

**COMPANY DESCRIPTION OF
ALM EQUITY AB (publ)**

**PREPARED IN CONNECTION WITH THE LISTING OF
MAXIMUM SEK 1,000,000,000 SENIOR UNSECURED CALLABLE
BONDS 2016/2020**

First North Disclaimer

First North Bond Market is an alternative marketplace operated by an exchange within the NASDAQ OMX group. Issuers on First North Bond Market are not subject to the same rules as Issuers on the regulated main market. Instead they are subject to a less extensive set of rules and regulations. The risk in investing in an Issuer on First North Bond Market may therefore be higher than investing in an Issuer on the main market. At least during the application process Issuers – except for Issuers whose securities are already admitted to trading on a regulated market or a First North market – applying for admission to trading of fixed income instruments on First North Bond Market shall have a Certified Adviser who monitors that the rules are followed. The Exchange approves the application for admission to trading.

Important Information

Alm Equity AB (publ), reg. no. 556549-1650 (the “**Issuer**” or the “**Company**”) issued SEK 325,000,000 of maximum SEK 1,000,000,000 senior unsecured callable bonds (the “**Bonds**”) on 18 March 2016 (the “**Issue Date**”) (the “**Bond Issue**”) under the terms and conditions for the Bonds (the “**Terms and Conditions**”). The Issuer shall ensure that the Bonds are listed on the institutional segment of First North Bond Market at NASDAQ Stockholm (“**First North**”) within 60 calendar days after the Issue Date. This Company Description (the “**Company Description**”) is prepared by the Issuer in relation to the listing of the Bonds. In this Company Description the “**Group**” refers to the Issuer and all the Subsidiaries from time to time. Any defined term herein shall have the same meaning as in the Terms and Conditions, unless stated otherwise.

This Company Description does not constitute or form part of an offer or solicitation to purchase or subscribe for securities in the United States. In the event that this Company Description is distributed in the United States, it shall be directed only at persons who are “qualified institutional buyers” as defined in Rule 144A promulgated under the Securities Act (“**Rule 144A**”) (“**QIBs**”) in reliance upon Rule 144A under the Securities Act. The Bonds 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 in the United States. Accordingly, the Bonds may not be offered, sold (directly or indirectly), delivered or otherwise transferred within or into the United States or to, or for the account or benefit of, U.S. persons, absent registration or under an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act.

This Company Description does not constitute a prospectus as defined in the Directive 2003/71/EC of the European Parliament and of the Council of 4 November 2003 on the prospectus to be published when securities are offered to the public or admitted to trading and amending Directive 2001/34/EC, as amended, (the “**Prospectus Directive**”) and no prospectus relating to the Bonds in relation to the listing on First North has been or will be registered under any law or regulation. This Company Description has not been prepared to comply with the Prospectus Directive or the Commission Regulation (EC) No. 809/2004 of 29 April 2004 implementing Directive 2003/71/EC of the European Parliament and of the Council as regards information contained in prospectuses as well as the format, incorporation by reference and publication of such prospectuses and dissemination of advertisements, nor with any national rules and regulations relating to prospectuses, including but not limited to Chapter 2 of the Swedish Financial Instruments Trading Act (*Sw. lag (1991:980) om handel med finansiella instrument*). The Bond Issue was made with a minimum subscription and allocation of SEK 1 million to a limited number of professional investors and was thus made in reliance upon one or several exemption(s) from the prospectus requirements under the Prospectus Directive. The listing of the Bonds contemplated herein is also being made in accordance with such exemption(s) and is not being made to require a prospectus, registration measures or other similar measures (except as provided for under the rules for First North).

Certain information contained in this Company Description, including any information on the Issuer’s plans or future financial or operating performance and other statements that express the Issuer’s management’s expectations or estimates of future performance, constitute forward-looking statements (when used in this document, the words “anticipate”, “believe”, “estimate” and “expect” and similar expressions, as they relate to the Issuer or its management, are intended to identify forward-looking statements). Such statements are based on a number of estimates and assumptions that, while considered reasonable by management at the time, are subject to significant business, economic and competitive uncertainties. The Issuer cautions that such statements involve known and unknown risks, uncertainties and other factors that may cause the actual financial results, performance or achievements of the Issuer to be materially different from the Issuer’s estimated future results, performance or achievements expressed or implied by those forward-looking statements.

1 Risk Factors

Investing in the Bonds involves inherent risks. A number of risk factors and uncertainties may adversely affect the Issuer and the Group. These risk factors include, but are not limited to, financial risks, technical risks, risks related to the business operations of the Group, environmental and regulatory risks. If any of these or other risks or uncertainties actually occurs, the business, operating results and financial condition of the Group could be materially and adversely affected, which could have a material adverse effect on the Group's ability to meet its obligations (including repayment of the principal amount and payment of interest) under the terms and conditions for the Bonds (the "Terms and Conditions"). The risks presented herein are not exhaustive, and other risks not presently known to the Group, or that the Group currently deems immaterial, and therefore not discussed herein, may also adversely affect the Group and adversely affect the price of the Bonds and the Group's ability to service its debt obligations. Investors should consider carefully the information contained herein and make an independent evaluation before making an investment decision. The risk factors below are not ranked in any specific order.

Risks relating to the Group and the market

Macroeconomic factors

The real estate market is to a large extent affected by macroeconomic factors such as, inter alia, the general economic development, growth, employment trends, level of production of new premises and residential properties, changes in infrastructure, population growth, inflation and interest rate levels. If one or more of these factors would have a negative development, this could have a material negative impact on the Group's operations, earnings and financial position. Market disruption in the real estate market where the Group is active and an economic downturn in the global market as a whole may affect the Group and the Group's customers' financial position. Furthermore, deterioration in the global economy, decreased liquidity in the Swedish market for residential properties or decreased demand for the Group's products or services may also have a material negative impact on the Group's operations, earnings and financial position.

Geographic concentration risk

The Group primarily has its operations in the greater Stockholm area. As of 31 December 2015, 90% of the Group's portfolio was concentrated to Stockholm. The Group is therefore highly dependent upon the development of, and would be affected to a greater extent by changes in, the housing market in this specific area. A negative development of the housing market in the Stockholm area may have a material negative impact on the Group's operations, earnings and financial position.

The Group's possibilities to allocate housing

The Group's operations mainly consist of managing and participating in property development projects, primarily with the purpose to create housing in the Stockholm region. This means that willingness as well as ability to pay for housing is crucial for the Group's operations,

performance and financial condition. The willingness to pay for housing is among other things dependent on to what extent apartments correspond to the market demand, activity on the housing market, and the general developments of price trends in housing and demographic factors, such as moving to and from the Stockholm region. The willingness to pay for housing is also affected by, *inter alia*, the availability and cost of alternative housing.

The ability to pay for housing is affected by the salary development, employment, tax and fee levels and other factors that generally affect the household economy. The ability to pay is also affected by the possibility for households to make interest deductions, obtain debt financing, mortgage interest rates, as well as the statutory, or by the banks applied, rules for maximum leverage and debt repayments. It is possible that regulatory changes aimed at reducing the total household borrowing is implemented, which could affect the ability to pay for housing negatively.

If customer's willingness or ability to pay for housing decreases, this could have a material negative impact on the Group's operations, earnings and financial position.

Certain risks relating to the business model and the projects

The business that the Group is operating and the types of projects carried out by the Group are generally associated with a large number of risks, such as the risk of faulty construction, risk for delays or completion, operating risks, risks relating to permissions, environmental risks, political risks, site risks *etc.* In the event the Group's projects are delayed, this may also lead to partners and others with whom the Group has entered into agreements, regarding, among other things, real estate development or land designation, claiming damages or contractual penalty from the Group.

