and for the repayment of some of the Group's existing indebtedness (including any indebtedness that may be owed to any of the Dealers)]/[•].

5. **[Fixed Rate Notes only – YIELD**

Indication of yield: [•]

6. **OPERATIONAL INFORMATION**

ISIN: [•]

Common Code: [•]

[FISN: [•]]

[CFI: [•]]

Delivery: Delivery [against/free of] payment

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

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

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

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

7. **DISTRIBUTION**

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

USE OF PROCEEDS

The Issuer will use the net proceeds from the issue of each Series of Notes for the general corporate purposes of the Group (including investments, acquisitions and development projects) and for the repayment of some of the Group's existing indebtedness (including any indebtedness that may be owed to any of the Dealers) or as may otherwise be disclosed in the applicable Final Terms. In particular, if so specified in the applicable Final Terms, the Issuer will apply the net proceeds from an offer of Notes specifically for Green Projects. Such Notes may also be referred to as "**Green Bonds**".

DESCRIPTION OF THE ISSUER AND THE GROUP

Introduction

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

Share capital, shares and ownership structure of the Issuer

According to its articles of association, the Issuer's share capital shall be no less than SEK 1,080,000,000 and not more than SEK 4,320,000,000 divided into not less than 1,800,000,000 shares and not more than 7,200,000,000 shares. The Issuer's share capital, as at the date of this Base Prospectus, amounts to SEK 1,926,386,847.6 divided among 3,210,644,746 shares (3,191,809,140 ordinary shares and 18,835,606 preference shares). Each ordinary share entitles the holder to one vote and each preference share entitles the holder to one-tenth of a vote at general meetings. The Issuer's preference shares are listed on the multilateral trading facility Nasdaq First North and are, thus, publicly traded. Nasdaq First North (operated by Nasdaq Stockholm) is a multilateral trading facility and not a regulated market for the purposes of the MiFID II.

It was resolved at the annual general meeting in the Issuer, which was held on 10 April 2018, to (i) pay out a dividend of SEK 8,583,622,320 on the ordinary shares, (ii) to issue no more than 126,229,740 ordinary shares at a subscription price of SEK 68 per share with preference rights for the holders of ordinary shares and (iii) to give the Board of Directors of the Issuer the authorisation to issue, on one or more occasions prior to the annual general meeting in 2019 and with or without preference rights for existing holders of ordinary shares, a maximum amount of 500,000,000 ordinary shares. The decisions on dividend and issue of ordinary shares described in (i) and (ii) above were conditional upon each other. All owners of ordinary shares have subscribed for their maximum allotment in the aforementioned share issue and the shares have been duly registered and included in the information in the paragraph above.

Furthermore, it was resolved at the annual general meeting of the Issuer to change the Issuer's accounting currency from SEK to EUR as of 1 January 2019. The Group reports in EUR instead of SEK as from 1 January 2018.

As at the date of this Base Prospectus, all ordinary shares in the Issuer, accounting for approximately 99.44 per cent. of the total share capital, are held by Akelius Apartments Ltd, Cyprus, reg. no. 84077, Xange Holding Ltd, Cyprus, reg. no. 313781 and Giannis Beta Ltd, Cyprus, reg. no. 342009. Furthermore, Akelius Apartments Ltd holds 654,796 preference shares in the Issuer. Akelius Apartments Ltd therefore holds approximately 84.54 per cent. of the total share capital of the Issuer, of which 84.52 per cent. comprises ordinary shares, Xange Holding Ltd holds approximately 9.94 per cent. and Giannis Beta Ltd holds approximately 4.97 per cent. of the total share capital of the Issuer. The Issuer, therefore, is controlled by its Cypriot parent company Akelius Apartments Ltd, which is, in turn, controlled by the Akelius Foundation, a humanitarian foundation, registered in the Bahamas, with five council members and the purpose of which is to act under its charter and articles. The foundation is set up to achieve charitable purposes, including assistance of people in need, advancement of education and research, and other philanthropic purposes and its main beneficiary is SOS Children's Villages. As at the date of this Base Prospectus, the council members of the Akelius Foundation (which holds all the shares in Akelius Apartments Ltd) are: Leif Norburg, Igor Rogulj, Fredrik Lindgren, Tove Andersson and Johan Warodell. None of the council members are beneficiaries of the Akelius Foundation.

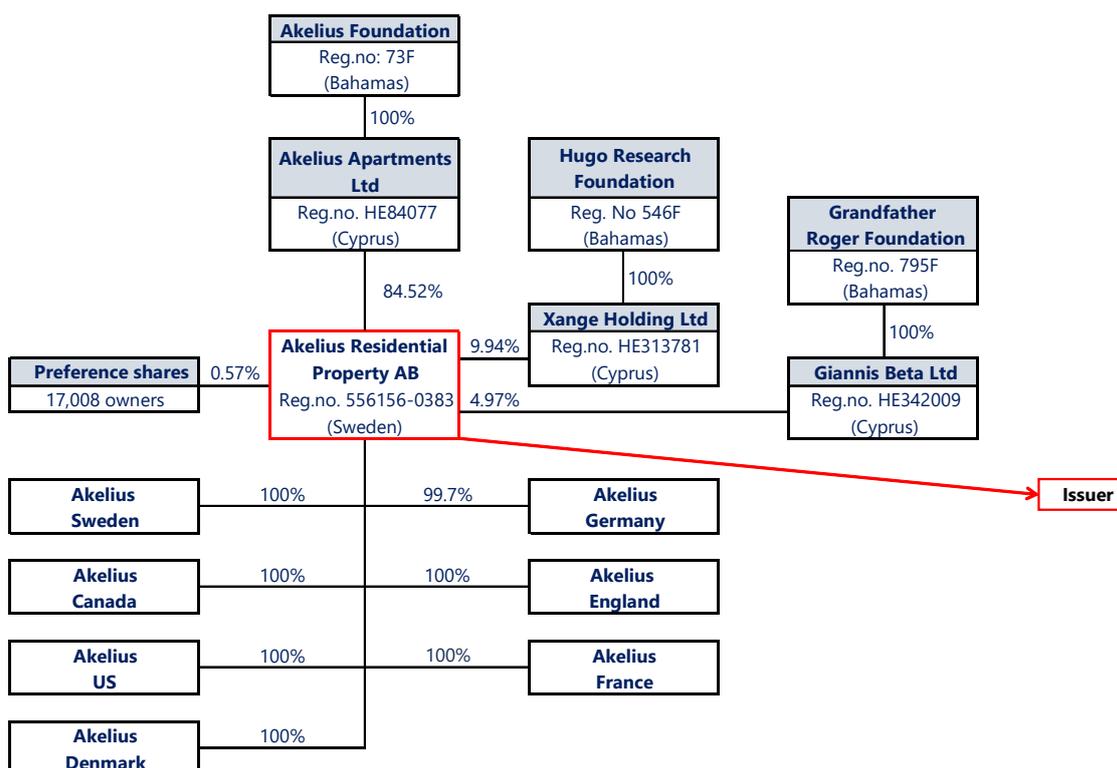
To ensure that the control over the Issuer is not abused, the Issuer complies with the Swedish Companies Act (Sw: *aktiebolagslagen (2005:551)*). In addition, the Issuer acts in accordance with the rules of procedure of its Board of Directors and the instructions for the committees and the chief executive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

Group structure

The Issuer is the holding company of the Group. Its main functions include the overall strategic management of the Group, the determination of the objectives and strategies of the Group, central co-ordination of the activities of the Group companies and central allocation of resources as well as monitoring of Group activities.

As at 31 March 2018, the Issuer had a total of 479 subsidiaries. The subsidiaries comprise real estate holding companies and management companies in all of the countries in which the Group has its operations or assets. The Issuer does not directly hold properties. Generally, the purpose of each real estate holding company within the Group is to hold one or more properties of the Group in the relevant country.

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



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

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

Branch	Holding Company	Registration number	Date of registration	Date of acquisition	Effective ownership (%)
France	Akelius France Holding SAS (France, Paris)	804 104 537	18 August 2014	N/A	100
US	Akelius US LLC (US, Delaware).....	364803632	09 February 2015	N/A	100
Denmark	Akelius Bolig Holding ApS (Copenhagen, Denmark)	37222119	06 November 2015	N/A	100

Business strategy and operations

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

The Group's business strategy is based on the long-term ownership and management of residential properties that generate a steadily growing cash flow. In this respect, the Group particularly focuses on the total return from the properties over ten years rather than the initial short-term yield. The Group's business strategy is centred around properties located in cities that evidence a growing economy and population and stable rent growth, and within those cities, the Group targets properties that are in districts and suburbs that are either well established residential areas or that are undergoing regeneration or development. For example, with respect to well established residential areas, WalkScore provides a metric that assesses how easy it is to run daily errands by foot from a certain location. As at 31 March 2018, the WalkScore assessment of Akelius property portfolio was 87⁸ out of 100. With respect to cities evidencing a growing population, the average population growth over the previous ten years in the metropolitan areas where a large proportion of the Group's portfolio is located (namely, Stockholm, Malmö, Berlin, Hamburg, Munich, London, Paris, Toronto, Montreal and New York) was approximately 12 per cent. By comparison, the average population growth over the previous 10 years in the countries where those cities are based (namely, Sweden, Germany, United Kingdom, France, Canada, the US and Denmark) was approximately 7 per cent.⁹ The Group also seeks to invest in properties that can benefit from, and generate greater returns as a result of, an upgrade of such properties by the Group to a "first class" standard (as discussed below in "Development projects"). The Group believes that the combination of residential properties in established locations in metropolitan areas with growing populations minimises the property vacancy risk and provides strong growth in rent and net operating income. The Group regularly reinvests its profits and applies its profits to the upgrading of the Group's current properties to a "first class" standard and to the acquisition of new properties (as discussed below in "Acquisition process").

As at 31 March 2018, the Group had 973 employees and a property portfolio of 48,297 residential units with an aggregate fair value of EUR 10,926 million. Germany is the Group's largest market and, as at 31 March 2018, accounted for approximately 37 per cent. of the Group's property portfolio, while Sweden

⁸ Source: The Walkscore assessment figure has been calculated by the Issuer internally and has been derived from the Walkscore result for each residential property owned by the Group (such result being available at www.walkscore.com).

