

**ALM EQUITY AB (PUBL)**

**PROSPECTUS REGARDING LISTING OF  
MAXIMUM SEK 1,000,000,000**

**SENIOR UNSECURED CALLABLE BONDS**

**2016/2020**

**ISIN: SE0008014690**

**14 February 2017**

## Important information

This prospectus (the “**Prospectus**”) has been prepared by ALM Equity AB (publ) (“**ALM Equity**”, the “**Company**” or the “**Issuer**”), registration number 556549-1650, in relation to the application for listing of bonds issued under the Company’s maximum SEK 1,000,000,000 senior unsecured callable bonds 2016/2020 with ISIN SE0008014690 (the “**Bonds**”), of which SEK 325,000,000 was issued on 18 March 2016 (the “**Issue Date**”) (and of which SEK 275,000,000 was issued on 25 August 2016 in a tap issue) in accordance with the terms and conditions for the Bonds, as amended on 2 December 2016 (the “**Terms and Conditions**”) (the “**Bond Issue**”), on the Corporate Bond List at NASDAQ Stockholm AB (“**Nasdaq Stockholm**”). References to the Company or the Group refer in this Prospectus to Alm Equity AB (publ) and its Subsidiaries from time to time. References to “SEK” refer to Swedish Kronor.

This Prospectus has been prepared in accordance with the rules and regulations in the Swedish Financial Instruments Trading Act (*Sw. lag (1991:980) om handel med finansiella instrument*) and Commission Regulation (EC) No 809/2004 of 29 April 2004 implementing Directive 2003/71/EC of the European Parliament and of the Council, each as amended. This Prospectus has been approved by and registered with the Swedish Financial Supervisory Authority (*Sw. Finansinspektionen*) in accordance with the provisions in Chapter 2, Sections 25 and 26, of the Swedish Financial Instruments Trading Act. It should be noted that such approval and such registration does not constitute any guarantee from the Swedish Financial Supervisory Authority that the information in this Prospectus is accurate or complete.

This Prospectus is not an offer for sale or a solicitation of an offer to purchase the Bonds in any jurisdiction. It has been prepared solely for the purpose of listing the Bonds on Nasdaq Stockholm. This Prospectus may not be distributed in any country where such distribution or disposal requires additional prospectus, registration or additional measures or is contrary to the rules and regulations in such country. Persons into whose possession this Prospectus comes or persons who acquire the Bonds are therefore required to inform themselves about, and to observe, such restrictions. The Bonds have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the “**Securities Act**”), or any U.S. state securities laws and may be subject to U.S. tax law requirements. The Bonds may not be offered, sold or delivered within the United States of America or to, or for the account or benefit of, U.S. persons (as defined in Rule 902 of Regulation S under the Securities Act). The Company has not undertaken to register the Bonds under the Securities Act or any U.S. state securities laws or to affect any exchange offer for the Bonds in the future. Furthermore, the Company has not registered the Bonds under any other country’s securities laws. It is the investor’s obligation to ensure that the offers and sales of Bonds comply with all applicable securities laws.

The Prospectus will be available at the Swedish Financial Supervisory Authority’s web page ([www .fi.se](http://www.fi.se)) and the Company’s web page ([www.almequity.se](http://www.almequity.se)), and paper copies may be obtained from the Company.

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

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

This Prospectus shall be read together with all documents that are incorporated by reference (see section “*Overview of financial reporting and documents incorporated by reference*” below) and possible supplements to this Prospectus.

The Bonds may not be a suitable investment for all investors and each potential investor in the Bonds 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 Bonds, the merits and risks of investing in the Bonds and the information contained or incorporated by reference in this Prospectus or any applicable supplement; (ii) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Bonds and the impact other Bonds 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 Bonds; (iv) understand thoroughly the Terms and Conditions; and (v) be able to evaluate (either alone or with the help of a financial advisor) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

This Prospectus is governed by Swedish law. Disputes concerning, or related to, the contents of this Prospectus shall be subject to the exclusive jurisdiction of the courts of Sweden. The District Court of Stockholm (*Sw. Stockholms tingsrätt*) shall be the court of first instance.

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## **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. 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. 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. Construction is normally not started until 75% of the residences have been rented out or sold and the construction has been fully financed, 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. 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 *i.e.* that it 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. As of 30 September 2016, the Group guaranteed purchase of residential units in the total amount of 274.8 million.<sup>1</sup> 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

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<sup>1</sup> The Company's interim financial report for the period 1 January – 30 September 2016 p.4.

present, bears the responsibility. 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 (SFS 1998:808) (Sw. *Miljöbalken (1998:808)*), 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.

In connection with acquisitions, major renovations *etc.* the costs for handling of hazardous waste are estimated. There is however a risk that the costs are underestimated and that the costs are significantly higher which could, if the risk would materialise, have a material negative impact on the Group's operations, earnings and financial position.

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. Furthermore, the demand for completed building rights (Sw. *färdiga byggrätter*) is high and the price has increased significantly during the past two years, a development which can result in that even a higher price has to be paid for such building rights in the future. 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.

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.

Furthermore, the housing market and the demand for housing may be affected by regulatory changes such as amortisation requirements, changes in payments of interest or requirements in relation to the household's total income.

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 common equity, interest-bearing and non-interest bearing debt such as 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.

#### *Liquidity risk*

Liquidity risk is the risk that the Group cannot meet its payment obligations at the maturity date without the cost for obtaining cash or cash equivalents increasing significantly. If the Group's liquidity sources prove not to be sufficient, there is a risk that the Group can only meet its payment obligations by raising funds on terms significantly increasing its financing costs or that the Group cannot meet its payment obligations at all and as a result thereof being in default under material agreements entered into by the Group, which 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, 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 Nasdaq Stockholm within one year from the First Issue Date of the Bonds. Even if the Bonds are admitted to trading on Nasdaq Stockholm, 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 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 shareholders 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 are 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 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 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. 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 Trustee 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 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.

#### *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 effectuate 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 are affiliated to Euroclear's account-based system, and no physical Bonds have been or 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*

The Terms and Conditions are 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.

### **Responsible for the information in the Prospectus**

The Company issued the Bonds on 18 March 2016. This Prospectus has been prepared in relation to the Company applying for admission to trading of the Bonds on Nasdaq Stockholm, in accordance with the Commission Regulation (EC) No 809/2004 of 29 April 2004 implementing Directive 2003/71/EC of the European Parliament and of the Council and the rules and regulations in Chapter 2 of the Swedish Financial Instruments Trading Act, each as amended.

The Company confirms that, having taken all reasonable care to ensure that such is the case, the information contained in this Prospectus is, to the best of the Company's knowledge, in accordance with the actual conditions and that no information has been omitted which may distort the picture of the Company. The information in the Prospectus and in the documents incorporated by reference which derive from third parties has, as far as the Company is aware and can judge on basis of other information made public by the respective third party, been correctly represented and no information has been omitted which may serve to render the information misleading or incorrect.

The board of directors is responsible for the information given in this Prospectus only under the conditions and to the extent set forth in Swedish law. The board of directors confirms that, having taken all reasonable care to ensure that such is the case, the information in this Prospectus is, to the best of the board of directors' knowledge, in accordance with the facts and contains no omissions likely to affect its import.

Stockholm on 14 February 2017

**ALM EQUITY AB (PUBL)**

*The board of directors*

## The Bonds in brief

*This section contains a general and broad description of the Bonds. It does not claim to be comprehensive or cover all details of the Bonds. Potential investors should therefore carefully consider this Prospectus as a whole, including the documents incorporated by reference (see below section “Overview of financial reporting and documents incorporated by reference”) and the full Terms and Conditions for the Bonds, which can be found in section “Terms and Conditions for the Bonds”, before a decision is made to invest in the Bonds.*

*Concepts and terms defined in section “Terms and Conditions for the Bonds” are used with the same meaning in this section unless otherwise is explicitly understood from the context or otherwise defined in this Prospectus.*

## Summary of the Bonds

The Bonds are debt instruments (Sw. *skuldförbindelser*), intended for public market trading, which confirm that each Holder has a claim against the Company. The Company resolved to issue the Bonds on 17 March 2016. The purpose of the Bond Issue was to raise funds to be used for general corporate purposes of the Group, including investments and acquisitions of land and property projects. The First Issue Date for the Bonds was 18 March 2016 and the Bonds will mature on 18 March 2020.

The aggregate nominal amount of the Bonds is maximum SEK 1,000,000,000 represented by Bonds denominated in SEK with ISIN SE0008014690, each with a Nominal Amount of SEK 1,000,000. The Bonds were issued at a price equal to 100 per cent. of the Nominal Amount. As of the date of this Prospectus, SEK 600,000,000 of the bond loan has been issued.

The Bonds have been issued in accordance with Swedish law and are connected to the account-based system of Euroclear Sweden AB, registration number 556112-8074, P.O. Box 191, SE-101 23 Stockholm, Sweden. This means that the Bonds are registered on behalf of the Holders on a securities account (Sw. *VP-konto*). No physical notes have been or will be issued. Payment of principal, interest and, if applicable, withholding of preliminary tax will be made through Euroclear’s book-entry system.

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

The Company shall redeem all outstanding Bonds at 100 per cent. of the Nominal Amount together with accrued but unpaid interest on the Final Redemption Date, unless previously redeemed or repurchased in accordance with Clause 10 “*Redemption and repurchase of the Bonds*” or terminated in accordance with Clause 12 “*Termination of the Bonds*” of the Terms and Conditions.

The Company may choose to redeem all, but not only some, of the Bonds in full on any Business Day prior to the First Call Date, at an amount equal to the Make Whole Amount together with accrued but unpaid interest. The Issuer may redeem all, but not only some, of the Bonds in full on any Business Day falling on or after the First Call Date, but before the Final Redemption Date, at the applicable Call Option Amount together with accrued but unpaid interest (see further Clause 10.3 “*Early voluntary redemption by the Issuer (call option)*” of the Terms and Conditions).

Upon a Change of Control Event or a De-listing Event, each Holder has a right of pre-payment (put option) of its Bonds at a price of 101 per cent. of the Nominal Amount together with accrued but unpaid interest (see further Clause 10.4 “*Mandatory repurchase due to a Change of Control Event or a De-listing Event (put option)*” of the Terms and Conditions).

Payment of the Nominal Amount and/or interest will be made to the person who is a Holder on the Record Date immediately preceding the relevant payment date. Payments shall be made in SEK. The right to receive payment of the Nominal Amount is time-barred and becomes void ten years from the relevant Redemption Date, unless the limitation period is duly interrupted.

The Bonds bear interest from, but excluding, the Issue Date or the Interest Payment Date falling immediately prior to their issuance up to, and including, the Relevant Redemption Date at a floating rate of STIBOR (3 months) + 6.75 per cent. per annum. Interest is 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 right to receive payment of interest is time-barred and becomes void three years from the relevant due date for payment.