Moreover, in these types of projects the construction costs may escalate during the time of the project, due to *e.g.* miscalculations with regard to the budget, unexpected delays in delivery of material, construction challenges or other factors outside the Group's control. Since the Group always uses turnkey fixed-price construction contracts, the contractor is usually liable for such cost overruns. However, the turnkey fixed-price construction contracts leads to a greater counterparty risk (as described in Section *Credit and counterparty risk* below), *e.g.* in the event the contractor ends up in financial difficulties and is unable to complete the construction. Misjudging with respect to investment decisions, mismanagement of projects and failure to comply with relevant laws and regulations are additional risks (although not a comprehensive list of such) associated with the Group's business model and the projects.

The Group has only a small core organisation and therefore outsources many external services. The operational risk in managing the projects may, for instance, involve the choice of real estate agent, consultants, architects, *etc.* Since selling usually is based on renderings, great demands are placed on the skill and competence of real estate agents. In a recession, it is likely that this type of residential selling will be hit harder than the selling of move-in ready housing for immediate delivery. The choice of architect/project manager is also a critical factor in the

projects, as is the form of construction contract and construction contractor. Deficient project management and bad sourcing documentation can lead to increased costs for alterations and additional work. Rising materials prices may also render projects more expensive to a varying degree depending on construction contract form.

Furthermore, the Group is required to complete its projects in a manner which is competitive and attractive to potential customers. It is common for the Group to pre-sell 60–75% of the contracts in a project prior to construction start, although there are exceptions, as for example for smaller projects. Hence, the Group is dependent on its capability of selling or renting out the relevant objects to its customers without the customers having the chance to see the object they are buying or renting and the Group must therefore be successful in gaining its customers confidence that the object they are buying or renting is what they are looking for. If the Group is not successful in this matter, there is a risk that intended projects are delayed or not started at all.

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

Acquisition, sale and other transactional related risks

The Group carries out both acquisitions and sales relating to real properties. Acquisitions of properties involve, for instance, uncertainties regarding the management of 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 property. Such uncertainties may result in delays of projects or increased or unexpected costs for the real properties or transactions.

Sale of residential units involve uncertainties regarding, for instance, the price and possibility to successfully dispose of all residential units and that different contractual guarantee claims under the sale and purchase agreements may be directed against the Group due to disposals or the condition of the property of the residential unit. The standard sale and purchase agreement with respect to the sale of apartment buildings include several warranties provided by the Group, such as warranties with respect to the validity of contracts, environmental risks, *etc.* When selling property companies, it is also normal practice to guarantee that no tax disputes or other legal disputes exist that may become a future burden for the company. Such warranties are typically limited as to time. However, there is a risk that counterparties in such sale and purchase agreement makes a claim under any guarantee against the Group with negative consequences for the Group.

Furthermore, the Group regularly guarantees the purchase of residential units in production-started projects – that is acquires them and holds them as management inventory, guaranteeing the payment of fees *etc.* The guarantees cover any unsold units at the time of occupancy. If

several residential units are unsold this could result in that the Group has undertaken a large guarantee commitment which could consequently result in additional costs for the Group.

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

Property risk

Returns from the properties will depend largely upon, *inter alia*, the Group's ability to consummate the contemplated disposals of the properties and the costs and expenses incurred in the development and redevelopment of the properties as well as upon changes in their market value. Rental income and the market value for properties are generally affected by overall conditions in the economy, such as growth in gross domestic product, employment trends, inflation and changes of interest rates. Both property value and rental income may also be affected by competition from other property owners, or the perceptions of prospective buyers or tenants of the attractiveness, convenience and safety of the properties. If one or several of the above factors would develop negatively, it could have a material negative impact on the Group's operations, earnings and financial position.

Environmental risk

The starting point for the responsibility with respect to contaminations and other environmental damage is, according to the current environmental laws, that the business operator, current and present, bears the responsibility. The Group does not conduct any business which requires a permit according to the Environmental Code (SFS 1998:808) (Sw. *Miljöbalken (1998:808)*). However, there may be, or may have been, tenants on the properties which the Group directly or indirectly owns that conduct business which require a particular permit according to the Environmental Code, *i.e.* that are business operators according to the Environmental Code.

If no business operator can carry out or pay for after-treatment of a property, the acquirer of the property, and which at the time of the acquisition knew about, or should have discovered, the contaminations is responsible for the after-treatment. This means that claims under certain circumstances can be directed against the Group for cleaning-up or after-treatment regarding the occurrence of, or suspicion of, contamination in the ground, water areas, or groundwater, in order to put the property in such condition as required by the Environmental Code.

Further, previous business operators may have carried out after-treatment of a property in an acceptable manner according to the usage at that point of time. As a result of changed usage to residential purposes, the requirements for the Group may be higher, which mean that the Group may have costs for after-treatment and cleaning-up in order to be able to use the property as desired.

Finally, changed laws, regulations and requirements from authorities on the environmental area could result in increased costs for the Group with respect to cleaning-up or after-treatment

regarding currently held or in the future acquired properties. Such changes could also result in increased costs or delays for the Group in order to be able to carry out the real estate development as desired by the Group.

All such claims could have a material negative impact on the Group's operations, earnings and financial position.

Exploitation risk

As the Group's main businesses are development and redevelopment of properties, the Group depends largely on the possibility to exploit land necessary for the property development. If the Group would not be able to exploit as much land area as necessary, it could have a material negative impact on the Group's operations, earnings and financial position.

Risk relating to new zoning plans and building rights

There is a risk that zoning plans necessary for the Group's projects will not be adopted by the municipality or that the Group will not receive a final approval of the zoning plans within the prescribed time period. The Group may also have too few or too many building rights (Sw. *byggrätter*) under the zoning plans, or building rights in less attractive areas. If any of the described risks would materialise, it could have a material negative impact on the Group's operations, earnings and financial position.

Global economic and market conditions

The recent economic downturn and uncertainty on the international financial markets, including the Euro crisis, have had an adverse impact on the global economy. Any market turbulence, in particular on the Nordic real estate market, or downturns in the global economy could affect the financial position of customers of the Group and potentially impact their ability to conduct business with the Group. Deterioration in the global economy or any decrease in demand for the Group's products and services may have a material negative impact on the Group's operations, earnings and financial position.

Competitive landscape

The Group operates on a competitive market. The Group's future possibilities to compete are, among other things, dependent upon the Group's ability to anticipate future market changes and trends, and to rapidly react on existing and future market needs, which may result in increased costs or require price reductions or changes of the Group's business model. Further, the Group operates on a market where several of the Group's competitors have greater financial resources than the Group. Increased competition from existing and new market participants as well as deteriorated competition possibilities could have a material negative impact on the Group's operations, earnings and financial position.

The construction business has historically been involved in a number of scandals relating to bribery and cartels. The business is considered as a high risk industry when it comes to different kinds of anti-competitive behaviours, and has in the past been subject for several investigations by the European Commission and different National Competition Authorities in the EU, including Sweden. The anti-competitive climate within the business is particularly due to overall weak competition on the market, which is often dominated by a few strong players. These anti-competitive factors also make it difficult for new entrants to penetrate the market. The construction business was most recently investigated by the Swedish Competition Authority in 2012, with the purpose to procure evidence of anti-competitive cooperation among competitors.

Although there is nothing indicating that the Group is involved in any kind of irregularities, it cannot be ruled out that the Group might become subject to investigations and proceedings by the Competition Authorities in the future. Furthermore, there is also a risk that the Group could be subject to cartels entered into by sub-contractors, which could affect the sub-contractors pricing towards the Group.

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

Key persons

The Group has a relatively small organisation, which means dependency on individual employees. The Group's future development is highly dependent on the skill, experience and engagement of management and other key employees. These employees also have a comprehensive knowledge of the Group and the industry in general. Therefore it is important for the Group's future business activities and development that it is able to retain, and where necessary also recruit skilled employees. If the Group should become unable to retain or recruit such employees, it could have a material negative impact on the Group's operations, earnings and financial position.

Joakim Alm is a particularly important key person in the Group. Would he leave the Group or lose his influence over the Group, it could affect the future business activities and development in a way that could have a material negative impact on the Group's operations, earnings and financial position.