⁹ Source: Statistics Sweden, Statistics Denmark, Statistics Canada, INSEE, Office for National Statistics, Statistisches Bundesamt, US Census Bureau, London data store and several local Bundesländer statistics offices.

accounted for approximately 29 per cent., the United States accounted for 11 per cent., Canada accounted for 10 per cent., the United Kingdom accounted for 7 per cent., France accounted for 3 per cent. and Denmark accounted for 3 per cent.

Financial highlights

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

	Three-months ended 31 March		Year ended 31 December		
	2018 ¹	2017 ²	2017 ³	2016 ⁴	2016 restated ⁵
	(EUR millions)	(SEK millions)	(SEK millions)	(SEK millions)	(SEK millions)
Rental income, millions	119	1,016	4,122	4,473	4,109
Net operating income, millions	62	572	2,413	2,311	2,311
Operating profit, millions.....	252	3,204	10,655	14,809	14,809
Profit before tax, millions	220	2,973	9,480	13,320	13,320
Earnings per share before and after dilution.....	0.02	0.79	2.43	3.37	3.37

¹ The financial highlights for the three-months ended 31 March 2018 are contained in the 2018 Interim Financial Statements.

² The financial highlights for the three-months ended 31 March 2017 are contained in the Issuer's interim report January to March 2017.

³ The financial highlights for the year 2017 are contained in the 2017 Financial Statements.

⁴ The financial highlights for the year 2016 are contained in the 2016 Financial Statements

⁵ From 1 January 2017, revenue from utility expenses and other property taxes invoiced to the tenants is netted from expenses that are reported as operating expenses. Rental income for prior years has been restated accordingly and, unless otherwise stated, the restated figures are used within the descriptive part of this section "Description of the Issuer and the Group".

In general terms, the Group's profit is largely generated from rental income and from the increase in value of its property portfolio. The Group's consolidated rental income for the year 2017 was SEK 4,122 million, which represents an increase of SEK 13 million¹⁰ as compared to the year 2016. The rental income for comparable properties for the year 2017, adjusted for changes in exchange rates, increased by 5.1 per cent. as compared to the year 2016. The Group's net profit before tax for the year 2017 was SEK 9,480 million, which was a decrease of SEK 3,840 million compared with the figure from 2016. The increase in the fair value of the Group's properties due to a lower required yield resulting from the low interest rate environment, which was lower in 2017 compared to 2016, contributed to the decrease in net profit.

Acquisition process

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

In 2017, the Group acquired properties for a total price of SEK 12,490 million compared to SEK 6,094 million in 2016. In 2017, properties for SEK 2,900 million were acquired in London, SEK 1,964 million in Copenhagen, SEK 1,910 million in New York, SEK 1,407 million in Stockholm, SEK 1,286 million in Toronto, SEK 897 million in Berlin and SEK 2,126 million in the other large cities such as Montreal, Paris, Boston, Hamburg, Malmö and Washington.

¹⁰ Amounts of rental income for the year 2016 are restated.

Description of the Group's property portfolio

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

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

	Sweden	Germany	Canada	UK	France	US	Denmark	Total	
Residential units.....	13,953	20,632	6,065	2,172	1,263	3,181	1,031	48,297	
Residential...	971	1,253	363	85	38	211	83	3,004	
Lettable space, thousand sqm.....	178	93	4	6	5	1	6	293	
Total	1,149	1,346	367	91	43	212	89	3,297	
Fair value.....	EUR 3,225	EUR 4,030	EUR 1,054	EUR 805	EUR 291	EUR 1,240	EUR 281	EUR 10,926	
EUR/sqm.....	2,806	2,995	2,867	8,864	6,900	5,830	3,178	3,314	
Required yield, %	2.96	3.54	4.27	4.16	4.12	4.35	3.08	3.59	
Vacancy rate, residential, %	Total vacancy	1.2	6.5	6.0	18.0	46.3	19.4	5.5	7.5
Real vacancy	0.0	1.1	0.6	2.0	1.0	2.6	0.6	0.9	
Average residential rent	SEK 1,299	EUR 9.09	CAD 1.92	GBP 2.75	EUR 23.03	USD 2.82	DKK 951	EUR 11.84	
	sqm/year	sqm/month	sqft/month	sqft/month	sqm/month	sqft/month	sqm/year	sqm/year	
Rent potential ¹ , %	17.5	63.9	19.0	4.4	92.5	25.4	72.7	49.1	

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

The following table provides a breakdown of the Group's property portfolio (including a breakdown for the countries in which the Group operates) as at 31 December 2017.

	Sweden	Germany	Canada	UK	France	US	Denmark	Total	
Residential units.....	13,808	20,463	5,500	2,148	1,100	3,127	1,031	47,177	
Residential...	961	1,242	331	84	32	207	83	2,940	
Lettable space, thousand sqm.....	175	92	4	6	4	1	6	288	
Total	1,136	1,334	335	90	36	208	89	3,228	
Fair value.....	SEK 31,568	EUR 38,653	EUR 9,787	EUR 7,685	EUR 2,410	EUR 11,814	EUR 2,727	EUR 104,644	
SEK/sqm.....	27,784	28,966	29,229	85,580	67,792	56,713	30,815	32,421	
Required yield, %	3.00	3.54	4.29	4.16	4.16	4.36	3.09	3.60	
Vacancy rate, residential, %	Total vacancy	1.1	6.5	3.9	14.7	46.4	17.3	6.1	6.6
Real vacancy	0.0	1.3	0.6	2.0	1.3	2.2	0.6	0.9	
Average residential rent	SEK 1,287	EUR 8.98	CAD 1.92	GBP 2.75	EUR 23.40	USD 2.77	DKK 936	SEK 1,413	
	sqm/year	sqm/month	sqft/month	sqft/month	sqm/month	sqft/month	sqm/year	sqm/year	
Rent potential ¹ , %	17.9	61.9	19.4	-5.0	87.4	23.1	77.8	50.1	

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

The following table provides a breakdown of the Group's property portfolio in the countries in which the Group operated as at 31 December 2016.

		Sweden	Germany	Canada	UK	France	US	Denmark	Total
Residential units..		17,381	19,932	4,513	1,224	941	2,309	216	46,516
Lettable space, thousand sqm	Residential	1,205	1,211	268	54	27	165	15	2,945
	Commercial	192	92	1	3	3	0	0	291
	Total	1,397	1,303	269	57	30	165	15	3,236
Fair value	SEK millions	32,357	32,176	7,055	4,524	1,848	9,362	417	87,739
	SEK/sqm	23,163	24,708	26,242	79,157	61,332	56,725	27,135	27,116
Required yield, %		3.43	3.84	4.36	4.11	4.2	4.42	3.42	3.82
Vacancy rate, residential, %	Total vacancy	1.2	4.8	7.1	12.4	46.2	10.6	1.9	5.0
	Real vacancy	0.1	1.1	3.4	3.7	3.7	1.7	0.0	1.1
			EUR 8.56			EUR 20.99			
Average residential rent.....	SEK 1,246	sqm/year	sqm/mont h	CAD 1.89	GBP 2.55	sqm/mont h	USD 2.51	DKK 916	SEK 1,309
				sqft/month	sqft/month		sqft/month	sqm/year	sqm/year

The following two tables provide the current state and development of some key performance indicators for the Group's property portfolio in the primary metropolitan areas in which the Group operated as at 31 March 2018.

	Fair value		Capitalisation Rate ⁽¹⁾	Discount Rate ⁽²⁾	Walk score ¹¹	
	(%)	(EUR million)	(EUR per sqm)	(%)	(scale 1-100)	
Berlin.....	23	2,470	2,811	3.40	5.40	91
Stockholm	20	2,188	3,011	2.81	4.80	60
Malmö	8	914	2,618	3.16	5.16	91
Hamburg.....	8	840	3,405	3.77	5.77	87
London	7	805	8,864	4.16	6.14	85
Toronto.....	6	696	3,212	4.21	6.21	82
New York.....	6	689	6,583	4.25	6.25	96
Boston	4	401	6,731	4.34	6.34	87
Montreal.....	3	358	2,371	4.40	6.40	90
Cologne area.....	3	295	2,774	3.77	5.77	95
Paris.....	3	291	6,900	4.12	6.12	97
Copenhagen.....	3	281	3,718	3.08	5.08	95
Frankfurt area	2	244	3,384	3.84	5.84	89
Munich	2	181	4,298	3.61	5.61	87
Washington.....	1	150	3,094	4.84	6.83	85
Other	1	123	1,680	4.28	6.25	75
Total	100	10,926	3,314	3.59	5.58	87

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

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

	Units	Proportion upgraded	Real vacancy	Rent/sqm growth ¹	In-place	New lettings ²	Rent potential ²	Market rent vs in-place, %	Downside buffer, %
	(units)	(%)	(%)	(%)	EUR/sqm/month	EUR/sqm/month	(%)	(%)	(%)
Berlin	12,933	35	1.5	6.7	8.19	15.32	87	87	47
Stockholm	9,390	55	0.0	2.5	10.37	12.14	17	81	45
Malmö.....	4,063	49	0.0	3.5	10.81	12.65	17	50	33
Hamburg	4,194	51	1.1	4.6	10.78	14.81	37	37	27
London	2,172	45	2.0	1.4	33.85	32.35	-4	-4	-5
Toronto.....	3,869	43	0.6	3.8	13.91	18.94	36	36	27
New York.....	1,588	23	1.5	6.1	24.53	42.57	74	74	42
Boston	920	55	5.1	4.6	30.26	32.63	8	8	7
Montreal.....	2,196	38	0.4	5.4	11.67	12.74	9	9	8
Cologne area	1,684	42	1.4	3.6	9.41	12.75	35	35	26
Paris	1,263	16	1.0	13.8	23.03	44.34	93	93	48
Copenhagen.....	1,031	27	0.6	5.0	10.63	18.37	73	73	42

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

Frankfurt area.....	1,086	67	1.1	2.9	11.22	14.08	25	25	20
Munich.....	735	43	1.1	3.9	12.78	17.32	36	36	26
Washington.....	673	29	1.9	4.4	16.64	17.39	5	5	4
Other.....	500	64	0.0	1.7	10.89	12.62	16	16	14
Total.....	<u>48,297</u>	<u>42</u>	<u>0.9</u>	<u>4.3</u>	<u>11.84</u>	<u>17.65</u>	<u>49</u>	<u>61</u>	<u>38</u>

¹ Like for like 1 April 2017 to 1 April 2018.