Nordic Trustee & Agency AB (publ), registration number 556882-1879, P.O. Box 7329, SE-103 90, Stockholm, Sweden is acting as Trustee for the Holders in relation to the Bonds, and, if relevant, any other matter within its authority or duty in accordance with the Terms and Conditions. Even without a separate authorisation from the Holders and without having to obtain any Holder’s consent (if not required to do so under the Terms and Conditions), the Trustee, or a person appointed by the Trustee, is entitled to represent the Holders in every matter concerning the Bonds and the Terms and Conditions. The Trustee is authorised to act on behalf of the Holders whether or not in court or before an executive authority (including any legal or arbitration proceeding relating to the perfection, preservation, protection or enforcement of the Bonds). Each Holder shall immediately upon request by the Trustee provide the Trustee with any such documents, including a written power of attorney (in form and substance to the Trustee’s satisfaction), as the Trustee deems necessary for the purpose of carrying out its duties under the Terms and Conditions. The Trustee is under no obligation to represent a Holder which does not comply with such request of the Trustee.

An agreement was entered into between the Trustee and the Company on or about the Issue Date regarding, *inter alia*, the remuneration payable to the Trustee. The rights, obligations and the representation of the Trustee are set forth in the Terms and Conditions which are available at the Company’s web page, [www.almequity.se](http://www.almequity.se).

Each of the Company, the Trustee and Holders representing at least ten per cent of the Adjusted Nominal Amount, may request that a Holders’ Meeting is convened (see further Clause 15 “*Holders’ Meeting*” of the Terms and Conditions) or request a Written Procedure (see further Clause 16 “*Written Procedure*” of the Terms and Conditions). Such Holders’ Meeting or Written Procedure may, upon votes representing a relevant majority of Holders eligible for voting, cause resolutions to be validly passed and binding on all Holders.

If the Bonds have been duly declared due and payable due to an Event of Default, the available funds shall firstly be applied towards payment of all costs and expenses incurred by and any remuneration payable to the Trustee under the Terms and Conditions and the Trustee Agreement,

secondly in or towards payment of accrued but unpaid Interest under the Bonds, thirdly in or towards payment of any unpaid principal under the Bonds and fourthly in or towards payment of any other costs or outstanding amounts unpaid under the Terms and Conditions. Any excess funds shall be transferred to the Company.

The Bonds are freely transferrable and are currently traded at the corporate bond list on First North Stockholm. Holders may, however, be subject to purchase or transfer restrictions with regard to the Bonds, as applicable from time to time under local laws to which a Holder may be subject (due to, *e.g.*, its nationality, its residency, its registered address or its place(s) for business). Each Holder must ensure compliance with local laws and regulations applicable at their own cost and expense. All Bond transfers are subject to the Terms and Conditions and the Terms and Conditions are automatically applicable in relation to all Bond transferees upon the completion of a transfer.

The Company intends to apply for listing of the Bonds on Nasdaq Stockholm in connection with the Swedish Financial Supervisory Authority's approval of this Prospectus. The number of Bonds being admitted to trading if the application is approved by Nasdaq Stockholm is 600. The earliest date for admitting the Bonds to trading on Nasdaq Stockholm is expected to be on or about 22 February 2017. The fact that an application regarding listing of the Bonds on Nasdaq Stockholm has been submitted does not mean that the application will be approved. The total expenses of the admission to trading of the Bonds are estimated to amount to SEK 200,000.

The Terms and Conditions include an undertaking for the Company to ensure that the Bonds are listed on Nasdaq Stockholm. According to Clause 11.2 of the Terms and Conditions the Issuer shall ensure that Bonds issued on the First Issue Date are listed on Nasdaq Stockholm within one year from the First Issue Date. The Issuer may at one or more occasions after the First Issue Date issue Subsequent Bonds, any Subsequent Bonds issued shall also be listed on Nasdaq Stockholm. For the avoidance of doubt, Bonds issued in any Subsequent Bond Issue may be admitted to trading pursuant to this Prospectus within one year after the approval of this Prospectus by the Swedish Financial Supervisory Authority.

## **The Company and its operations**

### **Introduction**

ALM Equity AB (publ) is a public limited liability company registered in Sweden with registration number 556549-1650, having its registered address at Regeringsgatan 59, SE-111 56, Stockholm, Sweden. The Company was formed on 7 October 1997 and registered with the Swedish Companies Registration Office on 28 November 1997; however the Company's current business started in 2006 and the registration of the firm ALM Equity AB was made 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)*).

### **Share capital, shares, ownership structure and governance**

According to its articles of association, the Company's share capital shall be no less than SEK 50,000,000 and not more than SEK 200,000,000 divided into no less than 5,000,000 shares and not more than 20,000,000 shares. The Company's current share capital amounts to SEK 136,832,850 divided among 10,154,600 ordinary shares and 3,528,685 preference shares. The shares are denominated in SEK.

The largest shareholders of the Company according to the Company's annual report for the financial year 2015 are board member and managing director Joakim Alm with approximately 46.97 per cent of the shares and 56.13 per cent of the votes (including indirect holdings and related parties' holdings), Kopparnäset AB with approximately 9.70 per cent of the shares and 12.44 per cent of the votes, board member Gerard Versteegh with approximately 7.93 per cent of the shares and 9.52 per cent of the votes (including related parties' holdings), board member Johan Wachtmeister with approximately 5.76 per cent. of the shares and 7.2 per cent of the votes (including indirect holdings and related parties' holdings), Johan Rosén with approximately 4.73 per cent of the shares and 5.21 per cent of the votes and board member Johan Unger with approximately 1.17 per cent of the shares and 1.45 per cent of the votes (including indirect holdings and related parties' holdings).

The shareholders' influence is exercised through active participation in the decisions made at general meetings of the Company. To ensure that the control over the Company is not abused, the Company complies with the Swedish Companies Act. In addition, the Company acts in accordance with the rules of procedure of the board of directors and the instructions for the managing director adopted by the Company.

### **Business and operations**

ALM Equity is a real estate development company, active in development of residential projects, planning projects and project properties. The Company acquires structures, develops and sells primarily residential and planning projects. The goal behind each individual real estate project is to maximise the total sales value, through conceptualisation, development and optimisation of the properties' use and form of tenure, thereby achieving a high, risk-adjusted return and appreciation of property value in ALM Equity. The Company's vision is to create good profitability in their real estate projects and to be a leader in conceptualisation.

The projects are primarily carried out in joint venture form. ALM Equity is a holding company with indirect ownership in the projects, each of which is structured and financed in separate legal

structures with corporations and tenant-owners' associations without dealings with other projects owned by the Company. ALM Equity's wholly owned subsidiary ALM Equity Management AB is responsible for project management and administration of the projects and for Group management. Consequently, the Company is dependent upon its subsidiaries.

### **Litigation**

The Company has not, during the previous twelve months, been and is not aware of any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened) which may have, or have had in the recent past, significant effects on the Company's and/or the Group's financial position or profitability.

### **Material agreements**

No Group company is party to any material agreement outside the ordinary course of business which could result in such company having a right or an obligation that could materially affect the Company's ability to meet its obligations to the bondholders.

### **Credit rating**

Neither the Company nor the Bonds have a credit rating from an international credit rating institute.

### **Significant adverse changes and recent events**

There has been no material adverse change in the prospects of the Company since the date of publication of its last audited financial report and no significant change in the financial or market position of the Group since the end of the last financial period for which interim financial information has been published.

During the second quarter of 2016 project Hesselby Slott in Stockholm, was acquired. The property includes approximately 4,500 sqm hotel development rights. ALM Equity's ownership share is 50 per cent.<sup>2</sup>

As of 30 June seven residential units were held in inventory, carried at a value of MSEK 13.7, equivalent to production costs. During the second quarter one residential unit was sold for MSEK 2.3 from ALM Equity's own inventory.<sup>3</sup>

In the middle of August another SEK 275 million worth of bonds were issued in a tap issue within the framework of SEK 1,000,000,000. Moreover, the Company acquired plan projects at Huddinge Centrum with the ambition of creating approximately 21,150 of total space BOA, for which selling is planned to commence in year 2020. ALM Equity's ownership share is 100 per cent.<sup>4</sup>

In the middle of August and beginning of September, selling of 17 residential properties in Silverdal and 67 residential properties in Enköping commenced.

At the end of the second quarter, ALM Equity guaranteed the purchase of 36 residential units in production-started projects for a total of MSEK 176.1. The guarantee relates to any unsold residential units where construction is completed.<sup>5</sup>

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At the end of the second quarter, the residential projects portfolio contained 21 residential projects with a total number of 186,100 sqm of development rights, of which ALM Equity's share was approximately 135,600 sqm. The portfolio includes 31,800 sqm, of which ALM Equity's share is 25,000 sqm, of areas acquired but not yet taken into possession and hence cannot be carried in the balance sheet. The project properties portfolio contained 25,700 sqm, of which ALM Equity's share was 9,500 sqm and the plan projects portfolio contained 14 plan projects where the plan is to develop 4,407 residential units, primarily located in the Greater Stockholm Metropolitan Area. ALM Equity's share was 3,261 residential units.<sup>6</sup>

During the third quarter of 2016, the project Skalden at the Ingenting area in Solna, consisting of 266 residential units and 5 other premises started. Furthermore, the third phase of the wholly owned residential project Rinkebyterrassen, consisting of 51 residences, started. ALM Equity's ownership share is 50 per cent in both projects.<sup>7</sup> Further, 16 residential units were sold during the period.<sup>8</sup>

After the third quarter of 2016, construction started in relation to 69 residential units.<sup>9</sup> Construction also started of the project Mälarterrassen in Hässelby Strand, the project consists of 161 residential units and three premises. In addition, ALM Equity (with an ownership share of 50 per cent) signed an agreement with HSB Stockholm regarding the acquisition and development of residential building rights of approximately 7280 sqm at Telegrafberget in Nacka. The acquisition was financed by a shareholder in the project, which also is a project partner. The properties are part of a larger development area of mostly residential units but also commercial premises to be developed by HSB.

After the third quarter of 2016, ALM Equity sold 60 per cent of the local plan project Kista Square Garden to investors. The project consists of the site leasehold Skaholt 1 in Kista.

In December 2016 the Company received the bondholders' approval to amend certain provisions of the Terms and Conditions of the Bonds. The amendments were made in order to increase the Company's financial flexibility to make acquisitions.

In February 2017 the Company acquired, together with Andersson Company, real properties located in Enköping and will develop 10,000 sqm with the aim to facilitate development of residential units and commercial premises. Furthermore, the Company has also in February signed an agreement with JM and HSB regarding acquisition of their shares in Småa AB. In order for the transaction to be completed a significant number of additional shareholders in Småa AB have to agree to sell their shares to the Company.

Except for the foregoing, there have been no recent events particular to the Company which are to a material extent relevant to the evaluation of the Company's solvency.

#### **Shareholders' agreements**

As far as the Company is aware, there are no shareholders' agreements or other agreements which could result in a change of control of the Company.