Negative publicity

The Group's reputation is important for its business. Should the Group's reputation be damaged, the Group's customers and other stakeholders could lose confidence in the Group. For instance, should the Group or any of the members of its senior management team take an action that conflicts with the Group's values, or should any of the Group's projects not meet the market's expectation, the Group's reputation could be at risk. Also unjustified negative publicity could

damage the Group's reputation. Reputation damage could have a material negative impact on the Group's operations, earnings and financial position.

Borrowing by the Group and interest risk

The Group has incurred, and may in compliance with the limits set out in the Terms and Conditions further incur, financial indebtedness to finance its business operations. The Group's interest-bearing and non-interest-bearing liabilities, apart from the Bonds, are held directly by the Group's property-owning subsidiaries and associated companies. Counterparties are Swedish commercial banks, customers, and private investors. In some cases, the loan agreements contain covenants stipulating special undertakings, such as maintenance of Loan-to-Value, which means that the lender has the right to immediate repayment of credits granted, or to impose a change in terms, in the event that obligations are not met by the borrower. In all projects financing the lenders have a right to receive repayment before the Group receives repayment – so-called subordination agreements.

Interest-bearing debts may generate interest costs which may be higher than the gains produced by the investments made by the Group. Borrowing money to make investments will increase the Group's exposure to the loss of capital and higher interest expenses. Interest on the Group's borrowings from time to time is subject to fluctuations in the applicable interest rates. Changes in interest rates may lead to changes in actual value, changes in cash flows and fluctuations in the Group's result, and if interest rate risks would materialise, it could have a material negative impact on the Group's operations, earnings and financial position.

Insurance

If the Group is unable to maintain its insurance cover on terms acceptable to it or if future business requirements exceed or fall outside the Group's insurance cover or if the Group's provisions for uninsured costs are insufficient to cover the final costs it could have a material negative impact on the Group's operations, earnings and financial position.

Political risk

The Group is subject to political risks since the local municipalities have the planning monopoly (Sw. *planmonopol*) which means that the municipalities alone may decide which party that shall be able to exploit the relevant land area. Shifts of power and/or the local opinion may hence affect the Group's ability to exploit land. If changes in the political environment would occur, it could have a material negative impact on the Group's operations, earnings and financial position.

Taxes, laws and charges

The Group has accumulated tax loss carry forwards. Ownership changes involving a change in controlling influence may give rise to limitations, wholly or partially, in the ability to utilise these carry forwards. The possibility of utilising the tax loss carry forwards may also be affected

by changes in legislation. The Group pays real estate taxes on all its properties. Changes in legislation, decisions from the tax authorities or if the Group's tax liabilities increase, could weaken the Group's present or previous tax situation. There is a risk that the Group's practice of the law may be incorrect or non-compliant or that laws and regulations change, also with potential retroactive effect.

A number of legislations and regulations, competition regulations, construction and environmental regulations, taxes and rules affect the business conducted by the Group. New or amended legislations and regulations could call for unexpected costs or impose restrictions on the development of the business operations or otherwise affect net sales.

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

Ability to service debt

The Group's ability to service its outstanding debts will depend upon, among other things, the Group's future financial and operating performance, which will be affected by prevailing economic conditions and financial, business, regulatory and other factors, some of which are beyond the Group's control. If the Group's operating income is not sufficient to service its current or future indebtedness, the Group will be forced to take actions such as reducing or delaying its business activities, acquisitions, investments or capital expenditures, selling assets, restructuring or refinancing its debt or seeking additional equity capital. The Group may not be able to affect any of these remedies on satisfactory terms, or at all. If any of these risks would materialise, it could have a material negative impact on the Group's operations, earnings and financial position.

Financing risk

The Group's business is to a large extent financed through bank loans and construction loans (Sw. *byggkreditiv*) and interest rates are not an insignificant cost item for the Group. Projects are also financed by preferred shares redeemable when the project has been completed and sold. A large portion of the Group's businesses consist of real estate development projects, which may be delayed or affected by unexpected or increased costs as a result of factors within or outside the Group's control. If such circumstances occur, it could result in projects not being completed before loans are due, or that such increased costs are not covered by the granted credit facilities. If the Group is not able to obtain financing with respect to acquisitions or development, extension or increase of existing financing or refinancing of previously received financing, or is only able to obtain such financing on terms that are disadvantageous, it could have a material negative impact on the Group's operations, earnings and financial position.

Credit and counterparty risk

Where there is a risk for the Group's counterparties being unable to fulfil their financial obligations towards the Group, there is a credit risk. The Group's current and potential customers and other counterparties (including but not limited to condominium associations) may get in a financial situation where they cannot pay the agreed fees or other amounts owed to the Group as they fall due or otherwise abstain from fulfilling their obligations. Also the Group's use of turnkey fixed-price construction contracts as described above, entails a credit risk, *inter alia*, as the contractor may end up in financial difficulties and may then become unable to carry the increased costs. This could lead to delays and increased costs for the Group. If the Group's counterparties cannot fulfil their obligations towards the Group, it could have a material negative impact on the Group's operations, earnings and financial position.

Legal disputes

The Group may in the future be involved in disputes or be subject to claims. Such disputes could be time consuming and result in costs, the size of which cannot always be foreseen. Disputes could, therefore, have a material negative impact on the Group's operations, earnings and financial position.

Risks relating to the Bonds

Credit risks

Investors in the Bonds carry a credit risk relating to the Group. The investors' ability to receive payment under the Terms and Conditions is dependent on the Issuer's ability to meet its payment obligations, which in turn is largely dependent upon the performance of the Group's operations and its financial position. The Group's financial position is affected by several factors of which some have been mentioned above.

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

Refinancing risk

The Group may eventually be required to refinance certain or all of its outstanding debt, including the Bonds. The Group's ability to successfully refinance its debt is dependent on the conditions of the capital markets and its financial condition at such time. The Group's access to financing sources may not be available on favorable terms, or at all. The Group's inability to refinance its debt obligations on favorable terms, or at all, could have a material adverse effect on the Group's business, financial condition and results of operations and on the bondholders' recovery under the Bonds.

Ability to comply with the Terms and Conditions

The Group is required to comply with the Terms and Conditions, *inter alia*, to pay interest under the Bonds. Events beyond the Group's control, including changes in the economic and business conditions in which the Group operates, may affect the Group's ability to comply with, among other things, the undertakings set out in the Terms and Conditions. A breach of the Terms and Conditions could result in a default under the Terms and Conditions, which could lead to an acceleration of the Bonds, resulting in the Issuer has to repay the bondholders at the applicable call premium. It is possible that the Issuer will not have sufficient funds at the time of the repayment to make the required redemption of Bonds.

Interest rate risks

The Bonds' value depends on several factors, one of the most significant over time being the level of market interest. Investments in the Bonds involve a risk that the market value of the Bonds may be adversely affected by changes in market interest rates.

Liquidity risks and secondary market

The Issuer has an obligation to ensure that the Bonds are listed on the corporate bond list of First North Stockholm no later than 60 calendar days from the first issue date of the Bonds and has further undertaken to ensure that the Bonds are listed on Nasdaq Stockholm within one year from the first issue date of the Bonds. Even if the Bonds are admitted to trading on aforementioned markets, active trading in the Bonds does not always occur and a liquid market for trading in the Bonds might not occur even if the Bonds are listed. This may result in that the bondholders cannot sell their Bonds when desired or at a price level which allows for a profit comparable to similar investments with an active and functioning secondary market. Lack of liquidity in the market may have a negative impact on the market value of the Bonds. Furthermore, the nominal value of the Bonds may not be indicative compared to the market price of the Bonds if the Bonds are admitted for trading on First North Stockholm and Nasdaq Stockholm.

It should also be noted that during a given time period it may be difficult or impossible to sell the Bonds (at all or at reasonable terms) due to, for example, severe price fluctuations, close down of the relevant market or trade restrictions imposed on the market.