² From 2 April 2017 to 1 April 2018, excluding sold properties.

The new lettings during the period 1 April 2017 to 1 April 2018 had an average rent of EUR 17.65 per sqm per month which can be compared to the average in-place rent of EUR 11.84 per sqm per month as at 31 March 2018. The Issuer estimates that the new lettings rent would have been on average EUR 19.11 per sqm per month for the period 1 April 2017 to 1 April 2018 if the Issuer was allowed to rent at market rent levels in all countries. The new lettings rent level for the like-for-like portfolio has increased by 3.1 per cent. for the period 1 April 2017 to 1 April 2018 as compared to the period 1 April 2016 to 1 April 2017.

The rent potential for the Group's properties was 49 per cent. as at 31 March 2018. The Issuer estimates that half of that potential, equivalent to an annual rent of approximately EUR 110 million, can be achieved without investments when there is a turnover of tenants. The remaining half, equivalent to an annual rent of approximately EUR 110 million, can be reached if the Issuer invests EUR 1.5 billion and upgrades the properties to a "first class" standard.

Given the rental regulations in Sweden, Akelius estimates that the rent potential in Stockholm and Malmö, had there been no rental regulations, would have been 81 and 50 per cent., respectively.

As at 31 March 2018, the Group owned 48,297 residential units situated in Sweden, Germany, Canada, the United Kingdom, France, the US and Denmark. As at 31 March 2018, 91 per cent. of the property portfolio's market value, as assessed internally, was located in metropolitan areas with more than 1 million inhabitants. The remaining part of the Group's property portfolio is located in Swedish regional cities. As at 31 March 2018, the Group's property portfolio offers 3,003,930 square metres of residential lettable space and 293,052 square metres of commercial lettable space. The commercial lettable space predominantly forms part of the ground floor of primarily residential properties.

Internally, Akelius categorises its property portfolio across the following five types: "Luxury", "Prime", "Mid", "Entry" and "Discount" and the respective distribution of these property types across the Akelius property portfolio as at 31 March 2018 was 0 per cent., 45 per cent., 35 per cent., 20 per cent. and 0 per cent. Luxury properties, as defined by Akelius, are located in A+ locations and the buildings and service are considered extraordinary. Prime properties are located in A+ to B+ locations and the buildings are attractive, while Mid are ordinary properties in B+ to B locations. Entry properties are located in B to B- locations and the buildings are considered to be regular, an example is the German "Plattenbau" buildings. Discount properties are those in C+ to C- locations and are properties located in socially challenging areas.

The fair value of the Group's property portfolio as at 31 March 2018 was EUR 10,926 million, which represented an increase of EUR 302 million as compared to 31 December 2017.

During the first quarter of 2018, the property portfolio had an increase in fair value of EUR 198 million, mainly due to increased rental income. In the first quarter of 2018, the value of the Group's property investments was EUR 54 million, the value of net purchases was EUR 277 million and the effect due to changes in currency levels amounted to negative EUR 227 million. In the event of a crisis (in other words, a situation where the Group's ability to raise new funding is limited), the Group's total property investments could be reduced to EUR 15 million, on an annual basis, as most of the investments carried out are optional and undertaken for profit.

The fair value of the properties is determined by internal valuations by the Group. The properties are valued using the yield method, which means that each property is valued by discounting its estimated future cash flows. The estimated future cash flows are based on actual rent adjusted for potential growth and actual operating and maintenance expenses adjusted for inflation. Vacancies are considered for each individual property on the basis of the current situation adjusted to a market vacancy level. The property's fair value comprises the sum of the discounted cash flows during the calculation period and the residual value. The valuation is made under IFRS 13, level 3 – see Note 19 - Financial Instruments - Fair value hierarchy of the 2017 Annual Report for further information. In order to verify the internal valuation, the Group engages external valuers, primarily local branches of CBRE Group, Inc., ("CBRE") to estimate at least one third of

the portfolio each year. In 2017, external valuers reviewed 320 properties out of 981 properties owned by the Group, which corresponded to 32.62 per cent. of the number of properties and 34.64 per cent. of the fair value. External valuers' estimate was SEK 33 million, or 0.1 per cent., lower than the Group's internal valuation.

In the ordinary course of its business, the Group regularly reviews and analyses the existing property portfolio with the aim of identifying assets which require upgrading, refurbishment or extension, or to dispose of the properties which do not continue to meet the Group's business objectives. The Group often reinvests the proceeds of such property disposals by acquiring new properties that it has identified.

In the first quarter of 2018, the Group sold properties for a total price of EUR 6.5 million and the sales price was 3 per cent. above the fair value of the properties as measured at the beginning of the year. In 2017, the Group sold properties for a total price of SEK 7.1 billion and the sales price was 15 per cent. above the fair value of the properties as measured at the beginning of the year. In 2016, the Group sold properties for a total price of SEK 9.1 billion and the sales price was 13 per cent. above the fair value of the properties as measured at the beginning of the year.

As at 31 March 2018, the total vacancy rate for residential properties of the Group was 7.5 per cent. (as compared to 6.6 per cent. as at 31 December 2017), of which 88 percentage units was the result of upgrades and intended sales of residential units. As at 31 March 2018, the real vacancy rate was unchanged from 31 December 2017 at 0.9 per cent. As at 31 December 2017, the total vacancy rate for residential properties of the Group was 6.6 per cent. (as compared to 5.0 per cent. as at 31 December 2016), of which 86 percentage units was the result of upgrades and intended sales of residential units. As at 31 December 2017, the real vacancy rate decreased to 0.9 per cent. as compared to 1.1 per cent. as at 31 December 2016, principally as a result of upgrades/refurbishments to properties, strategic sales of properties and due to local rent regulations. The difference between the real vacancy rate and the vacancy rate is that the real vacancy rate does not include residential units that are left vacant as a result of upgrades or sales.

The table below provides the average annual rental income and net operating income growth for comparable portfolio, adjusted for changes in exchange rates, of the Group and each country for the years 2013 to 2017. A "comparable portfolio" refers to the properties owned during the periods being compared. This means that the properties acquired or sold during any of the periods being compared are excluded. These measures are used to (i) (in the case of rental income growth for a comparable portfolio) illustrate the growth of the Group's ongoing turnover capacity from property management and (ii) (in the case of net operating income for a comparable portfolio) illustrate the growth of the ongoing earnings capacity from property management.

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

	Sweden			Germany			Canada			England			Total		
	Jan-Dec 2015	Jan-Dec 2014	Growth in per cent.	Jan-Dec 2015	Jan-Dec 2014	Growth in per cent.	Jan-Dec 2015	Jan-Dec 2014	Growth in per cent.	Jan-Dec 2015	Jan-Dec 2014	Growth in per cent.	Jan-Dec 2015	Jan-Dec 2014	Growth in per cent.
	(SEK million)			(SEK million)			(SEK million)			(SEK million)			(SEK million)		
Rental income	2,216	2,101	5.5	1,531	1,249	22.6	276	158	74.7	190	93	104.3	4,339	3,602	20.5
Exchange differences		0			36			10			13			59	
Purchase/Sale	-327	-267		-642	-445		-130	-28		-80	-10		-1,305	-752	
Rental income for comparable property portfolio	1,889	1,834	3.0	889	839	6.0	146	140	4.1	110	96	15.1	3,034	2,909	4.3
Net operating income	1,111	1,063	4.5	847	710	19.3	96	54	77.8	114	57	100.0	2,175	1,882	15.6

	Sweden			Germany			Canada			England			Total		
	Jan-Dec 2015	Jan-Dec 2014	Growth in per cent.	Jan-Dec 2015	Jan-Dec 2014	Growth in per cent.	Jan-Dec 2015	Jan-Dec 2014	Growth in per cent.	Jan-Dec 2015	Jan-Dec 2014	Growth in per cent.	Jan-Dec 2015	Jan-Dec 2014	Growth in per cent.
	(SEK million)			(SEK million)			(SEK million)			(SEK million)			(SEK million)		
Exchange differences		0		20		3		8							32
Purchase/Sale	-157	-126		-182	-90		-34	-8		-43	-8		-423	-229	
Net operating income for comparable property portfolio	954	937	1.8	665	640	3.9	62	50	25.1	71	58	23.0	1,752	1,684	4.0

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

	Sweden			Germany			Canada			England			Total		
	Jan-Dec 2016	Jan-Dec 2015	Growth in per cent.	Jan-Dec 2016	Jan-Dec 2015	Growth in per cent.	Jan-Dec 2016	Jan-Dec 2015	Growth in per cent.	Jan-Dec 2016	Jan-Dec 2015	Growth in per cent.	Jan-Dec 2016	Jan-Dec 2015	Growth in per cent.
	(SEK million)			(SEK million)			(SEK million)			(SEK million)			(SEK million)		
Rental income	1,956	2,216	-11.7	1,587	1,531	3.7	376	276	36.2	175	190	-7.9	4,473	4,339	3.1
Exchange differences					19			-6			-20			-5	
Purchase/Sale ¹	-371	-660		-463	-493		-129	-39		-59	-62		-1,394	-1,377	
Rental income for comparable property portfolio	1,585	1,556	1.9	1,124	1,057	6.3	247	231	7.0	116	108	7.5	3,079	2,957	4.1
Net operating income	1,016	1,111	-8.7	912	847	7.7	172	96	79.2	118	114	3.5	2,311	2,175	6.3
Exchange differences					10			-2			-12			-3	
Purchase/Sale	-190	-304		-65	-89		-56	-4		-37	-32		-440	-439	
Net operating income for comparable property portfolio	826	807	2.4	847	768	10.3	116	90	29.0	81	70	15.4	1,871	1,733	8.0

¹ Including adjustment for revenue from utility expenses and other property expenses in Germany.