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## **Board of directors, senior management and auditors**

The business address for all members of the board of directors and the senior management is: ALM Equity AB (publ), Regeringsgatan 59, SE-111 56, Stockholm, Sweden. The board of directors of the Company currently consists of five members. Information on the members of the board of directors and the senior management, including significant assignments outside the Company which are relevant for the Company, is set forth below.

### **Board of directors**

#### *Maria Wideroth*

Born 1967 and of Swedish nationality. Member of the board of directors since 2006. Maria Wideroth is the chairman of the board. Current assignments outside the Group include board member and chairman of EFIB Aktiebolag and Frentab AB and partner and chairman of Landahl Advokatbyrå AB.

#### *Joakim Alm*

Born 1961 and of Swedish nationality. Member of the board of directors of the Company since 2006 and also President and CEO in the Company.

#### *Johan Unger*

Born 1961 and of Swedish nationality. Member of the board of directors of the Company since 2006. Current assignments outside the Group include chairman and board member of DGC One AB.

#### *Johan Wachtmeister*

Born 1959 and of Swedish nationality. Member of the board of directors of the Company since 2006. Current assignments outside the Group include board member of GHP Speciality Care AB (publ).

#### *Gerard Versteegh*

Born in 1960 and of Swedish nationality. Member of the board of directors of the Company since 2006. Current assignments outside the Group include Executive Chairman of Commercial Estates Group Limited, London, and chairman/director of numerous related entities and member of the advisory board of Greycoat Real Estate LLP, London.

### **Senior management**

#### *Joakim Alm*

Joakim Alm is CEO of the Company. For further information, please see above.

#### *Urban Eriksson*

Urban Eriksson is chief financial officer of the Company.

#### *Louise Eklund*

Louise Eklund is real estate development manager of the Company and is also the deputy chief executive in the Company.

**Auditors**

Ernst & Young Aktiebolag has been the Company's auditor from 2007 and onwards (*i.e.* for the period covered by the historical financial information incorporated into this Prospectus by reference). Jonas Svensson has been the auditor-in-charge since 2014. Before that, Ingemar Rindstig acted as auditor-in-charge. Both Jonas Svensson and Ingemar Rindstig are members of FAR. The business address to Ernst & Young Aktiebolag is Ernst & Young Aktiebolag, Jakobsbergsgatan 24, SE-111 44 Stockholm, Sweden.

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

**Conflicts of interests**

None of the members of the board of directors or the senior management of the Company has a private interest that may be in conflict with the interests of the Company, other than that the Company's President and family own tenant-owner's rights in the projects acquired at market prices. Directors Gerard Versteegh, Johan Unger and Johan Wachtmeister are independent (according to the definition in The Swedish Code of Corporate Governance) in relation to ALM Equity as company and major shareholders. The Chair of the Board of Directors, Maria Wideroth is however considered to be dependent, a company in which she is a part owner has assisted with consultation services to ALM Equity's subsidiaries and associated companies.

Although there are currently no conflicts of interest than mentioned in the above section, it cannot be excluded that conflicts of interest may come to arise between companies in which members of the board of directors and members of the senior management have duties, as described above, and the Company.

**Financial interests**

Several members of the board of directors and the senior management have a financial interest in the Company through their, direct and indirect, holdings of shares in the Company.

## Overview of financial reporting and documents incorporated by reference

The accounting principles applied in the preparation of the Company's financial statements presented below are set out in the following and have been consistently applied to all the years presented, unless otherwise stated.

The financial information for the financial years ending 31 December 2014 and 31 December 2015 have been prepared in accordance with the regulatory framework 2012:1 for annual reports and financial statements (K3) of the Swedish Accounting Standards Board.

Following the listing of the Bonds at Nasdaq Stockholm and in order to comply with the prospectus requirement, the Company has also prepared financial information for the financial year ending 31 December 2015 in accordance with the International Financial Reporting Standards (IFRS), as adopted by the European Union, RFR 1 (Sw. *Kompletterande redovisningsregler för koncerner*) and the Swedish Annual Accounts Act.

The Company's consolidated annual reports for the financial years ended 31 December 2014 and 31 December 2015, as well as the consolidated annual report for the financial year ending 31 December 2015 in accordance with the International Financial Reporting Standards (IFRS), have been incorporated in this Prospectus by reference. The consolidated annual reports have been audited by the Company's auditor and the auditor's report has been incorporated in this Prospectus through the consolidated annual reports for the financial years ended 31 December 2014 and 31 December 2015, and the auditor's report on the IFRS consolidated annual report for the financial year ended 31 December 2015 has been incorporated in this Prospectus, by reference.

In this Prospectus the following documents are incorporated by reference. The documents have been made public and have been handed in to the Swedish Financial Supervisory Authority.

Reference	Document	Page
Financial information regarding the Company and its business for the financial year ended 31 December 2014	ALM Equity AB (publ)'s consolidated annual report for the financial year ended 31 December 2014	- 92– 94 (Administration Report), - 96 (Income Statements), - 97 (Cash Flow Statements), - 98 – 99 (Balance Sheets), - 100 – 117 (Notes)
Auditor's report for the financial year ended 31 December 2014	ALM Equity AB (publ)'s consolidated annual report for the financial year ended 31 December 2014	- 118 – 119 (Audit Report)
Financial information regarding the Company and its business for the financial year ended 31 December 2015	ALM Equity AB (publ)'s consolidated annual report for the financial year ended 31 December 2015	- 98 – 100 (Administration Report), - 102 (Income Statements), - 103 (Cash Flow Statements), - 104 – 105 (Balance Sheets), - 106 – 126 (Notes)
Auditor's report for the financial year ended 31 December 2015	ALM Equity AB (publ)'s consolidated annual report for the financial year ended 31 December 2015	- 127 (Audit Report)

December 2015	ended 31 December 2015	
Financial information regarding the Company and its business for the financial year ended 31 December 2015, recalculated in accordance with IFRS	ALM Equity AB (publ)'s consolidated IFRS financial statements for the financial year ended 31 December 2015.	<ul style="list-style-type: none"> <li>- 2 (Consolidated Income Statements),</li> <li>- 3 (Consolidated Balance Sheets),</li> <li>- 4 (Consolidated Statement of Changes in Equity),</li> <li>- 5 (Consolidated Cash Flow Statements),</li> <li>- 11-54 (Notes)</li> </ul>
Auditor's report for the financial year ended 31 December 2015	ALM Equity AB (publ)'s consolidated IFRS financial statements for the financial year ended 31 December 2015.	<ul style="list-style-type: none"> <li>- 55 (Audit Report)</li> </ul>

The abovementioned reports are available in electronic form on the Company's web page [www.almequity.se](http://www.almequity.se) (<http://investorrelations.almequity.se/en/annual-reports/> and <http://investorrelations.almequity.se/en/financial-reports/>), and can also be obtained from the Company in paper format in accordance with section "*Documents available for inspection*" below.

Investors should read all information which is incorporated in the Prospectus by reference. Information in the above documents which is not incorporated by reference is either deemed by the Company not to be relevant for investors in the Bonds or is covered elsewhere in the Prospectus. The documents can be obtained in paper format at the Company's head office and are also available at the Company's web page, [www.almequity.se](http://www.almequity.se).

**Documents available for inspection**

Copies of the following documents can be obtained from the Company in paper format upon request during the validity period of this Prospectus at the Company's head office.

- The articles of association of the Company
- All documents which by reference are a part of this Prospectus, including historical financial information for the Company and its subsidiaries

**Terms and Conditions for the Bonds**

**AMENDED AND RESTATED  
TERMS AND CONDITIONS FOR  
ALM EQUITY AB (PUBL)  
MAXIMUM SEK 1,000,000,000  
SENIOR UNSECURED CALLABLE  
BONDS 2016/2020**

**ISIN: SE0008014690**

Issue Date: 18 March 2016

*The distribution of this document and the private placement of the Bonds in certain jurisdictions may be restricted by law. Persons into whose possession this document comes are required to inform themselves about, and to observe, such restrictions.*

*The Bonds have not been and will not be registered under the U.S. Securities Act of 1933, as amended, and are subject to U.S. tax law requirements. The Bonds may not be offered, sold or delivered within the United States of America or to, or for the account or benefit of, U.S. persons.*

**AMENDMENTS TO THE TERMS AND CONDITIONS**

At a Holders' Meeting held on 2 December 2016, the Holders resolved, with effect as of the same date, to amend these Terms and Conditions with respect to Clause 1.1 by amending the definitions "Permitted Debt" and "Permitted Security".

**AMENDED AND RESTATED  
TERMS AND CONDITIONS FOR  
ALM EQUITY AB (PUBL)  
MAXIMUM SEK 1,000,000,000  
SENIOR UNSECURED CALLABLE BONDS  
2016/2020  
ISIN:SE0008014690**

**1. DEFINITIONS AND CONSTRUCTION**

**1.1 Definitions**

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

“**Account Operator**” means a bank or other party duly authorised to operate as an account operator pursuant to the Financial Instruments Accounts Act and through which a Holder has opened a Securities Account in respect of its Bonds.

“**Adjusted Nominal Amount**” means the total aggregate Nominal Amount of the Bonds outstanding at the relevant time less the Nominal Amount of all Bonds owned by a Group Company or an Affiliate of a Group Company, irrespective of whether such Person is directly registered as owner of such Bonds.

“**Advance Purchase Agreement**” means (a) an advance or deferred purchase agreement if the agreement is in respect of the supply of assets or services and payment in the normal course of business with credit periods which are normal for the relevant type of project contracts, or (b) any other trade credit incurred in the ordinary course of business.

“**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.

“**Bond**” means debt instruments (Sw. *skuldförbindelser*), each for the Nominal Amount and of the type set forth in Chapter 1 Section 3 of the Swedish Financial Instruments Accounts Act, issued by the Issuer under these Terms and Conditions.

“**Business Day**” means a day in Sweden other than a Sunday or other public holiday. Saturdays, Midsummer Eve (Sw. *midsommarafton*), Christmas Eve (Sw. *julafton*) and New Year’s Eve (Sw. *nyårsafton*) shall for the purpose of this definition be deemed to be public holidays.

“**Business Day Convention**” means 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.

“**Call Option Amount**” means

- (a) 102.7% of the Nominal Amount if the call option is exercised on or after the First Call Date up to (but not including) the date falling 36 months after the First Issue Date;
- (b) 101.7% of the Nominal Amount if the call option is exercised 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;
- (c) 100.7% of the Nominal Amount if the call option is exercised on or after the date falling 42 months after the First Issue Date up to (but not including) the Final Redemption Date.

“**Change of Control Event**” means the occurrence of an event or series of events whereby (i) on or more Persons (other than the Main Shareholder) 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 (ii) the Main Shareholder ceases to control at least 31 491 942 voting rights in the Issuer.

“**Compliance Certificate**” means a certificate, in form and substance satisfactory to the Trustee, signed by the Issuer certifying that so far as it is aware no Event of Default is continuing or, if it is aware that such event is continuing, specifying the event and steps, if any, being taken to remedy it. The Compliance Certificate shall include calculations and figures in respect of the Equity Ratio (if in connection with the Incurrence Test, the Equity Ratio shall be calculated *pro forma* and in accordance with the Calculation Principles).