The market price of the Bonds may be volatile

The market price of the Bonds could be subject to significant fluctuations in response to actual or anticipated variations in the Group's operating results and those of its competitors, adverse business developments, changes to the regulatory environment in which the Group operates, changes in financial estimates by securities analysts and the actual or expected sale of a large number of Bonds, as well as other factors. In addition, in recent years the global financial

markets have experienced significant price and volume fluctuations, which, if repeated in the future, could adversely affect the market price of the Bonds without regard to the Group's operating results, financial condition or prospects.

Dependency on other companies within the Group

A significant part of the Group's assets and revenues relate to the Issuer's subsidiaries. The Issuer is thus dependent upon receipt of sufficient income and cash flow related to the operations of the subsidiaries. Consequently, the Issuer is dependent on the subsidiaries' availability of cash and their legal ability to make dividends which may from time to time be restricted by corporate restrictions and law. Should the Issuer not receive sufficient income from its subsidiaries, the investor's ability to receive payment under the Terms and Conditions may be adversely affected.

Majority owner

Following any potential change of control in the Issuer, the Issuer may be controlled by majority shareholder whose interest may conflict with those of the bondholders, particularly if the Group encounters difficulties or is unable to pay its debts as they fall due. A majority shareholder has legal power to control a large amount of the matters to be decided by vote at a shareholder's meeting. For example, a majority shareholder will have the ability to elect the board of directors. Furthermore, a majority shareholder may also have an interest in pursuing acquisitions, divestitures, financings or other transactions that, in their judgment, could enhance their equity investments, although such transactions might involve risks to the bondholders. There is nothing that prevents a shareholder or any of its affiliates from acquiring businesses that directly compete with the Group. If such an event were to arise, it could have a material negative impact on the Group's operations, earnings and financial position. According to the Terms and Conditions, if a change of control event occurs, the bondholders have however a right of prepayment of the Bonds (put option). There is thus a risk that the Issuer does not have enough liquidity to repurchase the Bonds if the bondholders use its right of prepayment, see further under Section *Early Redemption and put options* below.

Unsecured obligations

The Bonds represent unsecured obligations of the Issuer. This means that in the event of the liquidation, bankruptcy, reorganisation or winding-up of the Issuer, the bondholders normally receive payment after any priority creditors have been paid in full. Each investor should be aware that by investing in the Bonds, it risks losing the entire, or parts of, its investment in the event of the Issuer's liquidation, bankruptcy or company reorganisation.

Subsidiaries, structural subordination and insolvency of subsidiaries

A significant part of the Group's assets and revenues relate to the Issuer's subsidiaries. The subsidiaries are legally separated from the Issuer and the subsidiaries' ability to make payments to the Issuer is restricted by, among other things, the availability of funds, corporate restrictions

and law restriction. 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, the Bonds are structurally subordinated to the liabilities of the subsidiaries. The Group and its assets may not be protected from any actions by the creditors of any subsidiary of the Group, whether under bankruptcy law, by contract or otherwise. In addition, defaults by, or the insolvency of, certain subsidiaries of the Group could result in the obligation of the Group to make payments under parent company financial or performance guarantees in respect of such subsidiaries' obligations or the occurrence of cross defaults on certain borrowings of the Group.

Security over assets granted to third parties

The Group may, subject to limitations, incur additional financial indebtedness and provide additional security for such indebtedness. In the event of bankruptcy, reorganisation or winding-up of the Issuer, the bondholders will be subordinated in right of payment out of the assets being subject to security. In addition, if any such third party financier holding security provided by the Group would enforce such security due to a default by any Group Company under the relevant finance documents, such enforcement could have a material adverse effect on the Group's assets, operations and ultimately the position of the bondholders.

Currency risks

The Bonds will be denominated and payable in SEK. If bondholders in the Bonds measure their investment return by reference to a currency other than SEK, an investment in the Bonds will entail foreign exchange-related risks due to, among other factors, possible significant changes in the value of the SEK relative to the currency by reference to which investors measure the return on their investments could cause a decrease in the effective yield of the Bonds below their stated coupon rates and could result in a loss to investors when the return on the Bonds is translated into the currency by reference to which the investors measure the return on their investments. Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate or the ability of the Issuer to make payments in respect of the bonds. As a result, there is a risk that investors may receive less interest or principal than expected, or no interest or principal.

Early redemption and put options

Under the Terms and Conditions, and as described in the term sheet for the Bonds, the Issuer has reserved the possibility to redeem all outstanding Bonds before the final redemption date. If the Bonds are redeemed before the final redemption date, the holders of the Bonds have the right to receive an early redemption amount which exceeds the nominal amount in accordance with the Terms and Conditions. However, there is a risk that the market value of the Bonds is higher than the early redemption amount and that it may not be possible for bondholders to

reinvest such proceeds at an effective interest rate as high as the interest rate on the Bonds and may only be able to do so at a significantly lower rate.

According to the Terms and Conditions, the Bonds are subject to prepayment at the option of each bondholder (put options) if (i) the Issuer's shares are not listed and admitted to trading on First North Stockholm, on Nasdaq Stockholm or any other regulated market, (ii) trading of the Issuer's shares on the aforementioned stock exchange is suspended for a period of 15 consecutive banking days, or (iii) if one or more persons, (other than Joakim Alm and/or his affiliates) acting together acquire control over the Issuer and where "**control**" means (a) acquiring or controlling, directly or indirectly, more than 50.00% of the voting rights of the Issuer, or (b) the right to, directly or indirectly, appoint or remove the whole or a majority of the directors of the board of directors of the Issuer or (iv) Joakim Alm and /or his affiliates ceases to control 31,491,942 voting rights in the Issuer. There is, however, a risk that the Issuer will not have sufficient funds at the time of such prepayment to make the required prepayment of the Bonds which could adversely affect the Issuer, e.g. by causing insolvency or an event of default under the Terms and Conditions, and thus adversely affect all bondholders and not only those that choose to exercise the option.

Distributions

The Group is under the Terms and Conditions prohibited from making distributions, unless certain financial covenants are met and the distribution does not exceed 25% of the Group's consolidated net profit for the previous fiscal year (as applicable). As regards the subsidiary Svenska Nyttobostäder AB, the Issuer is permitted to distribute dividend in relation to the Issuer's shareholdings in Svenska Nyttobostäder, provided that the incurrence test is fulfilled. Consequently there is a risk that if the Issuer's entire holding in Svenska Nyttobostäder AB would be distributed it could have a negative adverse effect on the Group's assets and ultimately the position of the bondholders. Furthermore, in accordance with the Terms and Conditions, the Issuer is also entitled under certain circumstances, to make dividends and other distributions in relation to the Issuer's from time to time outstanding preference shares. If any of these distributions are made, it could have an adverse effect on the Group's assets and on the position of the bondholders.

No action against the Issuer and bondholders' representation

In accordance with the Terms and Conditions, the Agent will represent all bondholders in all matters relating to the Bonds and the bondholders are prevented from taking actions on their own against the Issuer. Consequently, individual bondholders do not have the right to take legal actions to declare any default by claiming any payment from or enforcing any security granted by the Issuer and may therefore lack effective remedies unless and until a requisite majority of the bondholders agree to take such action.

However, the possibility that a bondholder, in certain situations, could bring its own action against the Issuer (in breach of the Terms and Conditions) cannot be ruled out, which could negatively impact an acceleration of the Bonds or other action against the Issuer.

To enable the Agent to represent bondholders in court, the bondholders and/or their nominees may have to submit a written power of attorney for legal proceedings. The failure of all bondholders to submit such a power of attorney could negatively affect the legal proceedings.

Under the Terms and Conditions, the Agent will in some cases have the right to make decisions and take measures that bind all bondholders. Consequently, the actions of the Agent in such matters could impact a bondholder's rights under the Terms and Conditions in a manner that would be undesirable for some of the bondholders.