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

	Sweden			Germany			Canada			England		
	Jan-Dec 2017	Jan-Dec 2016	Growth in per cent.	Jan-Dec 2017	Jan-Dec 2016	Growth in per cent.	Jan-Dec 2017	Jan-Dec 2016	Growth in per cent.	Jan-Dec 2017	Jan-Dec 2016	Growth in per cent.
	(SEK million)			(SEK million)			(SEK million)			(SEK million)		
Rental income	1,569	1,956	19.8	1,275	1,226	4.0	453	376	20.5	226	175	29.1
Exchange differences	0	0			40			26			-16	
Purchase/Sale ¹	-219	-656		-67	-88		-86	-67		-40	1	
Rental income for comparable property portfolio	1,350	1,300	3.8	1,208	1,178	2.5	367	335	9.6	186	160	16.3
Net operating income	847	1,016	-16.6	953	912	4.5	237	172	37.8	150	118	27.1
Exchange differences		0			25			6			-7	
Purchase/Sale	-120	-360		-43	-52		-47	-30		-26	-3	
Net operating income for comparable property portfolio	727	656	10.8	910	885	2.8	190	148	28.4	124	108	14.8

	France			United States			Denmark			Total		
	Jan-Dec 2017	Jan-Dec 2016	Growth in per cent.	Jan-Dec 2017	Jan-Dec 2016	Growth in per cent.	Jan-Dec 2017	Jan-Dec 2016	Growth in per cent.	Jan-Dec 2017	Jan-Dec 2016	Growth in per cent.
	(SEK million)			(SEK million)			(SEK million)			(SEK million)		
Rental income	51	37	37.8	471	334	41.0	77	4	1,825.0	4,122	4,109	0.3
Exchange differences		1			3						54	
Purchase/Sale	-22	-		-	-74		-77	-4		-691	-898	
Rental income for comparable property portfolio	29	29	0.0	291	263	10.6	0	0	0.0	3,431	3,265	5.1
Net operating income	-6	-7	-14.3	195	102	91.2	37	2	-1,950.0	2,413	2,311	4.4
Exchange differences					2						26	

Purchase/Sale	9	10	-74	-29	-37	-2	-338	-462				
Net operating income for comparable property portfolio	3	3	0.0	121	75	61.3	0	0	0.0	2,075	1,875	10.7

The average annual rental growth for comparable properties of the Group for the period 2011 to 2017 was 4.4 per cent. The average net operating income growth for comparable properties of the Group for the period 2011 to 2017 was 7.0 per cent.

The annual growth in the average rent level for comparable properties of the Group, in the years 2013, 2014, 2015, 2016 and 2017 was 5.8 per cent., 4.3 per cent., 3.8 per cent., 4.5 per cent. and 4.7 per cent. respectively. In the same years, the inflation (using data from the World Bank and each country's official statistics agency for 2017 data), as weighted by the exposure of the Group in fair value terms in each of the countries where it operates as at 31 March 2018, was 1.03 per cent., 0.79 per cent., 0.21 per cent., 0.81 per cent. and 1.83 per cent. respectively. With respect to the period 1 April 2017 to 1 April 2018, the growth in the "in-place rent" (the average rent per square metre paid by the tenants currently occupying the property) for comparable properties was 4.6 per cent., of that 2.7 per cent. was attributable to new lettings and 1.9 per cent. attributable to renegotiations.

An important part of the Group's strategy is to optimise the new lease level while keeping the number of days in which apartments are vacant to a minimum. The table below demonstrates the level of rent increase across different apartment types over the period 2 April 2017 to 1 April 2018 (those that were not upgraded at the time tenants moved out and were not upgraded for the new lease, those that were already upgraded at the time tenants moved out and finally those that were upgraded between the time tenants moved out and the new lease).

	Residential units	Proportion	Average size	Move out rent	Move in rent	Change
	(Units)	(%)	(Sqm)	(EUR/sqm/m onth)	(EUR/sqm/m onth)	(%)
Not upgraded	156	3	68	1,2.69	13.19	4.0
Already upgraded.....	3,329	58	57	16.47	17.12	4.0
Upgraded between move out and move in.....	2,287	39	61	12.13	17.22	42.0
Total.....	5,772	100	59	14.55	17.04	17.1

As at 31 March 2018, 87 per cent. of the apartments owned by the Group had a current rent level that was below the market rent level. Of that 87 per cent., the relative distance of the current rent level of such apartments from the market rent level was distributed as follows: 14 percentage units of the apartments were 0 to 10 per cent. below the market rent level; (ii) 11 percentage units of the apartments were 10 to 20 per cent. below the market rent level; (iii) 9 percentage units of the apartments were 20 to 30 per cent. below the market rent level; and (iv) 53 percentage units of the apartments were more than 30 per cent. below the market rent level.

The distance from the market rent level for each occupied apartment within the Group has been based on the average new lease level per square metre for each respective property during the period 2 April 2017 to 1 April 2018, in relation to the rent per square metre for each occupied apartment, as at 31 March 2018. Given the rental regulation laws in Sweden, the distance has been estimated to be larger than 30 per cent. below the market rent level in both the Stockholm region and Malmö region.

In the countries where the Group operates, the fair value of residential properties has generally been more resilient towards value losses in economic downturns as compared to office buildings, in the past 25 years. The spread of the Group's portfolio across a number of countries further mitigates any potential property value losses. In the periods 1991-1992 and 2008-2009, the estimated loss in value of the properties for the Group, as weighted by the exposure of the Group in fair value terms in each of the countries where it operates as at 31 March 2018, would have been 4 per cent. and 6 per cent., respectively.

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

Sweden

In Sweden, as at 31 March 2018, the Group had a portfolio of 13,953 residential units with residential lettable space of 971,200 square metres (as compared to 13,808 residential units and 961,499 square metres

of residential space as at 31 December 2017). Most of the Group's properties are located in fast-growing cities in Greater Stockholm and the Öresund Region.

Over the past 30 years, the major cities in Sweden have experienced a 39 per cent. growth in population, the suburbs of two major cities have experienced a growth of 42 per cent., while the population of mid-sized cities has grown by 24 per cent., small cities by 4 per cent. and rural areas have seen their population decrease by 19 per cent.¹²

As at 31 March 2018, the average residential rent for the properties was SEK 1,299 per square metre per year, which represented an increase as compared to 31 December 2017 (SEK 1,287 per square metre per year).

In Sweden, the rental levels of residential properties have generally increased steadily over the period 1985-2016, evidencing a growth of approximately 273 per cent.¹³ During the same period, the rental levels of offices in Stockholm generally increased by approximately 130 per cent.¹⁴

Germany

In Germany, as at 31 March 2018, the Group had a portfolio of 20,632 residential units with residential lettable space of 1,253,139 square metres (as compared to 20,463 residential units and 1,242,499 square metres of residential lettable space as at 31 December 2017). At 31 March 2018, most of the Group's properties were located near city centres and 98 per cent. of the residential units were located in some of the largest cities in Germany: Berlin, Hamburg, Munich, Cologne, Düsseldorf and Frankfurt. The majority of the German apartments are located in Berlin.

Over the past 20 years, the metropolitan areas in Germany have experienced a 10 per cent. growth in population, while other big cities have seen their population increase by 1 per cent., mid-sized cities have had an increase of 2 per cent. and rural areas have had a decrease of 1 per cent.¹⁵

As at 31 March 2018, the average residential rent for the Group's properties in Germany was EUR 9.09 per square metre per month, which represented an increase as compared to 31 December 2017 (EUR 8.98 per square metre per month).

In Germany, the rental levels of residential properties have generally increased steadily over the last 26 years, evidencing a growth of approximately 89 per cent. during the period 1990-2016. During the same period, the rental levels of commercial property have generally decreased by approximately 3 per cent.¹⁶

Canada

In Canada, as at 31 March 2018, the Group had a portfolio of 6,065 residential units with residential lettable space of 363,369 square metres (as compared to 5,500 residential units and 330,816 square metres of residential lettable space as at 31 December 2017).

¹² Source: Statistics Sweden. Definitions of major cities, suburbs to major cities, large cities and rural areas are all defined by SCB. The other six categories that SCB defines, all of which typically have a population of 5,000 - 50,000, are categorised as "small cities" above.

¹³ Source: Boverket, the Swedish National Board of Housing, Building and Planning and Statistics Sweden.

¹⁴ Source: Cushman & Wakefield.

¹⁵ Source: Destatis – Based on population development of "Kreise" and "kreisfreie Städte". Rural area: <80 000, Mid-sized city: <150 000, Big city: <650 000, Metropolitan area:>650 000. Year for determining city category:1995.

¹⁶ Source: *Bulwiengesa AG*.

Over the past 25 years, the major cities in Canada have experienced a strong growth in population, 50 per cent., while large cities have seen their population increase by 39 per cent., mid-sized cities have had an increase of 17 per cent. and small cities have had an increase of 9 per cent.¹⁷

As at 31 March 2018, the average residential rent for the Group's properties in Canada was CAD 1.92 per square foot per month, which is the same level as at 31 December 2017 since properties with a rent lower than average at the beginning of the year have been bought, but this has been balanced by new lettings above the average rent.

In Canada, the residential rent level has generally increased steadily over the last 26 years, evidencing a growth of approximately 81 per cent. during the period 1990-2016.¹⁸ During the same period, the rental levels of offices in Canada generally increased by approximately 22 per cent.¹⁹

United Kingdom

In the United Kingdom, as at 31 March 2018, the Group had a portfolio of 2,172 residential units with residential lettable space of 84,727 square metres (as compared to 2,148 residential units and 83,771 square metres of residential lettable space as at 31 December 2017).

As at 31 March 2018, the average residential rent for the Group's properties in the United Kingdom was GBP 2.75 per square foot per month, which is the same level as at 31 December 2017.

In the United Kingdom, the residential rent level has generally increased over the last 31 years, evidencing a growth of approximately 316 per cent. during the period 1985-2016. During the same period, the rental levels of offices generally increased by approximately 91 per cent.²⁰

France

In France, as at 31 March 2018, the Group had a portfolio of 1,263 residential units with residential lettable space of 37,571 square metres (as compared to 1,100 residential units and 31,710 square metres of residential lettable space as at 31 December 2017).

As at 31 March 2018, the average residential rent was EUR 23.03 per square metre per month, which represented a decrease as compared to 31 December 2017 (EUR 23.40 per square metre per month) due to purchase of new properties with a lower rent than the average at the beginning of the year.