“**Consolidated Group Company**” means legal entities included in the Group’s consolidated balance sheet in accordance with the proportionate method (Sw. *klyvningsmetoden*) and/or after the conversion to IFRS in accordance with the equity method (Sw. *kapitalandelsmetoden*).

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

“**De-listing Event**” means the situation where (i) the Issuer’s shares are not listed and admitted to trading on First North Stockholm, on Nasdaq Stockholm or any other Regulated Market; or (ii) trading of the Issuer’s shares on the aforementioned stock exchanges is suspended for a period of fifteen (15) consecutive Business Days.

“**Equity**” means, by reference to the consolidated balance sheet of the Group the sum of (i) restricted equity, (ii) non-restricted equity (including any minority interests for the Group); and (iii) any Subordinated Loans.

“**Equity Ratio**” means the ratio of Equity to Total Assets to be calculated in accordance with the accounting principles as applicable on the First Issue Date.

“**Event of Default**” means an event or circumstance specified in Clause 12.1.

“**Final Redemption Date**” means 18 March 2020.

“**Finance Documents**” means the Terms and Conditions, the Trustee Agreement, and any other document designated to be a Finance Document by the Issuer and the Trustee.

“**Financial Indebtedness**” means any indebtedness 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 treated as a finance lease in accordance with the accounting principles applicable on the First Issue Date (a lease which in the accounts of the Group is treated as an asset and a corresponding liability);
- (c) receivables sold or discounted (not including receivables sold on a non-recourse basis);
- (d) any amount raised under any other transaction (including any forward sale or purchase agreement) having the commercial effect of a borrowing;
- (e) any derivative transaction entered into in connection with protection against or benefit from fluctuation in any rate or price (and, when calculating the value of any derivative transaction, only the mark to market value shall be taken into account, provided that if any actual amount is due as a result of a termination or a close-out, such amount shall be used instead);
- (f) 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
- (g) (without double counting) any guarantee or other assurance against financial loss in respect of a type referred to in the above items (a)-(f).

“**Financial Instruments Accounts Act**” means the Swedish Financial Instruments Accounts Act (*Sw. lag (1998:1479) om kontoföring av finansiella instrument*).

“**Financial Report**” means the annual audited consolidated financial statements of the Group, the annual audited unconsolidated financial statements of the Issuer, the quarterly interim unaudited consolidated reports of the Group or the quarterly interim unaudited unconsolidated reports of the Issuer, which shall be prepared and made available according to Clause 11.13.1 (a)–(b).

“**First Call Date**” means the date falling 30 months after the First Issue Date.

“**First Issue Date**” means 18 March 2016.

“**First North Stockholm**” means multilateral trading facility operated by Nasdaq Stockholm under the name “First North”.

“**Force Majeure Event**” has the meaning set forth in Clause 24.1.

“**Group**” means the Issuer and all the Subsidiaries from time to time (each a “**Group Company**”).

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

“**Holders’ Meeting**” means a meeting among the Holders held in accordance with Clause 15 (*Holders’ Meeting*).

“**In-kind Preference Shares**” means any preference share distributed to a shareholder as dividend as from the First Issue Date and on the same terms as Preference Shares existing on the First Issue Date.

“**Incurrence Test**” is met if the Equity Ratio is at least 25%.

The calculation of the Incurrence Test shall be made as per a testing date determined by the Issuer, falling no more than two months prior to the incurrence of a Subsequent Bond Issue, a Restricted Payment or a Permitted Debt (that requires that the Incurrence Test is met), and adjusted so that any assets acquired with the New Financial Indebtedness (as applicable) shall be included calculated *pro forma* (the “**Calculation Principles**”).

“**Initial Bond**” means any Bond issued on the First Issue Date.

“**Initial Bond Issue**” has the meaning set forth in Clause 2.1.

“**Interest**” means the interest on the Bonds calculated in accordance with Clauses 9.1–9.3.

“**Interest Payment Date**” means 18 March, 18 June, 18 September and 18 December each year or, to the extent such day is not a Business Day, the Business Day following from an application of the Business Day Convention (with the first Interest Payment Date on 18 June 2016 and the last Interest Payment Date being the Final Redemption Date).

“**Interest Period**” means each period beginning on (but excluding) the First Issue Date or any Interest Payment Date and ending on (and including) the next succeeding Interest Payment Date (or a shorter period if relevant) and, in respect of Subsequent Bonds, each period beginning on (but excluding) the Interest Payment Date falling immediately prior to their issuance and ending on (and including) the next succeeding Interest Payment Date (or a shorter period if relevant).

“**Interest Rate**” means a floating rate of STIBOR (3 months) + 6.75% per annum.

“**Issuer**” means Alm Equity AB (publ) (reg. no. 556549-1650), Regeringsgatan 59, 111 56, Stockholm, Sweden.

“**Issuing Agent**” means Pareto Securities AB (reg. no. 556206-8956), P.O. Box 7415, 103 91, Stockholm, Sweden, or another party replacing it, as Issuing Agent, in accordance with these Terms and Conditions.

“**Main Shareholder**” means:

- (a) Joakim Alm, his wife, or any of his direct heirs;
- (b) any trust, foundation or similar legal entity where one or more person under item (a) is a beneficiary or a board member; or
- (c) an Affiliate under item (a).

“**Maintenance Test**” is met if the Equity Ratio is at least 20%.

“**Make Whole Amount**” means

- (a) the present value on the relevant record date of 102.7% of the Nominal Amount as if such payment originally should have taken place on the First Call Date; and
- (b) the present value on the relevant record date of the remaining coupon payments, less any accrued but unpaid interest, through and including the First Call Date, (assuming that the Interest Rate for the period from the relevant record date to the First Call Date will be equal to the Interest Rate in effect on the date on which notice of redemption is given to the Holders)

both calculated by using a discount rate of 50 basis points over the comparable Swedish Government Bond Rate (*i.e.* comparable to the remaining duration of the Bonds until the mentioned date falling on the First Call Date) and where “relevant record date” shall mean a date agreed upon between the Trustee, the CSD and the Issuer in connection with such repayment.

“**Market Loan**” means any loan or other indebtedness where an entity issues commercial paper, certificates, subordinated debentures, bonds or any other debt securities (including, for the avoidance of doubt, 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 or unregulated recognised market place.

“**Material Adverse Effect**” means a material adverse effect on (i) the business, financial condition or operations of the Group taken as a whole, (ii) the Issuer’s ability to perform and comply with the undertakings set out in Clause 11 (*Special undertakings*), or (iii) the validity or enforceability of the Finance Documents.

“**Material Group Company**” means the Issuer or a Subsidiary representing more than 20% of the total assets of the Group on a consolidated basis according to the latest Financial Report.

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

“**Net Proceeds**” means the proceeds from the Initial Bond Issue or any Subsequent Bond Issue which, after deduction has been made for the Transaction Costs payable by the Issuer to the Sole Bookrunner (if the Sole Bookrunner has requested that their respective fees and costs shall be deducted), shall be transferred to the Issuer and used in accordance with Clause 4 (*Use of proceeds*).

“**New Financial Indebtedness**” means any new Financial Indebtedness incurred, constituting a Permitted Debt.

“**Nominal Amount**” has the meaning set forth in Clause 2.1.

“**Nyttobostäder**” means Svenska Nyttobostäder AB (reg.no. 556950-2924).

“**Nyttobostäder Dividend**” means a dividend from the Issuer of the Issuer’s shareholdings in Nyttobostäder.

“**Permitted Debt**” means any Financial Indebtedness:

- (a) incurred under the Bonds (excluding Subsequent Bonds);
- (b) taken up from a Group Company or a Consolidated Group Company;
- (c) related to any agreements under which a Group Company leases office space (Sw. *kontorshyresavtal*) or other premises provided that such Financial Indebtedness is incurred in the ordinary course of such Group Company’s business;
- (d) arising under a foreign exchange transaction or commodity derivatives for spot or forward delivery entered into in connection with protection against fluctuation in currency rates or prices where the exposure arises in the ordinary course of business or in respect of payments to be made under the Terms and Conditions, but not any transaction for investment or speculative purposes;
- (e) arising under any interest rate hedging transactions in the ordinary course of business or in respect of payments to be made under the Terms and Conditions, but not any transaction for investment or speculative purposes;
- (f) related to any Subordinated Loans;
- (g) incurred under Advance Purchase Agreements;
- (h) incurred as a result of any Group Company acquiring another entity and which is due to that such acquired entity holds indebtedness, provided that the Incurrence Test is met, tested *pro forma* including the acquired entity in question;
- (i) incurred by a Subsidiary or a Project Entity (other than the Issuer) under any Project Facility;
- (j) incurred by the Issuer to finance or refinance the acquisition of assets (including a company or companies holding assets), within the general nature of the business of the Group provided that the Incurrence Test is met, tested *pro forma* including such new Financial Indebtedness and assets;
- (k) incurred by a Subsidiary, whose acquisition (directly or indirectly) has been financed or refinanced by New Financial Indebtedness permitted pursuant to paragraph (j) above, to refinance such New Financial Indebtedness;
- (l) incurred by the Issuer if such Financial Indebtedness (i) is incurred as a result of a Subsequent Bond Issue and meets the Incurrence Test on a *pro forma* basis, or (ii) ranks *pari passu* or is subordinated to the obligations of the Issuer under the Finance Documents, and (A) meets the Incurrence Test on a *pro*

*forma* basis (B) has a final maturity date or a final redemption date; and (C) when applicable, early redemption dates or instalment dates, in each case (B) and (C) which occur after the Final Redemption Date;

(m) not permitted by item (a) to (l) above, in an aggregate amount not at any time exceeding SEK 10,000,000 and incurred in the ordinary course of the Group's business, including any financial leases (all such Financial Indebtedness is together referred to as the "**Permitted Basket**").

"**Permitted Guarantees**" means any guarantees issued by a Group Company in the ordinary course of business in relation to a Project Facility or otherwise related to a Project, including but not limited to down-payment guarantees (Sw. *insatsgarantier*), rental guarantees (Sw. *hyresgarantier*) and locking obligations (Sw. *spärrförbindelser*), or any other guarantees due to applicable changes in rules and regulations from time to time.