Bondholders' meetings

The Terms and Conditions include certain provisions regarding bondholders' meetings. Such meetings may be held in order to resolve on matters relating to the bondholders' interests. The Terms and Conditions will allow for stated majorities to bind all bondholders, including bondholders who have not taken part in the meeting and those who have voted differently to the required majority at a duly convened and conducted bondholders' meeting. Consequently, the actions of the majority in such matters could impact a bondholder's rights in a manner that would be undesirable for some of the bondholders.

Restrictions on the transferability of the Bonds

The Bonds have not been and will not be registered under the U.S. Securities Act of 1933, as amended, or any U.S. state securities laws. Subject to certain exemptions, a holder of the Bonds may not offer or sell the Bonds in the United States. The Issuer has not undertaken to register the Bonds under the U.S. Securities Act or any U.S. state securities laws or to effect any exchange offer for the Bonds in the future. Furthermore, the Issuer has not registered the Bonds under any other country's securities laws. It is each potential investor's obligation to ensure that the offers and sales of Bonds comply with all applicable securities laws. Due to these restrictions, there is a risk that a bondholder cannot sell its Bonds as desired.

Risks relating to the clearing and settlement in Euroclear's book-entry system

The Bonds will be affiliated to Euroclear's account-based system, and no physical Bonds will be issued. Clearing and settlement relating to the Bonds will be carried out within Euroclear's book-entry system as well as payment of interest and repayment of the principal. Investors are therefore dependent on the functionality of Euroclear's account-based system.

Amended or new legislation

This document is and the Terms and Conditions will be based on Swedish law in force at the date of issuance of the Bonds. There is a risk that amended or new legislation and administrative

practices may adversely affect the investor's ability to receive payment under the Terms and Conditions.

Conflict of interests

The Issuing Agent and Bookrunner may in the future engage in, investment banking and/or commercial banking or other services for the Group in the ordinary course of business. Accordingly, conflicts of interest may exist or may arise as a result of the Issuing Agent and Bookrunner having previously engaged, or will in the future engage, in transactions with other parties, having multiple roles or carrying out other transactions for third parties with conflicting interests.

2 The liability statement of the Board of Directors

We declare that, to the best of our knowledge, the information provided in the Company Description is accurate and that, to the best of our knowledge, the Company Description is not subject to any omissions that may serve to distort the picture the Company Description is to provide, and that all relevant information in the minutes of board meetings, auditors' records and other internal documents is included in the Company Description.

Stockholm, April 2016

ALM Equity AB (publ)

The Board of Directors

3 Description of the Group

3.1 Introduction to the Company

3.1.1 The business

ALM Equity AB (publ), (“**ALM Equity**”) is a real estate development company that acquires structures and develops and sells projects, especially residential projects. ALM Equity has three distinct business areas which are residential projects, plan projects and project properties.

In residential projects, ALM Equity owns or acquires detail-zoned properties with approved development rights that allow selling of new or rebuilt single-family homes, second homes and flats in multi-family dwellings. In plan projects, ALM Equity acquires unplanned properties, or properties with an existing detailed zoning plan that the Group believes has potential for appreciation by changing the detailed zoning plan. In property projects the project properties category includes built-up properties with varying types of business that offer opportunities for development by conceptualisation to create higher values. Buildings are usually used for present purposes during the development stage in order to generate an operating surplus until development is started, or the building is rebuilt to its new use as shopping centre, housing, offices, industry or hotel.

Each real estate project is independent of every other project in the Group, since each project has its own corporate structure and financing. Most projects are run in joint-venture form where ALM Equity Management –assumes project management responsibility. The Group’s property portfolio can be divided into five geographic areas; Greater Stockholm Metropolitan Area, Uppsala, Mälardalen, Central Sweden west and the East Coast south. As of 31 December 2015, the residential portfolio contained of 20 residential projects with development rights equivalent to 2,627 homes of which ALM Equity’s share is 1,865 homes, the plan project portfolio contained of 12 planning projects aimed at developing 4,337 homes primarily located in the Stockholm Metropolitan Area of which ALM Equity’s share is 3,191 homes and the property project portfolio consisted of 23,700 square meter of which ALM Equity’s share is 8,500 square meter.

3.1.2 General

ALM Equity is a public limited liability company registered in Sweden with registration number 556549-1650 having its registered address at Regeringsgatan 59, 111 56, Stockholm, Sweden. The Company was registered with the Swedish Companies Registration Office on 31 July 2006. The Company is governed by Swedish law including, but not limited to, the Swedish Companies Act (Sw. *Aktiebolagslagen (2005:551)*) and the Swedish Annual Accounts Act (Sw. *Årsredovisningslagen (1995:1554)*). ALM Equity’s shares are listed on Nasdaq First North since June 2012.

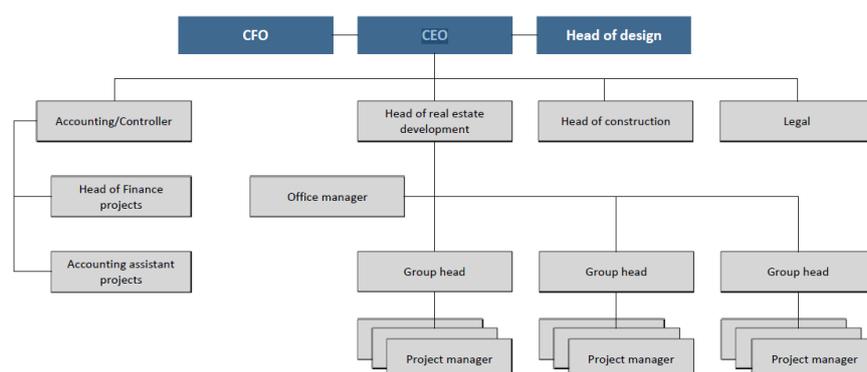
The Company was established for the purpose of, via directly and indirectly wholly owned subsidiaries, conduct project operations with respect to real estate and similar activities. The net

proceeds from the Bond Issue shall be used for general corporate purposes of the Group, including investments and acquisitions of land and property projects. Any net proceeds from any subsequent bond issue shall be used for general corporate purposes of the Group. The Company shall ensure to list the Bonds on First North, to provide the investors with a traded instrument and shall ensure that such listing is replaced with a listing at the corporate bond list on Nasdaq Stockholm no later than one year from the first issue date of the Bonds.

3.1.3 Organisation

Subsidiary ALM Equity Management AB is responsible for project management and administration of the projects and for Group management. Projects are run primarily in the form of joint ventures.

ALM Equity has only a small core organisation and therefore outsources many external services. A small organisation means dependency on individual associates. The picture below illustrates the organisation of the Group, containing a main division of a financial department and a project development department.



3.1.4 Significant markets

The Group's property portfolio can be divided into five geographic areas: The Greater Stockholm Metropolitan Area, Uppsala, Mälardalen, Central Sweden west and the East Coast south. The Group primarily has its operations in the Greater Stockholm area. As of 31 December 2015, 90% of the Group's portfolio was concentrated to Stockholm. The Group is therefore highly dependent upon the development of, and would be affected to a greater extent by changes in, the housing market in this specific area.

3.1.5 Competitive situation

The Group operates on a competitive market and is dependent on its ability to anticipate future market changes and trends.

However, ALM Equity differs in several respects from the large housing and construction companies in terms of project orientation, organisation, project design and size. ALM Equity also differs from the medium-sized players in that ALM Equity has a streamlined core operation with its focus on real estate and housing development, eliminating construction, construction project management and real estate management services as business areas. ALM Equity has established itself in its own niche in the market in terms of operating areas, organisational structure and financing. The Company's value creation occurs primarily at the real estate development stage in the form of conceptualisation.

3.2 Working capital statement and intended financing

Working capital has increased significantly in the last years, in particular during 2014, since the higher investment pace has increased the proportion of short term development properties. ALM Equity strives to have as large a portion as possible of short-term interest-bearing financing, falling due upon completion of projects. All financing is normally earmarked for a certain purpose and is not available until the project is launched. The Company is given financing limits for its construction projects, so new borrowing increases gradually over a project cycle, whereupon the loans are repaid when the project is completed. ALM Equity also strives to finance fully its projects over a project cycle before the project starts. The Group is fully financed and expects no need for additional external capital to be raised during the first 12 months following listing. However additional acquisitions, increased renovations, or other opportunities might trigger the need for more capital.