In Paris, the residential rent level has generally increased over the last 26 years, evidencing a growth of approximately 96 per cent. during the period between 1990-2016.²¹ During the same period, the rental levels of offices in Paris' central business district generally increased by approximately 15 per cent.²²

United States

In the US, as at 31 March 2018, the Group had a portfolio of 3,181 residential units with residential lettable space of 211,383 square metres (as compared to 3,127 residential units and 207,052 square metres of residential lettable space as at 31 December 2017). As at 31 March 2018, the average residential rent was USD 2.82 per square foot per month, which represented an increase as compared to 31 December 2017 (USD 2.77 per square foot per month).

¹⁷ Source: *Statistics Canada – Based on population development of divisions (around 300 in total in Canada). Small city: <50 000, Mid-sized city: <150 000, Large city: <500 000, Major city: >500 000. Year for determining city category: 1990.*

¹⁸ Source: *Canada Mortgage and Housing Corporation.*

¹⁹ Source: *CBRE Ltd.*

²⁰ Source: *MSCI Inc.(IPD).*

²¹ Source: *OLAP (Observatoire des loyers de l'Agglomération Paris).*

²² Source: *CBRE., INSEE.*

In the US, the residential rent level has generally increased over the last 26 years, evidencing a growth of approximately 131 per cent. during the period between 1991-2016.²³ During the same period, the rental levels of offices in the US generally increased by approximately 55 per cent.²⁴

Denmark

Late in 2016, Akelius purchased its first properties in Copenhagen, Denmark. As at 31 March 2018, the Group owned 1,031 apartments in Copenhagen with a residential lettable space of 82,541 square metres, same amounts as at 31 December 2017.

As at 31 March 2018, the average rent per square metre and year was DKK 951 which represented an increase as compared to 31 December 2017 (DKK 936 per square metre and year).

In Denmark, the residential rent level has generally increased over the last 26 years, evidencing a growth of approximately 86 per cent. during the period between 1990-2016.²⁵ During the same period, the rental levels of offices in Copenhagen's central business district has not changed in nominal terms.²⁶

Rent Regulations

The ability of the Group to increase the rent payable by tenants of its properties is regulated differently in the jurisdictions in which the Group operates. In some countries (such as the United Kingdom), the Group is, in the majority of cases, able to increase rent freely in accordance with market practice, whereas in others (such as Sweden) the ability to increase rent is subject to restrictions. In the regulated markets, the rent level normally fluctuates less and the rental income is more predictable. A brief description of the rental regulations in each country in which the Group operates is set out below.

Sweden

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

Germany

In Germany, the parties to a new rental agreement are in general freely able to agree on the rent. However, in cities with a tense housing market situation, the rent may be restricted to the locally prevailing comparable market rents plus 10 per cent. This restriction does not apply to extensively upgraded residential units. Increases in the rent of current tenants can be conducted by different methods. Since 2012, the Group has used indexation according to the consumer price index as the method for setting levels of rent in new lease contracts. If the lease contract does not include such indexation, the rent is set by a comparison to the locally prevailing rents set forth in rent indices (Ge: *Mietspiegel*). The index rent is calculated by local authorities to reflect the standard and location of the properties. Increases in rent by comparison to the rent mirror are capped at 15 per cent. for every three-year period. Following any upgrades to the residential units, landlords are allowed to increase the rent of an existing tenant by a total of 11 per cent. of the modernisation cost incurred.

²³ Source: US Census Bureau.

²⁴ Source: Jones Lang LaSalle.

²⁵ Source: Statistics Denmark.

²⁶ Source: Saddin & Albaek.

Canada

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

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

United Kingdom

In the United Kingdom, rental regulations are in place only for tenancies that were granted prior to 1988. Such tenancies comprise 2.1 per cent. of the Group's portfolio as at 31 March 2018. The most common residential lease contract in England is an assured shorthold tenancy with an average duration of 12 months. Parties to such contract are freely able to renew the contract at market rent after expiry. Because of the high fluctuation and short duration of the lease contracts, the rent levels are usually close to market rents. By upgrading the residential units and the common areas, landlords are able to increase rents above the market rent.

France

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

United States

In the US, the rental regulations vary significantly from city to city. In New York, rent systems comprise three types. Controlled rent exists when the landlord is generally not entitled to any significant increase of the rent level for existing tenants but can increase the rent when there is a change of tenant and the new tenant is not a lawful successor. The landlord can apply to a current tenant for an increased rent, but the tenant has the opportunity to challenge this request. Stabilised rent exists when the landlord can increase the rent annually according to a guideline which is approximately in line with the consumer price index. When there is a change in the tenant, the rent can be increased by at least 18.25 per cent. and the rent can further be increased by an additional sum not exceeding 20 per cent. of any improvement costs incurred. Free market rent exists when the rent is fixed according to the contract and upon renewal, the lease can be set freely at market rent.

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

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

repairs, and maintenance. This agreement requires approval by 70 per cent. of the residents occupying the property.

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

Denmark

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

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

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

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

Property management

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

Development projects

The Group also seeks to enhance the value of its properties by carrying out projects that are designed to develop and upgrade its residential units and real estate properties. The Group's overarching project in this respect is the upgrading of its properties of all types (in particular the apartments, stairwells, entrances and gardens within those properties) to a "first class" standard. The concept is orientated towards upgrading vacant rental residential units to the standard of newly-built condominiums. The costs associated with these upgrades are, to a certain extent, recovered through increases to the rent payable for such properties. By upgrading only its vacant residential units, the Group ensures that its current tenants are not obliged to accept a higher standard and, respectively, higher rents. In 2017, the Group upgraded 2,719 residential units for a total investment of SEK 1.2 billion and upgraded the communal areas of some of its properties for a total investment of SEK 0.8 billion. The share of upgraded apartments represented 42 per cent. of the Group's total portfolio as at 31 March 2018 (compared to 41 per cent. as at 31 December 2017). Of the total apartments, only around three per cent. are deemed necessary to upgrade before re-let, in order to attract a new tenant. 55 per cent. of the apartments will be upgraded if the yield is greater than seven per cent., but it is not necessary to upgrade in order to re-let the apartments at the same or higher rent level than before. The Group also invests significantly in development projects that seek to maximise the energy efficiency of its properties and in projects that convert commercial premises into residential units.

The Group commits to centralised and standardised purchasing of construction materials (so called "**StreamLine Production**"). This ensures consistency in terms of quality and provides opportunities for volume discounts. In 2014, the Group introduced a fully-developed support system which manages the logistics and the administration of its development projects. This system simplifies, among other things,

the logistics and cost control processes associated with the projects. The Group continuously focuses on effective internal coordination in order to reduce both the time and the cost of its development projects.

Finance

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

	31 March	31 December	
	2018	2017	2016
Equity			
Equity, 2018 in EUR million, 2016-17 in SEK million.....	4,960	48,270	40,937
Equity to assets ratio, per cent.....	45	46	46
Interest-bearing liabilities			
Loan-to-value, secured loans, per cent.....	19	18	24
Loan-to-value, total loans, per cent.	45	44	43
Interest coverage ratio, excluding realised value growth.....	1.8	1.9	1.9
Interest coverage ratio, including realised value growth.	1.9	4.7	4.5
Interest rate hedge total loans, year ¹	4.8	5.3	4.5
Capital tied up total loans, year ²	5.3	5.6	5.0

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

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

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

The Group's investments, operations and development projects are financed by a variety of sources. During the first quarter of 2018, the Group's profit was EUR 160 million and the Group increased its consolidated equity by EUR 59 million, which amounted to EUR 4,960 million as at 31 March 2018 (as compared to SEK 48,270 million as at 31 December 2017). The Group's equity to assets ratio was 45 per cent. as at 31 March 2018, as compared to 46 per cent. as at 31 December 2017.

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

On 10 April 2018, it was decided at the Issuer's Annual General Meeting, that the Issuer shall issue 126,229,740 ordinary shares in an amount of SEK 68 per share totalling SEK 8,584 million and the ordinary shares will be subscribed for by the Issuer's existing ordinary shareholders (or a pro rata basis according to their current shareholding percentage). At the same time, the Issuer also decided to pay a dividend on ordinary shares amounting to SEK 8,584 million.

The Group believes in diversification and has developed relationships with a number of credit institutions in the respective markets in which it operates. As at 31 March 2018, the Group had entered into financing arrangements with 35 banks across Sweden, Germany, the United Kingdom, Canada, France, Denmark and the US. The Group uses its long-term debt to reduce refinancing and interest rate risk. The Issuer does not usually distribute net dividends to its ordinary shareholders and regularly reinvests the Group's profits, thus effectively increasing the size of the Group's property portfolio without increasing the loan-to-value ratio. Net dividends means any dividends where the proceeds are not immediately used by the shareholders to subscribe for new shares. There are no mandatory rules on the Issuer distributing dividends to its preference shareholders and, while the Issuer does not maintain a prescriptive strategy in this respect, it does intend to defer the distribution of dividends when required in accordance with the Group's business strategy. During the first quarter of 2018, the Issuer distributed dividends on its preference shares in an aggregate amount of EUR 9 million. The Group's secured loans amounted to EUR 2,149 million as at 31 March 2018, an increase of EUR 216 million as compared to EUR 1,933 million as at 31 December 2017. During the first quarter of 2018, the Group's total borrowings increased by EUR 252 million to a total of EUR 4,999 million as compared to EUR 4,747 million as at 31 December 2017. During the first quarter of 2018, the Group's total loan-to-value ratio increased from 44 per cent. as at 31 December 2017 to 45 per cent.

The Group's secured loan-to-value ratio was 19 per cent. as at 31 March 2018, which represented an increase as compared to 31 December 2017 (18 per cent.) Despite this increase, the level of the ratio is in line with the Group's ambition to maintain a low overall share of its secured lending. The Group's total loans were on average tied up for 5.3 years as at 31 March 2018, as compared to 5.6 years as at 31 December 2017. As at 31 March 2018, the total loans of the Group carried an average interest rate of 2.39 per cent. which represented a decrease as compared to 31 December 2017 (2.58 per cent.). The average interest rate hedge for total loans was 4.8 years as at 31 March 2018, as compared to 5.3 years as at 31 December 2017.

The Group's interest coverage ratio excluding realised value growth was 1.8 as at 31 March 2018, as compared to 1.9 as at 31 December 2017. The Group's interest coverage ratio including realised value growth was 1.9 as at 31 March 2018, as compared to 4.7 as at 31 December 2017. This decrease was principally a result of a large volume of successful divestments of properties in Sweden and Germany during the year ended 31 December 2017 as compared to the first quarter of 2018 during which few divestments were carried out. As at 31 March 2018, available funds in the form of cash and unutilised and available credit facilities totalled EUR 778 million, as compared to SEK 7,434 million as at 31 December 2017.