"**Permitted Security**" means any security or guarantee:

- (a) arising by operation of law or in the ordinary course of business (including collateral or retention of title arrangements in connection with Advance Purchase Agreements but, for the avoidance of doubt, not including guarantees or security in respect of any monies borrowed or raised);
- (b) provided in relation to any lease agreement entered into by a Group Company;
- (c) arising under any netting or set off arrangements under financial derivatives transactions or bank account arrangements, including group cash pool arrangements;
- (d) provided in relation to paragraph (d) in the definition Permitted Debt, and provided for interest rate hedging transactions set out in paragraph (e) of the definition Permitted Debt;
- (e) constituting (i) Permitted Guarantees, or (ii) constituting security provided by a Group Company in the ordinary course of business provided in relation to a Project Facility or otherwise related to a Project if provided for the relevant Group Company's own debt or if constituting a pledge over the shares in the relevant company that has incurred the debt, or provided by another Group Company if such Group Company is part of the same Project (for the avoidance of doubt, a Group Company may not under any other circumstances provide any security or guarantee in relation to another Group Company's debt);
- (f) provided in relation to New Financial Indebtedness permitted pursuant to paragraph (j) or (k) of the definition of Permitted Debt over or affecting assets financed or refinanced by such New Financial Indebtedness, but not including any guarantee provided by a Subsidiary (other than by a Subsidiary whose acquisition has, directly or indirectly, been financed or refinanced by such New Financial Indebtedness);

- (g) in relation to indebtedness held by an entity acquired by a Subsidiary or a Project Entity, existing at the time of the acquisition (but not prolonged or renewed) as set out in paragraph (h) in the Section Permitted Debt;
- (h) provided in relation to the Permitted Basket as set out in paragraph (m) in the Section Permitted Debt.

“**Permitted Preference Share Distributions**” means any dividend related to Preference Shares.

“**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.

“**Preference Shares**” means outstanding preference shares issued by the Issuer from time to time, provided such preference shares are issued on an arm’s length basis and on market terms (or better), including any In-kind Preference Shares.

“**Project**” means (i) the acquisition of a real property, site-leasehold, other leasehold right or building or a company holding such assets for the purpose of a subsequent development of residential buildings and/or other real estate, (ii) a construction and development of residential buildings and/or other building/real estate on a real property (as the case may be) and (iii) other activities relating to (i) and (ii) in the ordinary course of business.

“**Project Entity**” means any Subsidiary, joint-venture company, associated company (Sw. *intressebolag*), housing co-operative (Sw. *bostadsrättsförening*), partnership company (Sw. *kommanditbolag*), trading company (Sw. *handelsbolag*), economic association (Sw. *ekonomisk förening*) or any other legal entity where the Group holds or has held ownership interest and which manages Projects.

“**Project Facility**” means any Financial Indebtedness incurred by the Group solely to finance a Project or part of a Project.

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

“**Record Date**” means the fifth (5th) Business Day prior to (i) an Interest Payment Date, (ii) a Redemption Date, (iii) a date on which a payment to the Holders is to be made under Clause 13 (*Distribution of proceeds*) or (iv) another relevant date, or in each case such other Business Day falling prior to a relevant date if generally applicable on the Swedish bond market.

“**Redemption Date**” means the date on which the relevant Bonds are to be redeemed or repurchased in accordance with Clause 10 (*Redemption and repurchase of the Bonds*).

“**Reference Date**” means 31 March, 30 June, 30 September and 31 December in each year for as long as any Bonds are outstanding.

“**Regulated Market**” means any regulated market (as defined in Directive 2004/39/EC on markets in financial instruments).

“**Restricted Payment**” has the meaning set forth in Clause 11.1 (*Distributions*).

“**Restricted Preference Share Distributions**” means any repurchase or redemption related to Preference Shares.

“**Securities Account**” means the account for dematerialised securities maintained by the CSD pursuant to the Financial Instruments Accounts Act in which (i) an owner of such security is directly registered or (ii) an owner’s holding of securities is registered in the name of a nominee.

“**Sole Bookrunner**” means Pareto Securities AB and/or Pareto Securities Oy.

“**STIBOR**” means:

- (a) the applicable percentage rate per annum displayed on Nasdaq Stockholm’s website for STIBOR fixing (or through another website replacing it) as of or around 11.00 a.m. on the Quotation Day for the offering of deposits in SEK and for a period comparable to the relevant Interest Period; or
- (b) if no rate is available for the relevant Interest Period, the arithmetic mean of the rates (rounded upwards to four decimal places) as supplied to the Issuing Agent at its request quoted by leading banks in the Stockholm interbank market reasonably selected by the Issuing Agent, for deposits of SEK 100,000,000 for the relevant period; or
- (c) if no quotation is available pursuant to item (b) above, the interest rate which according to the reasonable assessment of the Issuing Agent best reflects the interest rate for deposits in SEK offered in the Stockholm interbank market for the relevant period; and

if any such rate is below zero, STIBOR will be deemed to be zero.

“**Subordinated Loans**” means (a) any Preference Shares or (b) any loan incurred by the Issuer or any of its Subsidiaries, if such loan (i) according to its terms (or pursuant to a subordination agreement on terms and conditions satisfactory to the Trustee), is subordinated to the obligations of the Issuer under the Terms and Conditions, (ii) according to its terms have a final redemption date or, when applicable, early redemption dates or instalment dates which occur after the Final Redemption Date, and (iii) according to its terms yield only payment-in-kind interest.

“**Subsequent Bond Issue**” has the meaning set forth in Clause 2.2.

“**Subsequent Bonds**” means any Bonds issued after the First Issue Date on one or more occasions.

“**Subsidiary**” means an entity from time to time of which a person:

- (a) has direct or indirect control; or

(b) owns directly or indirectly more than fifty (50) per cent of the share capital or other right of ownership.

“**Swedish Government Bond Rate**” means the yield to maturity at the time of computation of direct obligations of Sweden, acting through the Swedish National Debt Office (a Swedish Government Bond; Sw. *statsobligation*) with a constant maturity (such yield to be the weekly average yield as officially compiled and published in the most recent financial statistics that has become publicly available at least two Business Days (but not more than five Business Days) prior to the relevant Record Date for the Redemption Date (or, if such financial statistics are not so published or available, any publicly available source of similar market data selected by the Issuer in good faith)) most nearly equal to the period from the Redemption Date to the First Call Date; provided, however, that if the period from the Redemption Date to the First Call Date is not equal to the constant maturity of a direct obligation of Sweden, acting through the Swedish National Debt Office for which a weekly average yield is given, the Swedish Government Bond Rate shall be obtained by linear interpolation (calculated to the nearest one-twelfth (1/12) of a year) from the weekly average yields of direct obligations of Sweden, acting through the Swedish National Debt Office, for which such yields are given, except that if the period from such Redemption Date to the First Call Date is less than one year, the weekly average yield on actually traded direct obligations of Sweden, acting through the Swedish National Debt Office, adjusted to a constant maturity of one year shall be used.

“**Total Assets**” means by reference to the consolidated balance sheet of the Group, the consolidated book-value of all assets of the Group.

“**Transaction Costs**” means all fees, costs and expenses, stamp, registration and other taxes incurred by the Issuer or any other member of the Group in connection with (i) the Initial Bond Issue or a Subsequent Bond Issue and (ii) the listing of the Bonds.

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

“**Trustee Agreement**” means the agreement entered into on or about the First Issue Date between the Issuer and the Trustee, or any replacement agent agreement entered into after the First Issue Date between the Issuer and a trustee.

“**Written Procedure**” means the written or electronic procedure for decision making among the Holders in accordance with Clause 16 (*Written Procedure*).

## 1.2 Construction

1.2.1 Unless a contrary indication appears, any reference in these Terms and Conditions to:

- (a) “**assets**” includes present and future properties, revenues and rights of every description;
- (b) any agreement or instrument is a reference to that agreement or instrument as supplemented, amended, novated, extended, restated or replaced from time to time;

- (c) a “**regulation**” includes any regulation, rule or official directive (whether or not having the force of law) of any governmental, intergovernmental or supranational body, agency or department;
- (d) a provision of law is a reference to that provision as amended or re-enacted; and
- (e) a time of day is a reference to Stockholm time.

- 1.2.2 An Event of Default is continuing if it has not been remedied or waived.
- 1.2.3 When ascertaining whether a limit or threshold specified in SEK has been attained or broken, an amount in another currency shall be counted on the basis of the rate of exchange for such currency against SEK for the previous Business Day, as published by the Swedish Central Bank (Sw. *Riksbanken*) on its website ([www.riksbank.se](http://www.riksbank.se)). If no such rate is available, the most recently published rate shall be used instead.
- 1.2.4 A notice shall be deemed to be sent by way of press release if it is made available to the public within Sweden promptly and in a non-discriminatory manner.
- 1.2.5 No delay or omission of the Trustee or of any Holder to exercise any right or remedy under these Terms and Conditions shall impair or operate as a waiver of any such right or remedy.

## 2. THE AMOUNT OF THE BONDS AND UNDERTAKING TO MAKE PAYMENTS

- 2.1 The aggregate amount of the bond loan will be an amount of up to SEK 1,000,000,000 which will be represented by Bonds, each of a nominal amount of SEK 1,000,000 or full multiples thereof (the “**Nominal Amount**”). The total nominal amount of the Initial Bonds is SEK 325,000,000 (“**Initial Bond Issue**”). All Initial Bonds are issued on a fully paid basis at an issue price of one hundred (100.00) per cent. of the Nominal Amount. The ISIN for the Bonds is SE0008014690. The minimum permissible investment in connection with the Initial Bond Issue is SEK 1,000,000.
- 2.2 The Issuer may at one or more occasions issue additional Bonds (each such issue a “**Subsequent Bond Issue**”) amounting in total up to the difference of SEK 1,000,000,000 and the volume issued in the Initial Bond Issue provided that the Incurrence Test is met (calculated *pro forma* including the Subsequent Bond Issue). Subsequent Bonds shall benefit from and be subject to these Terms and Conditions and, for the avoidance of doubt, the ISIN, the Interest Rate, the Nominal Amount, the Final Redemption Date shall apply also to Subsequent Bonds, which also otherwise shall have the same rights as the Initial Bonds. The price of Subsequent Bonds may be set at a discount or at a higher price than the Nominal Amount. The maximum total nominal amount of the Bonds (the Initial Bonds and all Subsequent Bonds) may not exceed SEK 1,000,000,000.
- 2.3 The Issuer undertakes to repay the Bonds, to pay Interest and to otherwise act in accordance and comply with these Terms and Conditions.

2.4 The Bonds are denominated in SEK and each Bond is constituted by these Terms and Conditions.

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

### **3. STATUS OF THE BONDS**

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

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

The Net Proceeds of the Initial 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.

### **5. THE BONDS AND TRANSFERABILITY**

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

5.2 The Bonds are freely transferable. All Bond transfers are subject to these Terms and Conditions and these Terms and Conditions are automatically applicable in relation to all Bond transferees upon completed transfer.

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

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

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

### **6. BONDS IN BOOK-ENTRY FORM**

6.1 The Bonds will be registered for the Holders on their respective Securities Accounts and no physical Bonds will be issued. Accordingly, the Bonds will be registered in

accordance with the Financial Instruments Accounts Act. Registration requests relating to the Bonds shall be directed to an Account Operator.