3.3 Financial Reports

The Group applies the Swedish Annual Accounts Act (Sw. *Årsredovisningslagen*) and the regulatory framework 2012:1 for annual reports and financial statements (K3) of the Swedish Accounting Standards Board. The principles applied differ from those applied in prior years as a consequence of the transition to the K3 regulatory framework. When the Bonds have been listed on Nasdaq Stockholm the Company's and the Group's financial reports shall in addition be prepared in accordance with IFRS. Financial reports are incorporated in this Company Description, for further information about the financial reports see ALM Equity's webpage: www.almequity.se.

3.3.1 Income statement year 2013 and 2014

	Group		ALM Equity	
(SEK thousand)	2014	2013	2014	2013
Net revenue	895,702	364,496	3,174	61,101
Production and operating expenses	-699,243	-273,770	-	-
Gross profit	196,459	90,726	3,174	61,101
Selling and administrative expenses	-27,427	-20,851	-6,140	-4,520
Operating profit	169,032	69,875	-2,966	56,581
Result from shares in Group companies	-	-	-5,628	13,220

Result from shares in associated companies	-	-	19,822	-4,581
Interest income and similar items	7,000	7,514	11,960	6,268
Interest expense and similar items	-33,181	-26,768	-50	-343
Profit after financial items	142,851	50,621	23,138	71,145
Year-end appropriations			-5,284	-7,386
Profit before taxes	142,851	50,621	17,854	63,759
Taxes	-102	-67	-	-
Profit for the year	142,749	50,554	17,854	63,759
Attributable to:				
ALM Equity's equity holders	143,989	49,840	17,854	63,759
Minority interest	-1,240	714		

3.3.2 Cash flow statement year 2013 and 2014

(SEK thousand)	Group		ALM Equity	
	2014	2013	2014	2013
Operating profit before finance items	169,032	69,875	-2,966	56,581
Other items not affecting cash flow	1 056	426	-	-
Subtotal, cash flow from operating activities	170,088	70,301	-2,966	56,581
Interest income	7,000	7,514	11,960	6,268
Interest expense and other financial expenses	-33,181	-26,768	-50	-343
Cash flow from operating activities before changes in working capital	143,907	51,047	8,944	62,506
Increase/decrease in development properties	-706,980	-255,915	-	-
Increase/decrease in project properties	13,515	14,958	-	-
Increase/decrease in tenant owner's associations	25 265	20 318	-	-
Increase/decrease short-term receivables, etc.	-62,101	-77,961	-186,652	-112,049
Increase/decrease current operating liabilities	-121,307	217,589	-3,324	122
Cash flow from operating activities	-707,701	-29,964	-181,032	-49,421
Investment in non-current assets	-195	-1,180	-	-
Acquisition of subsidiaries and associated companies	-	-	-1,002	-782
Sale of subsidiaries	-	-	238	129
Group contributions and shareholder contributions rendered	-	-	-15,850	-24,693
Cash flow from operating activities	-195	-1,180	-16,614	-25,346
Loans raised	522,030	-17,263	-	-

External shareholder contributions	47,591	-2,366	-	-
New issues	90,375	146,280	90,375	146,280
Dividends	-21,402	-7,982	6,259	13,638
Cash flow from financing activities	638,594	118,669	96,634	159,918
Cash flow for the year	-69,302	87,525	-101,012	85,151
Cash and cash equivalents at beginning of year	183,295	95,770	151,766	66,615
Cash and cash equivalents at year's end	113,993	183,295	50,754	151,766

3.3.3 Balance sheet year 2013 and 2014

	Group		ALM Equity	
(SEK thousand)	2014	2013	2014	2013
Assets				
Non-current assets				
Tangible non-current assets machinery and equipment	800	995	-	-
Shares in Group companies	-	-	10,673	12,111
Shares in associated companies	-	-	18,154	18,853
Deferred tax asset	5,023	5,023	-	-
Total non-current assets	5,823	6,018	28,827	30,964
Current assets				
Development properties	1,436,650	737,170	-	-
Project properties	107,597	121,112	-	-
Inventory shares in tenant owner's associations	24,160	49,725	-	-
	1,568,407	907,707	-	-
Short term receivables				
Trade receivables	6,594	6,738	-	-
Due from Group companies	-	-	220,510	102,623
Due from associated companies	-	-	100,051	78,289
Other receivables	269,629	210,412	37,926	192
Prepaid expenses and accrued income	11,923	8,895	21,368	12,099
	288,146	226,045	379,855	193,203
Cash and cash equivalents	113,993	183,295	50,754	151,766
Total current assets	1,970,546	1,317,047	430,609	344,969
Total assets	1,976,369	1,323,065	459,436	375,933
Equity and liabilities				
Share capital (10,154,600 shares outstanding)	10,155	10,155	-	-

Preferred capital (3,045,593 shares outstanding)	121,847	113,155	-	-
Other contributed capital	191,147	143,556	-	-
Other contributed capital including profit for the year	485,597	288,827	-	-
Equity attributable to ALM Equity's equity holders	808,746	555,693	-	-
Minority interest	-5,101	-3,861	-	-
Total consolidated equity	803,645	551,832	-	-
ALM Equity equity				
<i>Restricted equity</i>				
Share capital (10,154,600 shares outstanding)	-	-	10,155	10,155
Preferred capital (3,045,593 shares outstanding)	-	-	121,847	113,155
<i>Unrestricted equity</i>				
Retained earnings	-	-	298,607	174,567
Profit for the year	-	-	17,854	63,759
	-	-	316,461	238,326
Total ALM Equity equity	-	-	448,463	361,636
Provisions				
Deferred tax liability	639	633	-	-
Total provisions	639	633	-	-
Current liabilities				
Liability to credit institutions	736,588	313,194	-	-
Other interest-bearing liabilities for projects	239,325	140,695	-	-
Trade liabilities	71,225	22,176	23	463
Due to Group companies	-	-	1,625	2,009
Due to associated companies	-	-	763	5,447
Other liabilities	97,468	272,430	6,381	4,701
Accrued expenses and prepaid income	27,479	22,105	2,181	1,677
Total current liabilities	1,172,085	770,600	10,973	14,297
Total equity and liabilities	1,976,369	1,323,065	459,436	375,933
Pledged assets and contingent liabilities				
Pledged assets	979,345	405,048	-	-
Contingent liabilities	385,508	72,559	249,816	58,434

3.3.4 Financial reports for Q4 2015 and January - December 2015

Income statement of the Group

(SEK thousand)	2015 (Oct-Dec)	2015 (Jan-Dec)
Net revenue	229 722	934 427

Operating expenses	-188 090	-742 650
Operating profit	41 632	191 777
Net finance items	-7 282	-30 073
Profit after finance items	34 350	161 704
Taxes	-470	-320
Net profit for the period	33 880	161 384
Profit attributable to:		
ALM Equity's equity holders	33 593	159 178
Minority interest	287	2 206

Cash flow statement of the Group

(SEK thousand)	2015 (Oct-Dec)	2015 (Jan-Dec)
Profit after taxes (not including minority interest)	33 593	159 178
Items not affecting cash position	-2 413	-878
Cash flow before changes in working capital	31 180	158 300
Investments in/sale of development properties	-16 990	157 925
Investment in/sale of inventory shares in tenant owner's associations	2 823	-3 812
Other changes in working capital	-54 292	-65 868
Cash flow from operating activities	-37 279	246 545
Investment in/sale of tangible and financial non-current assets	-3 835	-3 749
Cash flow from investment activities	-3 835	-3 749
New issue		30 212
Subscription options		1 260
Loans raised/repaid	79 233	-164 876
Cash flow from financing activities	79 233	-133 404
Cash for the period	38 119	109 392
Cash and cash equivalents at beginning of period	185 266	113 993
Cash and cash equivalents at end of period	223 385	223 385