As at the date of this Base Prospectus, the Issuer has issued eight unsecured bonds that remain outstanding, one of SEK 1,400 million (maturing in March 2019), one of EUR 300 million (maturing in September 2020), one of EUR 600 million (maturing in January 2022), one of EUR 600 million (maturing in February 2025), one of EUR 500 million (maturing in March 2024), one of GBP 300 million (maturing in August 2025), one of SEK 1,000 million (maturing in October 2021) and one of SEK 500 million (maturing in October 2021).²⁷ The first mentioned bond is listed on the regulated market of the NASDAQ Stockholm AB and the seven others are listed on the Main Securities Market of Euronext Dublin. In addition, the Issuer has issued a subordinated hybrid bond of EUR 500 million (maturing in October 2078) which is also listed on the Main Securities Market of Euronext Dublin.

Financial Policy

The current published financial policy of the Group is aimed at minimising the impact of a financial crisis on the Group and it sets a background objective that the Group should be able to withstand (i) a 25 per cent. drop in property values, (ii) an interest rate increase of 5 percentage points and (iii) fluctuations in foreign exchange rates. Pursuant to this policy, the Group aims to achieve the following targets: (a) maintain a minimum Issuer credit rating of BBB by S&P (or such equivalent rating from any other rating agency) with a target to achieve a rating of BBB+ or higher; (b) a loan-to-value ratio of less than 50 per cent. (45 per cent. as at 31 March 2018); (c) a secured loan-to-value ratio of less than 25 per cent. (19 per cent. as at 31 March 2018); (d) an interest coverage ratio excluding realised value growth that exceeds 1.8 (1.8 as at 31 March 2018) and (e) a liquidity reserve that amounts to at least SEK 3,000 million (EUR 778 million as at 31 March 2018).

The Issuer's financial policy is also aimed at maintaining a buffer between the financial covenants contained in the Conditions and the Group's financial position at any given time. Based on the financial position at 31 December 2017, the Issuer estimates that none of the following individual events would trigger a breach of any relevant covenant during 2018: a sudden increase in interest rates by five per cent.; a decrease in the fair value of its properties as of 1 January 2018 by 25 per cent.; or a change in the value of the Swedish Krona by 10 per cent. towards all currencies.

The Group also aims to maintain more cash sources than cash uses. The Group defines "cash sources" as liquidity (available funds in the form of cash and unutilised and available credit facilities) plus profit before tax and revaluation plus signed property sales. As at 31 March 2018 cash sources totalled EUR 1,170 million. The Group defines "cash uses" as up-started investments on its properties plus short-term loans plus signed property purchases. The Group estimates that the remaining payments due on its up-started investments as at 31 March 2018 are approximately EUR 50 million, short term loans as at 31 March 2018 amounted to EUR 395 million and signed property purchases as at 31 March 2018 amounted to EUR 116 million: therefore, cash uses totalled approximately EUR 561 million.

²⁷ On 9 March 2018 the Issuer repaid a SEK 1.350 million bond that was listed on the regulated market of the NASDAQ Stockholm AB.

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

Recent developments

Since 31 December 2017, the Issuer has purchased properties for EUR 283 million and sold properties for EUR 6 million. In April 2018 the Issuer sold 1,420 apartments in Sweden for SEK 2,470 million. At the beginning of April 2018, the Issuer issued a EUR 500 million hybrid bond with maturity in October 2078. From 1 January 2019, the Group's accounting currency is EUR instead of SEK, from 1 January 2018, the Group reports in EUR instead of SEK.

Credit rating

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

ALTERNATIVE PERFORMANCE MEASURES

Description of alternative performance measures

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

Definitions

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

	This measure is used to illustrate the Group's sensitivity to interest rate changes.
Loan-to-value, total loans	The result of the following calculation: (i) net debt <i>divided by</i> (ii) total assets minus cash, cash equivalents and liquid financial assets. This measure is used to illustrate the Group's financial risk.
Loan-to-value, secured loans	The result of the following calculation: (i) net debt reduced by unsecured interest bearing debt <i>divided by</i> (ii) total assets minus cash, cash equivalents and liquid financial assets. This measure is used to illustrate the Group's financial risk.
Net Debt	The result of the following calculation: (i) interest bearing debts (excluding any subordinated debt) <i>minus</i> (ii) cash, cash equivalents and liquid financial assets. This measure is used to illustrate the Group's financial risk.
Net operating income growth for comparable portfolio	The growth during the year of rental income less property costs for the properties owned during the periods being compared. This means that the properties acquired or sold during any of the periods being compared are excluded. This measure is used to illustrate the growth of the Group's ongoing earnings capacity from property management.
Profit before tax and revaluation	EBITDA less net interest expenses and less other financial income and expenses. This measure is used to illustrate the Group's current cash flow capacity from property management adjusted for interest charges.
Realised value growth	The proceeds from the sale of properties <i>minus</i> acquisition costs, accumulated investments and costs of sale. This measure analyses the realised value growth of properties sold.
Rental income growth for comparable portfolio	The growth during the year of rental income for the properties owned during the periods being compared. This means that the properties acquired or sold during any of the periods being compared are excluded. This measure is used to illustrate the growth of the Group's ongoing turnover capacity from property management.

Illustrative tables

Realised value growth

	Year ended 31 December				
	2017	2016	2015	2014	2013
	<i>(SEK million)</i>				
Proceed from the sale of properties	7,096	9,061	5,755	1,084	1,801
Cost of property sale	-83	-109	-121	-20	-36
Acquisition cost.....	-2,778	-4,775	-3,126	-666	-1,248
Accumulated property investments	-1,110	-1,301	-696	-207	-182

		Year ended 31 December				
		2017	2016	2015	2014	2013
		(SEK million)				
Realised value growth	...	3,125	2,876	1,812	191	335

Interest coverage ratio

	Three-months ended 31 March		Year ended 31 December				
	2018	2017	2017	2016	2015	2014	2013
(EUR million) (SEK million)							
Net operating income	62	572	2,413	2,311	2,175	1,882	1,579
Central administration	-5	-29	-215	-134	-112	-54	-54
Other income and expenses	0	0	8	16	-1	5	-49
Less depreciation and impairment	0	0	21	15	10	8	32
EBITDA	57	543	2,227	2,208	2,072	1,841	1,507
Net interest expense	-32	-248	-1,126	-1,135	-1,273	-1,184	-1,195
Other financial income and expenses	-1	-9	-45	-33	-31	-39	-54
Profit before tax and revaluation	24	286	1,056	1,040	768	618	258
Realised value growth	3	1034	3,125	2,876	1,812	191	335
Interest coverage ratio including realised value growth	1.9	6.3	4.7	4.5	3.03	1.68	1.49
Interest coverage ratio excluding realised value growth	1.8	2.2	1.9	1.9	1.60	1.52	1.21

Total assets minus cash, pledged cash and liquid assets

	Three-months ended 31 March		Year ended 31 December			
	2018	2017	2016	2015	2014	2013
(EUR million) (SEK million)						
Total assets	11,057	105,871	88,438	74,024	58,789	45,692
Cash and cash equivalents	-22	-155	-137	-238	-278	-59
Liquid financial assets	0	0	0	0	0	0
Pledged cash	-1	-12	-16	-358	-108	-116
Total assets minus cash, cash equivalents, pledged cash and liquid financial assets	11,034	105,704	88,285	73,428	58,403	45,517

Loan to value

	Three-months ended 31 March		Year ended 31 December			
	2018	2017	2016	2015	2014	2013
(EUR million) (SEK million)						
Total interest bearing liabilities	4,999	46,756	38,095	35,955	30,336	25,520
Cash and cash equivalents	-22	-155	-137	-238	-278	-59
Liquid financial assets	0	0	0	0	0	0
Pledged cash	-1	-12	-16	-358	-108	-116
Net Debt	4,976	46,589	37,942	35,359	29,950	25,345
Total assets minus cash, cash equivalents, pledged cash and liquid financial assets	11,057	105,704	88,285	73,428	58,403	45,517
Loan to value, total loans	45%	44%	43%	48%	51%	56%
Net Debt	4,976	46,589	37,942	35,359	29,950	25,345
Less unsecured debt	-2,850	-27,718	16,613	-8,829	-2,670	-3,049
Secured debt excl cash, cash equivalents, pledged cash and liquid financial assets	2,126	18,871	21,329	26,530	27,280	22,296
Total assets minus cash, cash equivalents pledged cash and liquid financial assets	11,034	105,704	88,285	73,428	58,403	45,517
Loan to value, secured loans	19%	18%	24%	36%	47%	49%

Adjusted Profit Before Taxes

	Three-months ended 31 March		Year ended 31 December	
	2018	2017	2017	2016
	(EUR million)	(SEK million)		
Profit/loss before tax	220	2,973	9,480	13,320
Depreciations	1	5	21	14
Impairments	0	0	0	0
Expenses for property sales	1	26	83	109
Total net interest expenses	32	248	1,126	1,135
Change in value of properties	-198	-2,695	-8,554	-12,715
Exchange rate differences that are included in the profit before taxes	0	3	7	-9
Change in value of derivative instruments	-1	-26	4	322
Change in value of available-for-sale investments and liquid financial assets	0	0	0	0
Adjusted Profit Before Taxes	55	534	2,167	2,176
Total net interest expenses	32	248	1,126	1,135
Ratio of Adjusted Profit Before taxes to total net interest expenses	1.72	2.15	1.92	1.92

Consolidated Net Financial Indebtedness to Total net assets

	Three-months ended		Year ended 31 December			
	2018	2017	2016	2015	2014	2013
	(EUR million)	(SEK million)				
Total assets	11,057	105,871	88,438	74,024	58,789	45,692
Cash and cash equivalents	-22	-155	-137	-238	-278	-59
Liquid financial assets	0	0	0	0	0	0
Total assets minus cash, cash equivalents and liquid financial assets	11,035	105,716	88,301	73,786	58,511	45,633
	2018	2017	2016	2015	2014	2013
Financial indebtedness	4,999	46,756	38,095	35,955	30,335	25,521
Cash and cash equivalents	-22	-155	-137	-238	-278	-59
Liquid financial assets	0	0	0	0	0	0
Financial indebtedness minus cash, cash equivalents and liquid financial assets	4,977	46,601	37,958	35,717	30,057	25,462
Consolidated Net Financial Indebtedness to total net assets	45%	44%	43%	48%	51%	56%

BOARD OF DIRECTORS, MANAGEMENT AND AUDITORS

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

Board of Directors

Leif Norburg, chairman of the Board

Leif Norburg is currently a Council Member in the Akelius Foundation and chairman of the Board of Directors of Akelius Apartments Ltd, Arbetshälsa Gruppen Sverige AB, Kungsporten Utveckling AB, Kungsporten Trygghetsboende AB, Påverka Nu Sverige AB, NorWess Fastighets AB and Stiftelsen Nyström & Norburg i Gnosjö. Leif Norburg is a member of the Board of Directors, owner and managing director of Lunor Konsult AB and deputy member of the Board of Directors of Arbetshälsa i Sverige AB and Peter Norburg Förvaltning AB.