- 6.2 Those who according to assignment, security, the provisions of the Swedish Children and Parents Code (Sw. *föräldrabalken (1949:381)*), conditions of will or deed of gift or otherwise have acquired a right to receive payments in respect of a Bond shall register their entitlements to receive payment in accordance with the Financial Instruments Accounts Act.
- 6.3 The Issuer (and the Trustee when permitted under the CSD's applicable regulations) shall be entitled to obtain information from the debt register (Sw. *skuldbok*) kept by the CSD in respect of the Bonds. At the request of the Trustee, the Issuer shall promptly obtain such information and provide it to the Trustee.
- 6.4 For the purpose of or in connection with any Holders' Meeting or any Written Procedure, the Issuing Agent shall be entitled to obtain information from the debt register kept by the CSD in respect of the Bonds. If the Trustee does not otherwise obtain information from such debt register as contemplated under these Terms and Conditions, the Issuing Agent shall at the request of the Trustee obtain information from the debt register and provide it to the Trustee.
- 6.5 The Issuer shall issue any necessary power of attorney to such persons employed by the Trustee, as notified by the Trustee, in order for such individuals to independently obtain information directly from the debt register kept by the CSD in respect of the Bonds. The Issuer may not revoke any such power of attorney unless directed by the Trustee or unless consent thereto is given by the Holders.
- 6.6 At the request of the Trustee, the Issuer shall promptly instruct the Issuing Agent to obtain information from the debt register kept by the CSD in respect of the Bonds and provide it to the Trustee.
- 6.7 The Issuer (and the Trustee when permitted under the CSD's applicable regulations) may use the information referred to in Clause 6.3 only for the purposes of carrying out their duties and exercising their rights in accordance with these Terms and Conditions and shall not disclose such information to any Holder or third party unless necessary for such purposes.

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

- 7.1 If any Person other than a Holder wishes to exercise any rights under these Terms and Conditions, it must obtain a power of attorney (or, if applicable, a coherent chain of powers of attorney), a certificate from the authorised nominee or other sufficient proof of authorisation for such Person.
- 7.2 A Holder may issue one or several powers of attorney to third parties to represent it in relation to some or all of the Bonds held by it. Any such representative may act independently under these Terms and Conditions in relation to the Bonds for which such representative is entitled to represent the Holder and may further delegate its right to represent the Holder by way of a further power of attorney.

- 7.3 The Trustee shall only have to examine the face of a power of attorney or other proof of authorisation that has been provided to it pursuant to Clause 7.1 and 7.2 and may assume that it has been duly authorised, is valid, has not been revoked or superseded and that it is in full force and effect, unless otherwise is apparent from its face.

## **8. PAYMENTS IN RESPECT OF THE BONDS**

- 8.1 Any payment or repayment under these Terms and Conditions, or any amount due in respect of a repurchase of any Bonds, shall be made to such Person who is registered as a Holder on the Record Date prior to the relevant payment date, or to such other Person who is registered with the CSD on such date as being entitled to receive the relevant payment, repayment or repurchase amount.
- 8.2 If a Holder has registered, through an Account Operator, that principal, Interest and any other payment that shall be made under these Terms and Conditions shall be deposited in a certain bank account; such deposits will be effected by the CSD on the relevant payment date. In other cases, payments will be transferred by the CSD to the Holder at the address registered with the CSD on the Record Date. Should the CSD, due to a delay on behalf of the Issuer or some other obstacle, not be able to effect payments as aforesaid, the Issuer shall procure that such amounts are paid to the Persons who are registered as Holders on the relevant Record Date as soon as possible after such obstacle has been removed.
- 8.3 If, due to any obstacle for the CSD, the Issuer cannot make a payment or repayment, such payment or repayment may be postponed until the obstacle has been removed. Interest shall accrue in accordance with Clause 9.4 during such postponement.
- 8.4 If payment or repayment is made in accordance with this Clause 8, the Issuer and the CSD shall be deemed to have fulfilled their obligation to pay, irrespective of whether such payment was made to a Person not entitled to receive such amount.
- 8.5 The Issuer shall pay any stamp duty and other public fees accruing in connection with the Initial Bond Issue or a Subsequent Bond Issue, but not in respect of trading in the secondary market (except to the extent required by applicable law), and shall deduct at source any applicable withholding tax payable pursuant to law. The Issuer shall not be liable to reimburse any stamp duty or public fee or to gross-up any payments under these Terms and Conditions by virtue of any withholding tax.

## **9. INTEREST**

- 9.1 The Bonds will bear Interest at the Interest Rate applied to the Nominal Amount from, but excluding, the First Issue Date up to and including the relevant Redemption Date. Any Subsequent Bond will, however, carry Interest at the Interest Rate from, but excluding, the Interest Payment Date falling immediately prior to its issuance up to and including the relevant Redemption Date.
- 9.2 Interest accrues during an Interest Period. Payment of Interest in respect of the Bonds shall be made quarterly in arrears to the Holders on each Interest Payment Date for the preceding Interest Period.

9.3 Interest shall be 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).

9.4 If the Issuer fails to pay any amount payable by it under these Terms and Conditions on its due date, default interest shall accrue on the overdue amount from, but excluding, the due date up to and including the date of actual payment at a rate which is 200 basis points higher than the Interest Rate. Accrued default interest shall not be capitalised. No default interest shall accrue where the failure to pay was solely attributable to the Trustee or the CSD, in which case the Interest Rate shall apply instead.

## **10. REDEMPTION AND REPURCHASE OF THE BONDS**

### **10.1 Redemption at maturity**

The Issuer shall redeem all, but not only some, of the Bonds in full on the Final Redemption Date (or, to the extent such day is not a Business Day and if permitted under the CSD's applicable regulations, on the Business Day following from an application of the Business Day Convention, and otherwise on the first following Business Day) with an amount per Bond equal to the Nominal Amount together with accrued but unpaid Interest.

### **10.2 The Issuer's purchase of Bonds**

The Issuer may at any time purchase Bonds. Bonds held by the Issuer may at the Issuer's discretion be retained, sold or cancelled.

### **10.3 Early voluntary redemption by the Issuer (call option)**

10.3.1 The Issuer may redeem all, but not only some, of the Bonds in full on any Business Day prior to the First Call Date, at an amount equal to the Make Whole Amount together with accrued but unpaid Interest. The Issuer may redeem all, but not only some, of the Bonds in full on any Business Day falling on or after the First Call Date, but before the Final Redemption Date, at the applicable Call Option Amount together with accrued but unpaid Interest.

10.3.2 Redemption in accordance with Clause 10.3.1 shall be made by the Issuer giving not less than fifteen (15) Business Days' notice to the Holders and the Trustee. Any such notice shall state the Redemption Date and the relevant Record Date and is irrevocable but may, at the Issuer's discretion, contain one or more conditions precedent. Upon expiry of such notice and the fulfilment of the conditions precedent (if any), the Issuer is bound to redeem the Bonds in full at the applicable amounts.

### **10.4 Mandatory repurchase due to a Change of Control Event or a De-listing Event (put option)**

10.4.1 Upon a Change of Control Event or a De-listing Event occurring, each Holder shall have the right to request that all or only some of its Bonds are repurchased (whereby the Issuer shall have the obligation to repurchase such Bonds) at a price per Bond equal to one hundred and one (101.00) 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 of the relevant event pursuant to Clause 11.13.1 (e). The sixty (60) calendar days' period may not start earlier than upon the occurrence of the Change of Control Event or the De-listing Event (as applicable).

- 10.4.2 The notice from the Issuer pursuant to Clause 11.13.1 (e) shall specify the repurchase date and include instructions about the actions that a Holder needs to take if it wants Bonds held by it to be repurchased. If a Holder has so requested, and acted in accordance with the instructions in the notice from the Issuer, the Issuer, or a Person designated by the Issuer, shall repurchase the relevant Bonds and the repurchase amount shall fall due on the repurchase date specified in the notice given by the Issuer pursuant to Clause 11.13.1 (e). The repurchase date must fall no later than twenty (20) Business Days after the end of the period referred to in Clause 10.4.1.
- 10.4.3 The Issuer shall comply with the requirements of any applicable securities laws or regulations in connection with the repurchase of Bonds. To the extent that the provisions of such laws and regulations conflict with the provisions in this Clause 10.4, the Issuer shall comply with the applicable securities laws and regulations and will not be deemed to have breached its obligations under this Clause 10.4 by virtue of the conflict.
- 10.4.4 Any Bonds repurchased by the Issuer pursuant to this Clause 10.4 may at the Issuer's discretion be disposed of in accordance with Clause 10.2 (*The Issuer's purchase of Bonds*).

## 11. SPECIAL UNDERTAKINGS

So long as any Bond remains outstanding, the Issuer undertakes to comply with the special undertakings set forth in this Clause 11.

### 11.1 Distributions

The Issuer shall not, and shall procure that none of its Subsidiaries will, (i) pay any dividend on its shares, (ii) repurchase any of its own shares, (iii) redeem its share capital or other restricted equity with repayment to shareholders, (iv) repay any Subordinated Loans or capitalized or accrued interest thereunder, or (v) make any other similar distribution or transfers of value to the direct or indirect shareholder of the Issuer, or any Affiliates of the Issuer ((i)-(v) each being a "**Restricted Payment**"), provided however that any such Restricted Payment can be made, if such Restricted Payment is permitted by law and no Event of Default is continuing or would result from such Restricted Payment; by any Group Company if such Restricted Payment is made to another Group Company and, if made by a Subsidiary which is not directly or indirectly wholly-owned by the Issuer, is made on a *pro rata* basis.

Notwithstanding the above, a Restricted Payment may be made by the Issuer, if at the time of the payment no Event of Default is continuing and:

- (A) if, at the time of the payment, the aggregate amount of all Restricted Payments and Restricted Preference Share Distributions of the Group in any fiscal year (including the Restricted Payment in question but not including Restricted Payments pursuant to (B), (C), (D) and (E) below) does not exceed 25% of the Group's consolidated

net profit for the previous fiscal year, provided that the Incurrence Test is fulfilled (calculated on a *pro forma* basis including the relevant Restricted Payment); or

- (B) such Restricted Payment consist of a Permitted Preference Share Distributions; or
- (C) such Restricted Payment constitutes a distribution of In-kind Preference Shares, provided that the Incurrence Test is fulfilled, (calculated on a *pro forma* basis including the Restricted Payment in question); or
- (D) such Restricted Payment constitutes a Nyttobostäder Dividend, provided that the Incurrence Test is fulfilled (calculated on a *pro forma* basis including the Nyttobostäder Dividend); or
- (E) such Restricted Payment constitutes; (i) an unconditional shareholder contribution made to a Project Entity, if based on an agreement entered into on arm's length terms, or (ii) 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.

## 11.2 **Listing of Bonds**

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 not later than 1 year after the First Issue Date and shall take all measures required to ensure that the Bonds, once listed on Nasdaq Stockholm, continue being listed on Nasdaq Stockholm for as long as any Bond is outstanding (however, taking into account the rules and regulations of Nasdaq Stockholm and the CSD (as amended from time to time) preventing trading in the Bonds in close connection to the redemption of the Bonds).

## 11.3 **Nature of business**

The Issuer shall procure that no substantial change is made to the general nature of the business carried out by the Group as of the First Issue Date if such substantial change would have a Material Adverse Effect.