Balance sheet for the Group per year end 2015

(SEK thousand)	2015-12-31
Assets	
Machinery and equipment	4 549
Deferred tax asset	5 023
Total non-current assets	9 572
Development properties	1 278 725
Project properties	123 914
Inventory shares in tenant owner's associations	27 971
Short-term receivables, etc.	326 306
Cash and cash equivalents	223 385
Total non-current assets	1 980 301
Total assets	1 989 873
Equity and liabilities	
Equity	915 911
Deferred tax liability	1 408
Total long-term liabilities	1 408
Short-term interest bearing loans from credit institutions	647 653
Subordinated interest-bearing debenture loans	212 515
Other short-term non-interest-bearing liabilities	212 386
Total current liabilities	1 072 554
Total liabilities and equity	1 989 873

3.3.5 Financial trends

During the period 2011-2013, profit hovered between MSEK 49 and 67. A new level was achieved in 2014 with a profit of MSEK 143, and year 2015 the Group has managed to exceed MSEK 160, an improvement over the year before of 13 per cent. The basis for this development is the successful and timely replenishment of the Group's portfolios with new projects and a cost-efficient model for transforming them into well-functioning residential neighbourhoods. In the last two years the Group's total residential and planning portfolios have grown from 4,063 to 6,964 planned residential units – an increase of more than 70 per cent. During the same period, ALM Equity's own share of the portfolios has increased from 2,567 to 5,056 planned residences, an increase of more than 95 per cent. With a selling rate of 82 per cent. of total production, the demand for homes is strong, which has been true for the entire year 2015.

The number of housing starts in Sweden has increased in recent years to about 45,000 during 2015. However, in the Greater Stockholm Metropolitan Area, where the housing shortage is most acute, the number of housing starts was a mere 10,000. With annual migration to the area of 45,000 persons, this means that the situation is gradually growing worse. The obvious

solution lies not in tighter control of credit, even though there is reason to prevent over-indebtedness, but in an increased supply of housing through more construction.

4 Description of the Bonds

4.1 Description of the Terms and Conditions

This section contains a general and broad description of the Bonds and is not a comprehensive description of the Bonds. Potential investors should therefore carefully consider this Company Description as a whole before a decision is made to invest in the Bonds. Terms not defined herein shall have the same meaning as in the Terms and Conditions.

The Bonds are debt instruments, intended for public market trading, which confirm that the bondholder has a claim on the Issuer. The Bonds were issued on 18 March 2016 and the bond loan was raised for general corporate purposes of the Group, including investments and acquisitions of land and property projects. The bond loan issued amounts to SEK 325,000,000, with a maximum amount of SEK 1,000,000,000, and is represented by Bonds denominated in SEK with the ISIN SE0008014690, each of a nominal amount of SEK 1,000,000.

The Bonds have been issued in accordance with Swedish law and are connected to the account-based system of Euroclear Sweden AB. Holdings of the Bonds are registered on behalf of the bondholders on a Securities Account and no physical Bonds have or will be issued. Payment of principal and interest as well as, if applicable, withholding of preliminary tax will be made by Euroclear.

The Issuer may redeem all but not only some of the Bonds in full together with accrued but unpaid interest before the First Call Date at the Make Whole Amount as set forth in the Terms and Conditions, if repaid on or after the First Call Date up to (but not including) the date falling 36 months after the First Issue Date at an amount per Bond equal to 102.7% per cent. of the Nominal Amount, if repaid on or after the date falling 36 months after the First Issue Date up to (but not including) the date falling 42 months after the First Issue Date at an amount per Bond equal to 101.7% per cent. of the Nominal Amount and if made any time on or after the date falling 42 months after the First Issue Date up to (but not including) the Final Redemption Date at an amount per Bond equal to 100.7% per cent. of the Nominal Amount.

Payment of the Nominal Amount and/or interest shall be made to the person who is registered as a bondholder on the Record Date prior to the relevant payment date, or to such other Person who is registered with the CSD on such date as being entitled to receive the relevant payment, repayment or repurchase amount.

The Bonds bear interest from, but excluding, the First Issue Date up to, and including, the relevant Redemption Date at a floating rate of STIBOR (3 months) + 6.75% per annum. Interest will be paid quarterly in arrears on each Interest Payment Date and is calculated on the basis of the actual number of days in the Interest Period in respect of which payment is being made divided by 360 (actual/360-days basis). The Interest Payment Dates are 18 March, 18 June, 18 September and 18 December each year. The Issuer shall redeem all outstanding Bonds at the Nominal Amount together with accrued but unpaid interest on the Final Redemption Date.

The Bonds are freely transferable but the bondholders may be subject to purchase or transfer restrictions with regard to the Bonds, as applicable, under local laws to which a bondholder may be subject. Each bondholder must ensure compliance with such restrictions at its own cost and expense.

Pareto Securities AB is the Issuer's initial Issuing Agent.

Upon the occurrence of a Change of Control Event or a De-listing Event each bondholder has the right to request that all, or some only, of its Bonds be repurchased at a price of 101 per cent. of the Nominal Amount together with accrued but unpaid interest during a period of sixty (60) calendar days following a notice from the Issuer.

The Issuer shall not and shall procure that none of its subsidiaries make any Restricted Payment, however a Restricted Payment can be made, if permitted by law and no Event of Default is continuing or would result from such payment, by any Group Company if such Restricted Payment is made to another Group Company and if not made by a subsidiary which is directly or indirectly wholly-owned by the Issuer, is made on a *pro rata* basis. Notwithstanding the aforesaid, if no Event of Default is continuing, a Restricted Payment may be made by the Issuer if (i) the aggregate amount of all Restricted Payments and Restricted Preference Share Distributions of the Group in a fiscal year does not exceed 25% of the Group's consolidated net profit for the previous fiscal year, provided that the Incurrence Test is met (*pro forma*), or (ii) such Restricted Payment consist of a Permitted Preference Share Distributions, or (iii) such Restricted Payment constitutes a distribution of In-kind Preference Shares, provided that the Incurrence Test is met (*pro forma*), or (iv) such Restricted Payment constitutes a Nyttobostäder Dividend, provided that the Incurrence Test is met (*pro forma*), or (v) such Restricted Payment constitutes (a) an unconditional shareholder contribution made to a Project Entity (if based on arm's length terms), or (b) any interest or dividend to be paid from a subsidiary or a Project Entity in relation to construction credits (Sw. *byggnadskreditiv*), preference shares, convertibles etcetera (if such interest paid would be considered as dividend) if made in relation to a Project and if made to the applicable market interest rate and provided further that not made to any Affiliate not being a Group Company.

The Terms and Conditions include an undertaking that the Issuer shall ensure that the Bonds are listed (i) at the corporate bond list on First North Stockholm not later than sixty (60) calendar days after the First Issue Date (and with an intention to complete such listing within thirty (30) calendar days after the First Issue Date and (ii) to replace such listing with a listing at the corporate bond list on Nasdaq Stockholm no later than one (1) year after the First Issue Date.

The Issuer shall at all times ensure that the Maintenance Test is met. The Maintenance Test shall be tested quarterly on the basis of the relevant interim report.

The Issuer shall ensure that (i) the majority of the Projects (in relation to square meter) are carried out within the Greater Stockholm, Gothenburg, Malmö and the Mälardalen region, (ii) the majority of all Projects (in relation to square meter) are carried out for the purpose of

building residential properties; and (iii) no Project Entity commences the construction of a Project unless, on a Group level, the relevant apartments, houses or any other form of applicable housing in relation to all Projects (including the Project in question) have been either sold or rented out (as applicable) to a third party (including Nyttobostäder provided that it has been made on market terms or better and provided that the Nyttobostäder financing has been obtained externally) to at least 60 per cent. in the aggregate.