Pål Ahlsén, member of the Board

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

Igor Rogulj, member of the Board

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

Anders Lindskog, member of the Board

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

Lars Åhrman, member of the Board

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

Management

Pål Ahlsén, Chief Executive Officer of the Group

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

Leiv Synnes, Chief Financial Officer

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

Lars Lindfors, Deputy Chief Executive Officer of the Group

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

Andreas Wallén, Head of the Group's IT and Administration

Andreas Wallén does not hold any significant assignments outside of the Issuer which are relevant for the Issuer.

Peter Ullmark, Head of Scandinavia

Peter Ullmark is currently the managing director of Akelius Lägenheter AB, Akelius Holding Bolig Aps and all its Danish subsidiaries as well as a member of the Board of Directors of Akelius Lägenheter AB.

Ralf Spann, Head of Europe

Ralf Spann is Vice President for all German Akelius entities and is currently being registered as a member of the board in all Akelius entities in the UK and France.

Shelly Lee, Head of North America

Shelly Lee is currently a member of the Board of Directors of Akelius Real Estate Management Ltd and all its Canadian subsidiaries as well as all Akelius US subsidiaries.

Conflicts of interests

To the Issuer's knowledge, there are no potential conflicts of interest between any duties owed to the Issuer by the members of the Board or the management of the Issuer and their private interests and/or other duties.

Although the Issuer is not currently aware of any potential conflicts of interest, it cannot be excluded that conflicts of interest may come to arise between companies in which members of the Board and members of the management have duties, as described above, and the Issuer.

Auditors

The Issuer's auditor, Ernst & Young AB, was appointed at the annual general meeting held on 10 April 2018, the appointment being valid as from that date. The current auditor-in-charge is Ingemar Rindstig who was appointed on 10 April 2018, Ingemar Rindstig is a member of the institute for the accountancy profession in the Kingdom of Sweden - FAR (Sw: *Föreningen Auktoriserade Revisorer*). The business address for Ingemar Rindstig is Ernst & Young AB, Jakobsbergsgatan 24, SE- 111 44 Stockholm, Kingdom of Sweden.

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

Financial interests

Several members of the Board and management of the Issuer have a financial interest in the Issuer through their holdings of preference shares in the Issuer.

TAXATION

Prospective investors should consult their professional advisers on the tax consequences of buying, holding or selling any Notes in light of their own particular circumstances, including the effect of the laws of their country of citizenship, residence or domicile. The discussion that follows for the Kingdom of Sweden is based upon the applicable laws and interpretations thereof as of the date hereof, all of which laws and interpretations are subject to change or differing interpretations, which changes or differing interpretations could apply retroactively.

Certain Swedish Tax Considerations

The following summary of certain tax considerations that may arise as a result of holding listed²⁸ Notes is based on current Swedish tax legislation and is intended only as general information for Noteholders who are resident in the Kingdom of Sweden for tax purposes, unless otherwise indicated. This description does not deal comprehensively with all tax consequences that may occur for Noteholders. For instance, it does not cover the specific rules where Notes are held by a partnership, as current assets in a business operation, via a capital insurance (*Sw: kapitalförsäkring*) or investment deposit account (*Sw: investeringssparkonto*) or held as hedge for foreign currency exposure. Special tax consequences that are not described below may also apply for certain categories of taxpayers, including investment companies, investment funds and insurance companies. Prospective purchasers of the Notes should consult their own tax advisers for information with respect to the special tax consequences that may arise as a result of holding Notes, including the applicability and effect of foreign income tax rules, provisions in double taxation treaties and other rules which may be applicable.

Taxation of Individuals Resident in the Kingdom of Sweden

Capital Gains and Losses

Individuals who sell their Notes are subject to capital gain taxation with a tax rate of 30 per cent. The capital gain or loss is calculated as the difference between the sales (or redemption) proceeds, after deduction of sales costs, and the Notes' acquisition cost for tax purposes. The acquisition cost is determined according to the "average method". This means that the costs of acquiring all Notes of the same type and class as the sold Notes are added together and the average acquisition cost is calculated collectively, with respect to changes of the holding.

Gains or losses on currency exchange rate fluctuations may arise in relation to Notes where the sales proceeds received are in a foreign currency. However, no special calculations are required if the sales proceeds are exchanged into SEK within 30 days from the time of disposal. In such case, the exchange rate on the date of exchange shall be used when calculating the value of the sales proceeds. The exchange rate on the date of acquisition is generally used when determining the acquisition cost for tax purposes.

Capital losses on listed Swedish receivables are fully deductible in the income category capital. According to Swedish case law, full deductibility also applies for capital losses on listed foreign receivables.

If a deductible deficit arises in the income category capital, a reduction of the tax on income from employment and from business operations, as well as tax on real estate and the municipal real estate fee, is allowed. The tax reduction amounts to 30 per cent. of the deficit not exceeding SEK 100,000 and 21 per cent. of any part of the deficit in excess of SEK 100,000. Deficits may not be carried forward to a subsequent fiscal year.

Interest

Any interest income received by an individual holder during the time of holding the Notes is subject to Swedish tax at a tax rate of 30 per cent. in the income from capital category. Interest income is taxable when the income can be disposed of, in accordance with the "cash method".

²⁸ For the Notes to be considered as listed it is, according to the Swedish Tax Agency, not sufficient that the Notes are admitted to trading on a regulated market, the Notes also have to be traded.

Preliminary Withheld Tax on Interest

If amounts that are considered to be interest for Swedish tax purposes are paid by a legal entity domiciled in the Kingdom of Sweden, including a Swedish branch, to a private individual (or an estate of a deceased individual) with residence in the Kingdom of Sweden for Swedish tax purposes, Swedish preliminary taxes are normally withheld by the legal entity on such payments. Swedish preliminary taxes should normally be withheld also on other return on the Notes (but not capital gains), if the return is paid out together with such a payment of interest referred to above.

Taxation of Swedish Legal Entities

Limited liability companies and other legal entities, except for estates of deceased Swedish individuals, are normally taxed on its worldwide income as income from business activities (including income from the sale or redemption of the Notes) with a corporate tax rate of 22 per cent.

Capital Gains and Losses

Capital gains on receivables incurred by legal entities are taxed as income from business activities. Tax deductible capital losses on receivables incurred by limited liability companies and certain other legal entities are normally fully deductible against any taxable income.

Notes in foreign currency should be valued at closing date rate at year end. A foreign exchange gain is taxable and a foreign exchange loss is tax deductible. Foreign exchange rate fluctuations that are treated as taxable/tax deductible may affect the acquisition cost of the Notes.

Interest

Interest income is normally taxed on an accrual basis subject to corporate income tax.

Taxation of Tax Residents Outside of the Kingdom of Sweden

Capital Gains and Losses

Noteholders that are not tax residents in the Kingdom of Sweden and who are not conducting business from a permanent establishment in the Kingdom of Sweden are generally not liable for Swedish capital gain taxation on the disposal of Notes. The Noteholders may be subject to tax in their country of tax residence.

Withholding Tax and Preliminary Withheld Tax on Interest

There is no withholding tax in the Kingdom of Sweden on interest payments nor will a preliminary tax be withheld on the interest payments or on the portion of the repayment of the Notes that constitute interest.

The 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.

Under the Commission's Proposal the 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 the Notes are advised to seek their own professional advice in relation to the FTT.

SUBSCRIPTION AND SALE

Notes may be sold from time to time by the Issuer to any one or more of Barclays Bank PLC, Bayerische Landesbank, BNP Paribas, Commerzbank Aktiengesellschaft, Danske Bank A/S and Swedbank AB (publ) (the "**Dealers**"). The Issuer reserves the right to sell Notes to dealers other than the Dealers. The arrangements under which Notes may from time to time be agreed to be sold by the Issuer to, and subscribed by, Dealers are set out in a Dealer Agreement dated 21 June 2018 (the "**Dealer Agreement**") and made between the Issuer and the Dealers. The Dealer Agreement makes provision for the resignation or termination of appointment of existing Dealers and for the appointment of additional or other Dealers either generally in respect of the Programme or in relation to a particular Tranche of Notes. If in the case of any Tranche of Notes the method of distribution is an agreement between the Issuer and a single Dealer for that Tranche to be issued by the Issuer and subscribed by that Dealer, the method of distribution will be described in the relevant Final Terms as "Non-syndicated" and the name of that Dealer and any other interest of that Dealer which is material to the issue of that Tranche beyond the fact of the appointment of that Dealer will be set out in the relevant Final Terms. If in the case of any Tranche of Notes the method of distribution is an agreement between the Issuer and more than one Dealer for that Tranche to be issued by the Issuer and subscribed by those Dealers, the method of distribution will be described in the relevant Final Terms as "Syndicated", the obligations of those Dealers to subscribe the relevant Notes will be joint and several and the names of those Dealers and any other interests of any of those Dealers which is material to the issue of that Tranche beyond the fact of the appointment of those Dealers (including whether any of those Dealers has also been appointed to act as 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.

United States of America: *Regulation S Category 2; TEFRA D or TEFRA C as specified in the relevant Final Terms or neither if TEFRA is specified as not applicable in the relevant Final Terms.*

The Notes have not been and will not be registered under the Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S.

The Bearer Notes are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the United States Internal Revenue Code and regulations thereunder.