## 11.4 **Financial Indebtedness**

The Issuer shall not, and shall procure that none of its Subsidiaries, incur any new, or maintain or prolong any existing, Financial Indebtedness, provided however that the Issuer and the Subsidiaries have a right to incur, maintain or prolong Financial Indebtedness that constitute Permitted Debt.

#### 11.5 **Maintenance Test**

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 interim report for the period ending on the relevant Reference Date and be included in the Compliance Certificate delivered in connection therewith. The first test date for the Maintenance Test shall be 30 June 2016.

#### 11.6 **Loans out**

The Issuer shall not, and shall procure that none of its Subsidiaries, provide any loan to any party other than to another Group Company or a Project Entity or any associated company (Sw. *intressebolag*) in the ordinary course of business, in addition the Issuer or any of its Subsidiaries shall also be permitted to provide loans to an external party if such loan is provided: (i) on market terms or better, (ii) in relation to a Project and (iii) in the ordinary course of business.

#### 11.7 **Disposals of assets**

The Issuer shall not, and shall procure that no Subsidiary, sell or otherwise dispose of shares in any Subsidiary or of all or substantially all of its or that Subsidiary's assets, or operations to any Person not being the Issuer or any of its wholly-owned Subsidiaries, unless the transaction is carried out on market terms and on terms and conditions customary for such transaction and provided that it does not have a Material Adverse Effect. The Issuer shall only be obliged to notify the Trustee of any such transaction if such transaction is not within the ordinary course of business and, if not within the ordinary course of business the Issuer shall upon request by the Trustee, provide the Trustee with any information relating to the transaction which the Trustee deems necessary (acting reasonably). The Issuer shall notify the Trustee of such transaction in accordance with Clause 11.13.3.

#### 11.8 **Negative Pledge**

The Issuer shall not, and shall procure that none of its Subsidiaries, provide, prolong or renew any security over any of its/their assets (present or future) to secure any loan or other indebtedness, provided however that the Group Companies have a right to provide, prolong and renew any Permitted Security.

#### 11.9 **Dealings with related parties**

The Issuer shall, and shall procure that its Subsidiaries will, conduct all dealings with the direct and indirect shareholders of the Group Companies (excluding other Group Companies) and/or any Affiliates of such direct and indirect shareholders at arm's length terms.

#### 11.10 **Compliance with laws etcetera**

The Issuer shall, and shall procure that the Subsidiaries, (i) comply in all material respects with all laws and regulations applicable from time to time, including but not limited to the rules and regulations of Nasdaq Stockholm or First North Stockholm on which the Issuer's securities from time to time are listed, and (ii) obtain, maintain, and

in all material respects comply with, the terms and conditions of any authorisation, approval, licence or other permit required for the business carried out by a Group Company.

#### 11.11 **Insurance**

The Issuer shall, and shall procure that all other Group Companies and Project Entities keep the properties insured to an extent which is customary for similar properties on the relevant geographical market with one or more reputable insurers. The insurance cover shall *inter alia* include full value insurance and third party liability insurances.

#### 11.12 **Project undertakings**

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% in the aggregate.

#### 11.13 **Financial reporting etcetera**

##### 11.13.1 The Issuer shall:

- (a) prepare and make available the annual audited consolidated financial statements of the Group and the annual audited unconsolidated financial statements of the Issuer, including a profit and loss account, a balance sheet, a cash flow statement and management commentary or report from the Issuer's board of directors, on its website not later than 4 months after the expiry of each financial year;
- (b) prepare and make available the quarterly interim unaudited consolidated reports of the Group and the quarterly interim unaudited unconsolidated reports of the Issuer, including a profit and loss account, a balance sheet, a cash flow statement and management commentary or report from the Issuer's board of directors, on its website not later than 2 months after the expiry of each relevant interim period;
- (c) issue a Compliance Certificate to the Trustee in connection with publishing a Financial Report and in connection with the incurrence of a Permitted Debt, a Subsequent Bond Issue or a Restricted Payment (that requires that the Incurrence Test is met);
- (d) keep the latest version of the Terms and Conditions available on the website of the Group;

- (e) promptly notify the Trustee (and, as regards a Change of Control Event, or a De-listing Event the Holders) when the Issuer is or becomes aware of (i) the occurrence of a Change of Control Event, a De-listing Event or (ii) that an Event of Default has occurred, and shall provide the Trustee with such further information as the Trustee may request (acting reasonably) following receipt of such notice.
- 11.13.2 When the Bonds have been listed on Nasdaq Stockholm, the reports referred to under Clause 11.13.1 (a) and (b) above shall, in addition, be prepared in accordance with IFRS and made available in accordance with the rules and regulations of Nasdaq Stockholm (as amended from time to time) and the Swedish Securities Market Act (*Sw. lag (2007:528) om värdepappersmarknaden*) (as amended from time to time).
- 11.13.3 The Issuer shall notify the Trustee of any transaction which is not within the ordinary course of business as referred to in Clause 11.7 (*Disposals of assets*) and the Issuer shall, upon request by the Trustee, provide the Trustee with (i) any information relating to such transaction which the Trustee deems necessary (acting reasonably), and (ii) a determination from the Issuer which states whether the transaction is carried out on an arm's length basis and on terms and conditions customary for such transaction or not and whether it has a Material Adverse Effect or not. The Trustee may assume that any information provided by the Issuer is correct, and the Trustee shall not be responsible or liable for the adequacy, accuracy or completeness of such information. The Trustee is not responsible for assessing if the transaction is carried out on an arm's length basis and on terms and conditions customary for such transaction and whether it has a Material Adverse Effect, but is not bound by the Issuer's determination under item (ii) above.
- 11.14 **Trustee Agreement**
- 11.14.1 The Issuer shall, in accordance with the Trustee Agreement:
  - (a) pay fees to the Trustee;
  - (b) indemnify the Trustee for costs, losses and liabilities;
  - (c) furnish to the Trustee all information reasonably requested by or otherwise required to be delivered to the Trustee; and
  - (d) not act in a way which would give the Trustee a legal or contractual right to terminate the Trustee Agreement.
- 11.14.2 The Issuer and the Trustee shall not agree to amend any provisions of the Trustee Agreement without the prior consent of the Holders if the amendment would be detrimental to the interests of the Holders.
- 11.15 **CSD related undertakings**

The Issuer shall keep the Bonds affiliated with a CSD and comply with all CSD regulations applicable to the Issuer from time to time.

## 12. TERMINATION OF THE BONDS

12.1 The Trustee is entitled to, and shall following a demand in writing from a Holder (or Holders) representing at least fifty (50) per cent. of the Adjusted Nominal Amount (such demand may only be validly made by a person who is a Holder on the second Business Day following the day on which the demand is received by the Trustee and shall, if made by several Holders, be made by them jointly) or following an instruction or decision pursuant to Clause 12.6 or 12.7, on behalf of the Holders, terminate the Bonds and to declare all, but not only some, of the Bonds due for payment immediately or at such later date as the Trustee determines (such later date not falling later than twenty (20) Business Days from the date on which the Trustee made such declaration), if:

- (a) **Non-payment:** The Issuer fails to pay an amount on the date it is due in accordance with the Finance Documents unless its failure to pay is caused by administrative or technical error and payment is made within five (5) Business Days of the due date;
- (b) **Other obligations:** The Issuer does not comply with the Finance Documents, in any other way than as set out under (a) above, provided that the Trustee has requested the Issuer in writing to remedy such failure and the Issuer has not remedied the failure within fifteen (15) Business Days from such request (if the failure or violation is not capable of being remedied, the Trustee may declare the Bonds payable without such prior written request);
- (c) **Cross-acceleration:** Any Financial Indebtedness of a Material Group Company is not paid when due as extended by any originally applicable grace period, or is declared to be due and payable prior to its specified maturity as a result of an event of default (however described), provided that no Event of Default will occur under this Section (c) if the aggregate amount of Financial Indebtedness that has fallen due is less than SEK 10,000,000 and provided that it does not apply to any Financial Indebtedness owed to a Group Company;
- (d) **Insolvency:**
  - (i) Any Material Group Company is unable or admits inability to pay its debts as they fall due or is declared to be unable to pay its debts under applicable law, suspends making payments on its debts generally or, by reason of actual or anticipated financial difficulties, commences negotiations with its creditors with a view to rescheduling its Financial Indebtedness; or
  - (ii) a moratorium is declared in respect of the Financial Indebtedness of any Material Group Company;
- (e) **Insolvency proceedings:** Any corporate action, legal proceedings or other procedures are taken (other than (i) proceedings or petitions which are being disputed in good faith and are discharged, stayed or dismissed within sixty (60)

calendar days of commencement or, if earlier, the date on which it is advertised and (ii), in relation to Subsidiaries, solvent liquidations) in relation to:

- (a) the suspension of payment, winding-up, dissolution, administration or reorganisation (by way of voluntary agreement, scheme of arrangement or otherwise) of any Material Group Company; and
  - (b) the appointment of a liquidator, receiver, administrator, administrative receiver, compulsory manager or other similar officer in respect of any Material Group Company or any of its assets or any analogous or step is taken in any jurisdiction;
- (f) **Mergers and demergers:** A decision is made that any Material Group Company shall be demerged or merged if such merger or demerger is likely to have a Material Adverse Effect, provided that a merger involving the Issuer, where the Issuer is not the surviving entity, shall always be considered an Event of Default and provided that the Issuer may not be demerged;
- (g) **Creditors' process:** Any expropriation, attachment, sequestration, distress or execution or any analogous process in any jurisdiction affects any asset or assets of any Material Group Company having an aggregate value of an amount equal to or exceeding SEK 10,000,000 and is not discharged within sixty (60) calendar days;
- (h) **Impossibility or illegality:** It is or becomes impossible or unlawful for the Issuer to fulfill or perform any of the provisions of the Finance Documents or if the obligations under the Finance Documents are not, or cease to be, legal, valid, binding and enforceable; or
- (i) **Continuation of the business:** The Issuer or any other Material Group Company ceases to carry on its business if such discontinuation is likely to have a Material Adverse Effect.

12.2 The Trustee may not terminate the Bonds in accordance with Clause 12.1 by reference to a specific Event of Default if it is no longer continuing or if it has been decided, in accordance with these Terms and Conditions, to waive such Event of Default (temporarily or permanently). However, if a moratorium occurs, the ending of that moratorium will not prevent termination for payment prematurely on the ground mentioned under Clause 12.1 (d).

12.3 If the right to terminate the Bonds is based upon a decision of a court of law or a government authority, it is not necessary that the decision has become enforceable under law or that the period of appeal has expired in order for cause of termination to be deemed to exist.

12.4 The Issuer is obliged to inform the Trustee immediately if any circumstance of the type specified in Clause 12.1 should occur. Should the Trustee not receive such information, the Trustee is entitled to assume that no such circumstance exists or can be expected to occur, provided that the Trustee does not have knowledge of such circumstance. The

Trustee is under no obligations to make any investigations relating to the circumstances specified in Clause 12.1. The Issuer shall further, at the request of the Trustee, provide the Trustee with details of any circumstances referred to in Clause 12.1 and provide the Trustee with all documents that may be of significance for the application of this Clause 12.