4.2 Description of ranking of the Bonds

The Bonds constitute direct, unconditional, unsubordinated and unsecured obligations of the Issuer and shall at all time rank at least *pari passu* with all direct, unconditional, unsubordinated and unsecured obligations of the Issuer and without any preference among them.

4.3 Description of bondholders' representation and exercise of rights

Nordic Trustee & Agency AB (publ) is the initial Trustee. Even without a separate authorisation from the bondholders, the Trustee, or a person appointed by the Trustee, is entitled to represent the bondholders against the Issuer in every matter concerning the Bonds, whether or not in court or before an executive authority. Further, each bondholder shall immediately upon request by the Trustee provide the Trustee with any such documents, including a written power of attorney, which the Trustee deems necessary for the purpose of carrying out its duties under the Terms and Conditions. The Trustee may, at any time, request that a bondholders' meeting is convened or request a procedure in writing amongst the bondholders, see further section 14 (*Decisions by Holders*), 15 (*Holder's Meeting*) and 16 (*Written Procedure*) of the Terms and Conditions. Such meetings or procedures in writing can lead to that a majority decision, binding for all bondholders, is passed.

4.4 Limitations of bondholders' exercise of rights

In accordance with the Terms and Conditions, the Trustee will represent all bondholders in all matters relating to the Bonds and the bondholders are prevented from taking actions on their own against the Issuer (unless it is explicitly stated otherwise in the Terms and Conditions). Consequently, individual bondholders do not have the right to take legal actions to declare any default by claiming any payment from or enforcing any security and may therefore lack effective remedies unless and until a requisite majority of the bondholders agree to take such action. To enable the Trustee to represent bondholders in court, the bondholders may have to submit a written power of attorney for legal proceedings. The failure of all bondholders to submit such a power of attorney could negatively affect the legal proceedings.

Under the Terms and Conditions, the Trustee will in some cases have the right to make decisions and take measures that bind all bondholders. Consequently, the actions of the Trustee in such matters could impact a bondholder's rights under the Terms and Conditions in a manner that would be undesirable for some of the bondholders.

4.5 Details of any credit rating

The Bonds and the Issuer are not subject to any official credit rating assigned to them at the request or co-operation of the Issuer.

5 Description of the Board of Directors and Senior Management

The business address for all members of the Board of Directors and the Senior Management of the Issuer is Regeringsgatan 59, 111 56 Stockholm, Sweden. Further information on the members of the Board of Directors and the Senior Management, including significant assignments outside the Company, is set forth below.

5.1 The Board of Directors and Senior Management

The Board of Directors and Senior Management of the Issuer currently consist of the following members.

Maria Wideroth	1967	Chairman of the Board of Directors
Joakim Alm	1961	Director of the Board, Founder, President and Chief Executive Officer
Johan Unger	1961	Director of the Board
Gerard Versteegh	1960	Director of the Board
Johan Wachtmeister	1959	Director of the Board
Urban Eriksson	1954	Chief Financial Officer
Louise Eklund	1980	Executive Vice President

Maria Wideroth

Maria Wideroth is the chairman of the board of directors in the Company since 2006.

Maria Wideroth is Partner of Landahl Advokatbyrå and is specialised in real estate law. *Ownership in ALM Equity privately/via family: 6,800 common shares and 818 preferred shares.*

Joakim Alm

Joakim Alm is a member of the board of directors since 2006 and is also President and CEO in the Company.

Joakim Alm is the founder of ALM Equity in 2006. *Ownership in ALM Equity privately/via family: 5,837,623 common shares, 542,345 preferred shares and 10,000 warrants.*

Johan Unger

Johan Unger is a member of the board of directors in the Company since 2006.

Johan Unger conducts his own business since 2006 in investments, financial consulting and board representation. Johan Unger is chairman of the Board of, among other, DGCOne AB. Johan Unger is independent in relation to ALM Equity. *Ownership in ALM Equity privately/via family: 152,060 common shares and 6,489 preferred shares.*

Gerard Versteegh

Gerard Versteegh is a member of the board of directors in the Company since 2006.

Gerard Versteegh is the founder of Commercial Estates Group Limited, London, and chairman/director of a number of related companies and a member of the Advisory Board of Greycoat Real Estate LLP, London. *Ownership in ALM Equity: 990,894 common shares and 86,686 preferred shares.*

Johan Wachtmeister

Johan Wachtmeister is a member of the board of directors in the Company since 2006.

Johan Wachtmeister own investments via, among other, MJW Invest AB. *Ownership in ALM Equity, privately/via company: 754,200 common shares and 27,693 preferred shares.*

Urban Eriksson

Urban Eriksson is the CFO in the Company since 2008. *Ownership in ALM Equity: 10,000 common shares, 950 preferred shares and 10,000 warrants.*

Louise Eklund

Louise Eklund is the Executive Vice President in the Company since 2015. *Ownership in ALM Equity, privately/via company: 5,870 common shares, 988 preferred shares and 10,000 warrants.*

5.2 Information on bankruptcy, liquidation, fraud and similar

None of the members of the Board of Directors or Senior Management is a closely related party to any other board member or senior executive. None of the board members or senior executives has been found guilty in any fraud-related case in the past five years. None of the board members or senior executives has been involved in any bankruptcy, liquidation or receivership while serving as a board member or senior executives in the past five years, except for any liquidation made in the ordinary course of business. None of the board members or senior executives have, over the past five years, been the object of official allegations or sanctions by a supervisory or legislative authority, nor have any of them been prohibited by a court of law from serving as a board member or in management, or in any other way been prohibited from conducting commercial activity. None of the board members has any agreement with the Company giving the board member the right to compensation upon termination of his assignment.

6 Legal and supplementary information

6.1 Description of significant contracts

Except for the Terms and Conditions, the Issuer is not party to any significant agreements not entered into in the ordinary course of business.

6.2 Reasons for the decision to apply for listing

The main reasons for the Issuer to apply for listing of the Bonds on First North are to comply with the Terms and Conditions, to simplify trading in the Bonds and to achieve a diversified holding of Bonds.

6.3 Date of first annual general meeting and publication of financial statements

The Issuer intends to hold its first annual general meeting on 16 May 2016 and intends to publish its first annual financial statements on 16 May 2016 and to publish its first quarterly report on 16 May 2016.

6.4 Transaction with closely related parties

The Company's President and family own tenant-owner's rights in the projects worth MSEK 25.8, acquired at market prices. The Group has paid a total of MSEK 4.4, not including V.A.T., during the year 2014 for legal assignments and expenses, primarily in the residential projects, to a company in which the Chair of the Board of Directors is a part owner. All transactions were done at market prices (SEK 180,000, not including payroll taxes, with SEK 60,000 to the Chairman of the Board and SEK 40,000 to each the other Directors, not including the President). The Chairman and one other Director invoice the fee since the board work for them is professionally contingent. No director's fees were paid to subsidiary boards of directors. Compensation to the President has been set by the Board of Directors as fixed salary of SEK 100,000 per month without a variable portion, plus a defined contribution pension benefit equivalent to 25 per cent. of the salary (not including payroll tax).

6.5 Description of ownership structure

The Issuer is owned by the shareholders set forth in the schedule below.

Shareholders per 31 December 2015

Shareholders	Common Shares	Preferred Shares	Share of capital	Share of votes
Joakim Alm	5,837,623	542,345	46.97%	56.13%
Kopparnäset AB	1,304,279	13,042	9.70%	12.44%
Gerard Versteegh	990,894	86,686	7.93%	9.52%
Johan Wachtmeister	754,200	27,693	5.76%	7.21%

John Rosén	536,261	106,094	4.73%	5.21%
Johan Unger	152,060	6,489	1.17%	1.45%
Other shareholders	579,283	2,644,790	23.74%	8.04%
Total	10,154,600	3,427,139	100.00%	100.00%

6.6 The Identity of the Certified Advisor

Pareto Securities AB reg.no. 556206-8956, has acted as Certified Advisor for the Issuer during the period for application to admission to trading and will act as Certified Advisor to the Company until the first day of trading on First North.

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