Each Dealer has agreed that, and each further Dealer appointed under the programme will be required to agree that, except as permitted by the Dealer Agreement, it will not offer, sell or deliver Notes, (i) as part of its distribution at any time or (ii) otherwise until 40 days after the completion of the distribution of the Notes comprising the relevant Tranche, as certified to the Principal Paying Agent or the Issuer by such Dealer (or, in the case of a sale of a Tranche of Notes to or through more than one Dealer, by each of such Dealers as to the Notes of such Tranche purchased by or through it, in which case the Principal Paying Agent or the Issuer shall notify each such Dealer when all such Dealers have so certified) within the United States or to, or for the account or benefit of, U.S. persons, and such Dealer will have sent to each dealer to which it sells Notes during the distribution compliance period relating thereto a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons.

In addition, until 40 days after the commencement of the offering of Notes comprising any Tranche, any offer or sale of Notes within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act.

Prohibition of Sales to European Economic Area Retail Investors

Unless the applicable Final Terms in respect of any Notes specifies the "Prohibition of Sales to EEA Retail Investors" as "Not Applicable", or "Not Applicable, Key Information Document prepared", each Dealer

has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes which are the subject of the offering contemplated by this Base Prospectus as completed by the applicable Final Terms in relation thereto to any retail investor in the EEA. For the purposes of this provision the expression "**retail investor**" means a person who is one (or more) of the following:

- (a) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "**MiFID II**"); or
- (b) a customer within the meaning of 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.

Selling Restrictions Addressing Additional United Kingdom Securities Laws

Each Dealer has represented, warranted and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that:

- (a) **No deposit-taking:** in relation to any Notes having a maturity of less than one year:
 - (i) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business; and
 - (ii) it has not offered or sold and will not offer or sell any Notes other than to persons:
 - (A) whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses; or
 - (B) who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses,

where the issue of the Notes would otherwise constitute a contravention of Section 19 of the FSMA by the Issuer;

- (b) **Financial promotion:** it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which section 21(1) of the FSMA does not apply to the Issuer; and
- (c) **General compliance:** it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom.

The Kingdom of Sweden

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it will not, directly or indirectly, offer for subscription or purchase or issue invitations to subscribe for or buy the Notes or distribute any draft or final document in relation to any such offer, invitation or sale except in circumstances that will not result in a breach of the provisions of the Swedish Financial Instruments Trading Act (*Sw. lag (1991:980) om handel med finansiella instrument*) and the Swedish Securities Market Act (*Sw. lag (2007:528) om värdepappersmarknaden*).

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.

General

Each Dealer has represented, warranted and agreed that, and each further Dealer appointed under the Programme will be required to represent, warrant and agree that it has complied and will comply to the best of its knowledge and belief in all material respects with all applicable laws and regulations in each country or jurisdiction in or from which it purchases, offers, sells or delivers Notes or possesses, distributes or publishes this Base Prospectus or any Final Terms or any related offering material, in all cases at its own expense. Other persons into whose hands this Base Prospectus or any Final Terms comes are required by the Issuer and the Dealers to comply with all applicable laws and regulations in each country or jurisdiction in or from which they purchase, offer, sell or deliver Notes or possess, distribute or publish this Base Prospectus or any Final Terms or any related offering material, in all cases at their own expense.

The Dealer Agreement provides that the Dealers shall not be bound by any of the restrictions relating to any specific jurisdiction (set out above) to the extent that such restrictions shall, as a result of change(s) or change(s) in official interpretation, after the date hereof, of applicable laws and regulations, no longer be applicable but without prejudice to the obligations of the Dealers described in the paragraph headed "*General*" above.

Selling restrictions may be supplemented or modified with the agreement of the Issuer. Any such supplement or modification may be set out in a supplement to this Base Prospectus or in a Drawdown Prospectus.

GENERAL INFORMATION

Listing

1. The approval of the Programme is expected to take effect on 21 June 2018. Any Tranche of Notes intended to be admitted to trading on the regulated market of Euronext Dublin will be so admitted to trading upon submission to Euronext Dublin of the relevant Final Terms and any other information required by Euronext Dublin, subject to the issue of the relevant Notes.

However, Notes may be issued pursuant to the Programme which will not be admitted to listing, trading and/or quotation by Euronext Dublin or any other listing authority, stock exchange and/or quotation system or which will be admitted to listing, trading and/or quotation by such other or further listing authorities, stock exchanges and/or quotation systems as the Issuer and the relevant Dealer(s) may agree.

Authorisation

2. The update of the Programme was authorised by a resolution of the Board of the Issuer passed on 11 June 2018. The Issuer has obtained or will obtain from time to time all necessary consents, approvals and authorisations in connection with the issue and performance of the Notes.

Legal and Arbitration Proceedings

3. There are no governmental, legal or arbitration proceedings, (including any such proceedings which are pending or threatened, of which the Issuer is aware), which may have, or have had during the 12 months prior to the date of this Base Prospectus, a significant effect on the financial position or profitability of the Issuer or the Group.

Significant/Material Change

4. Save as disclosed in the section of this Base Prospectus entitled "*Description of the Issuer and the Group – Recent Developments*", there has been no significant change in the financial or trading position of the Issuer or of the Group since 31 March 2018. There has been no material adverse change in the prospects of the Issuer or of the Group since 31 December 2017.

Auditors

5. Öhrlings PricewaterhouseCoopers AB of Torsgatan 21, SE-113 97 Stockholm, the Kingdom of Sweden, regulated by the Supervisory Board of Accountants in the Kingdom of Sweden (*Revisorsnämnden*) and a member of FAR (the institute for the accountancy profession in the Kingdom of Sweden (*Föreningen Auktoriserade Revisorer*)) have audited without qualification and in accordance with generally accepted auditing standards in the Kingdom of Sweden, the consolidated financial statements of the Issuer, prepared in accordance with IFRS, for each of the financial years ended on 31 December 2017 and 2016 and have given, and have not withdrawn, their consent to the inclusion of their report in this Base Prospectus in the form and context in which it is included.

Documents on Display

6. Electronic copies of the following documents (together with English translations where the documents in question are not in English) may be inspected during normal business hours on any weekday (Saturdays and public holidays excepted), at the office of the Issuer for 12 months from the date of this Base Prospectus:
 - (a) this Base Prospectus and any supplement to this Base Prospectus (and any documents incorporated by reference in such supplements);
 - (b) the Memorandum and Articles of Association of the Issuer;
 - (c) the 2017 Financial Statements, the 2016 Financial Statements and the 2018 Interim Financial Statements;

- (d) the Trust Deed (which contains the forms of Notes in global and definitive form);
- (e) the Agency Agreement; and
- (f) the Issuer-ICSDs Agreement.

Clearing of the Notes

- 7. The Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg. The appropriate common code, the International Securities Identification Number (ISIN) and (where applicable) Financial Instrument Short Name (FISN) and Classification of Financial Instruments Code (CFI Code) 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 213800REBFN6T3PU8L97.

Issue Price and Yield

- 9. Notes may be issued at any price. The issue price of each Tranche of Notes to be issued under the Programme will be determined by the Issuer and the relevant Dealer(s) at the time of issue in accordance with prevailing market conditions and the issue price of the relevant Notes or the method of determining the price and the process for its disclosure will be set out in the applicable Final Terms. In the case of different Tranches of a Series of Notes, the issue price may include accrued interest in respect of the period from the interest commencement date of the relevant Tranche (which may be the issue date of the first Tranche of the Series or, if interest payment dates have already passed, the most recent interest payment date in respect of the Series) to the issue date of the relevant Tranche.

The yield of each Tranche of Notes set out in the applicable Final Terms will be calculated as of the relevant issue date on an annual or semi-annual basis using the relevant issue price. It is not an indication of future yield.

Dealers' Activities

- 10. In the ordinary course of their business activities, the Dealers and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of the Issuer or Issuer's affiliates. Certain of the Dealers or their affiliates that have a lending relationship with the Issuer routinely hedge their credit exposure to the Issuer consistent with their customary risk management policies. Typically, such Dealers and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in securities, including potentially the Notes issued under the Programme. Any such short positions could adversely affect future trading prices of Notes issued under the Programme. The Dealers and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

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ISSUER

Akelius Residential Property AB (publ)

Svärdvägen 3A
P.O. Box 104
SE-182 12 Danderyd
Kingdom of Sweden

ARRANGER AND DEALER

Danske Bank A/S

Holmens Kanal 2-12
DK 1092 Copenhagen K
Denmark

DEALERS

Barclays Bank PLC

5 The North Colonnade
Canary Wharf
London E4 4BB
United Kingdom

Bayerische Landesbank

Brienner Straße 18
80333 Munich
Germany

BNP Paribas

10 Harewood Avenue
London NW1 6AA
United Kingdom

Commerzbank Aktiengesellschaft

Kaiserstraße 16 (Kaiserplatz)
60311 Frankfurt am Main
Germany

Swedbank AB (publ)

SE – 105 34
Stockholm
Kingdom of Sweden

AUDITORS OF THE ISSUER

Öhrlings PricewaterhouseCoopers AB

Torsgatan 21
SE-113 97 Stockholm
Kingdom of Sweden

TRUSTEE

Deutsche Trustee Company Limited

1 Great Winchester Street
London EC2N 2DB
United Kingdom

PRINCIPAL PAYING AGENT

Deutsche Bank AG, London Branch

Winchester House
1 Great Winchester Street
London EC2N 2DB
United Kingdom

REGISTRAR AND TRANSFER AGENT

Deutsche Bank Luxembourg S.A.

2 Boulevard Konrad Adenauer
L-1115
Luxembourg

LEGAL ADVISERS

*To the Issuer
as to Swedish law*

Gernandt & Danielsson Advokatbyrå

P.O. Box 5747
SE-114 87 Stockholm
Kingdom of Sweden

*To the Issuer
as to English law*

Clifford Chance LLP

10 Upper Bank Street
London E14 5JJ
United Kingdom

*To the Issuer
as to Swedish tax law*

Svalner Skatt & Transaktion KB

Smålandsgatan 16
111 46 Stockholm
Kingdom of Sweden

*To the Lead Managers and the Trustee
as to English law*

Linklaters LLP

One Silk Street
London EC2Y 8HQ
United Kingdom

LISTING AGENT

Maples and Calder

75 St Stephen's Green
Dublin 2
Ireland