- 12.5 The Issuer is only obliged to inform the Trustee according to Clause 12.4 if informing the Trustee would not conflict with any statute or the Issuer's registration contract with First North Stockholm or Nasdaq Stockholm (as applicable). If such a conflict would exist pursuant to the listing contract with First North Stockholm, Nasdaq Stockholm or otherwise, the Issuer shall however be obliged to either seek the approval from First North Stockholm or Nasdaq Stockholm or undertake other reasonable measures, including entering into a non-disclosure agreement with the Trustee, in order to be able to timely inform the Trustee according to Clause 12.4.
- 12.6 If the Trustee has been notified by the Issuer or has otherwise determined that there is a default under these Terms and Conditions according to Clause 12.1, the Trustee shall (i) notify, within five (5) Business Days of the day of notification or determination, the Holders of the default and (ii) decide, within twenty (20) Business Days of the day of notification or determination, if the Bonds shall be declared terminated. If the Trustee has decided not to terminate the Bonds, the Trustee shall, at the earliest possible date, notify the Holders that there exists a right of termination and obtain instructions from the Holders according to the provisions in Clause 14 (*Decisions by Holders*). If the Holders vote in favour of termination and instruct the Trustee to terminate the Bonds, the Trustee shall promptly declare the Bonds terminated. However, if the cause for termination according to the Trustee's appraisal has ceased before the termination, the Trustee shall not terminate the Bonds. The Trustee shall in such case, at the earliest possible date, notify the Holders that the cause for termination has ceased. The Trustee shall always be entitled to take the time necessary to consider whether an occurred event constitutes an Event of Default.
- 12.7 If the Holders, without any prior initiative to decision from the Trustee or the Issuer, have made a decision regarding termination in accordance with Clause 14 (*Decisions by Holders*), the Trustee shall promptly declare the Bonds terminated. The Trustee is however not liable to take action if the Trustee considers cause for termination not to be at hand, unless the instructing Holders agree in writing to indemnify and hold the Trustee harmless from any loss or liability and, if requested by the Trustee in its discretion, grant sufficient security for such indemnity.
- 12.8 If the Bonds are declared due and payable in accordance with the provisions in this Clause 12, the Trustee shall take every reasonable measure necessary to recover the amounts outstanding under the Bonds.
- 12.9 For the avoidance of doubt, the Bonds cannot be terminated and become due for payment prematurely according to this Clause 12 without relevant decision by the Trustee or following instructions from the Holders' pursuant to Clause 14 (*Decisions by Holders*).

- 12.10 If the Bonds are declared due and payable in accordance with this Clause 12, the Issuer shall redeem all Bonds with an amount per Bond together with a premium on the due and payable amount as set forth in the Call Option Amount for the relevant period and, shall for the non-call period (until the First Call Date) be the price set out in paragraph (a) of the Call Option Amount definition above the applicable Call Option Amount (plus accrued and unpaid interest).

### **13. DISTRIBUTION OF PROCEEDS**

- 13.1 If the Bonds have been declared due and payable in accordance with Clause 12 (*Termination of the Bonds*), all payments by the Issuer relating to the Bonds shall be distributed in the following order of priority, in accordance with the instructions of the Trustee:

- (a) *first*, in or towards payment *pro rata* of (i) all unpaid fees, costs, expenses and indemnities payable by the Issuer to the Trustee, (ii) other costs, expenses and indemnities relating to the termination of the Bonds or the protection of the Holders' rights, (iii) any non-reimbursed costs incurred by the Trustee for external experts, and (iv) any non-reimbursed costs and expenses incurred by the Trustee in relation to a Holders' Meeting or a Written Procedure;
- (b) *secondly*, in or towards payment *pro rata* of accrued but unpaid Interest under the Bonds (Interest due on an earlier Interest Payment Date to be paid before any Interest due on a later Interest Payment Date);
- (c) *thirdly*, in or towards payment *pro rata* of any unpaid principal under the Bonds; and
- (d) *fourthly*, in or towards payment *pro rata* of any other costs or outstanding amounts unpaid under the Bonds.

Any excess funds after the application of proceeds in accordance with paragraphs (a) to (d) above shall be paid to the Issuer. The application of proceeds in accordance with paragraphs (a) to (d) above shall, however, not restrict a Holders' Meeting or a Written Procedure from resolving that accrued Interest (whether overdue or not) shall be reduced without a corresponding reduction of principal.

- 13.2 If a Holder or another party has paid any fees, costs, expenses or indemnities referred to in Clause 13.1, such Holder or other party shall be entitled to reimbursement by way of a corresponding distribution in accordance with Clause 13.1.
- 13.3 Funds that the Trustee receives (directly or indirectly) in connection with the termination of the Bonds constitute escrow funds according to the Escrow Funds Act and must be held on a separate interest-bearing account on behalf of the Holders and the other interested parties. The Trustee shall arrange for payments of such funds in accordance with this Clause 13 as soon as reasonably practicable.
- 13.4 If the Issuer or the Trustee shall make any payment under this Clause 13, the Issuer or the Trustee, as applicable, shall notify the Holders of any such payment at least fifteen (15) Business Days before the payment is made. Such notice shall specify the Record Date, the payment date and the amount to be paid. Notwithstanding the

foregoing, for any Interest due but unpaid the Record Date specified in Clause 8.1 shall apply.

#### **14. DECISIONS BY HOLDERS**

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

14.2 Any request from the Issuer or a Holder (or Holders) representing at least ten (10) per cent. of the Adjusted Nominal Amount (such request may only be validly made by a Person who is a Holder on the Business Day immediately following the day on which the request is received by the Trustee and shall, if made by several Holders, be made by them jointly) for a decision by the Holders on a matter relating to these Terms and Conditions shall be directed to the Trustee and dealt with at a Holders' Meeting or by way of a Written Procedure, as determined by the Trustee. The Person requesting the decision may suggest the form for decision making, but if it is in the Trustee's opinion more appropriate that a matter is dealt with at a Holders' Meeting than by way of a Written Procedure, it shall be dealt with at a Holders' Meeting.

14.3 The Trustee may refrain from convening a Holders' Meeting or instigating a Written Procedure if (i) the suggested decision must be approved by any Person in addition to the Holders and such Person has informed the Trustee that an approval will not be given, or (ii) the suggested decision is not in accordance with applicable laws.

14.4 Only a Person who is, or who has been provided with a power of attorney or other proof of authorisation pursuant to Clause 7 (*Right to act on behalf of a Holder*) from a Person who is, registered as a Holder:

- (a) on the Record Date prior to the date of the Holders' Meeting, in respect of a Holders' Meeting, or
- (b) on the Business Day specified in the communication pursuant to Clause 16.3, in respect of a Written Procedure,

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

14.5 The following matters shall require consent of Holders representing at least two thirds (2/3) of the Adjusted Nominal Amount for which Holders are voting at a Holders' Meeting or for which Holders reply in a Written Procedure in accordance with the instructions given pursuant to Clause 16.3:

- (a) waive a breach of or amend an undertaking set out in Clause 11 (*Special undertakings*);
- (b) reduce the principal amount, Interest Rate or Interest which shall be paid by the Issuer;
- (c) amend any payment day for principal or Interest or waive any breach of a payment undertaking; or

(d) amend the provisions in this Clause 14.5 or 14.6

- 14.6 Any matter not covered by Clause 14.5 shall require the consent of Holders representing more than fifty (50) per cent. of the Adjusted Nominal Amount for which Holders are voting at a Holders' Meeting or for which Holders reply in a Written Procedure in accordance with the instructions given pursuant to Clause 16.3. This includes, but is not limited to, any amendment to or waiver of these Terms and Conditions that does not require a higher majority (other than an amendment or waiver permitted pursuant to Clause 17.1 (a), (b) or (c)) or a termination of the Bonds.
- 14.7 If the number of votes or replies are equal, the opinion which is most beneficial for the Issuer, according to the chairman at a Holders' Meeting or the Trustee in a Written Procedure, will prevail. The chairman at a Holders' Meeting shall be appointed by the Holders in accordance with Clause 14.6.
- 14.8 Quorum at a Holders' Meeting or in respect of a Written Procedure only exists if a Holder (or Holders) representing at least twenty (20) per cent. of the Adjusted Nominal Amount:
- (a) if at a Holders' Meeting, attend the meeting in person or by telephone conference (or appear through duly authorised representatives); or
  - (b) if in respect of a Written Procedure, reply to the request.
- 14.9 If a quorum does not exist at a Holders' Meeting or in respect of a Written Procedure, the Trustee or the Issuer shall convene a second Holders' Meeting (in accordance with Clause 15.1) or initiate a second Written Procedure (in accordance with Clause 16.1), as the case may be, provided that the relevant proposal has not been withdrawn by the Person(s) who initiated the procedure for Holders' consent. The quorum requirement in Clause 14.8 shall not apply to such second Holders' Meeting or Written Procedure.
- 14.10 Any decision which extends or increases the obligations of the Issuer or the Trustee, or limits, reduces or extinguishes the rights or benefits of the Issuer or the Trustee, under these Terms and Conditions shall be subject to the Issuer's or the Trustee's consent, as appropriate.
- 14.11 A Holder holding more than one Bond need not use all its votes or cast all the votes to which it is entitled in the same way and may in its discretion use or cast some of its votes only.
- 14.12 The Issuer may not, directly or indirectly, pay or cause to be paid any consideration to or for the benefit of any Holder for or as inducement to any consent under these Terms and Conditions, unless such consideration is offered to all Holders that consent at the relevant Holders' Meeting or in a Written Procedure within the time period stipulated for the consideration to be payable or the time period for replies in the Written Procedure, as the case may be.
- 14.13 A matter decided at a duly convened and held Holders' Meeting or by way of Written Procedure is binding on all Holders, irrespective of them being present or represented at the Holders' Meeting or responding in the Written Procedure. The Holders that have

not adopted or voted for a decision shall not be liable for any damages that this may cause other Holders.

- 14.14 All costs and expenses incurred by the Issuer or the Trustee for the purpose of convening a Holders' Meeting or for the purpose of carrying out a Written Procedure, including reasonable fees to the Trustee, shall be paid by the Issuer.
- 14.15 If a decision shall be taken by the Holders on a matter relating to these Terms and Conditions, the Issuer shall promptly at the request of the Trustee provide the Trustee with a certificate specifying the number of Bonds owned by Group Companies or (to the knowledge of the Issuer) their Affiliates, irrespective of whether such Person is directly registered as owner of such Bonds. The Trustee shall not be responsible for the accuracy of such certificate or otherwise be responsible to determine whether a Bond is owned by a Group Company or an Affiliate of a Group Company.
- 14.16 Information about decisions taken at a Holders' Meeting or by way of a Written Procedure shall promptly be sent by notice to the Holders and published on the websites of the Issuer and the Trustee, provided that a failure to do so shall not invalidate any decision made or voting result achieved. The minutes from the relevant Holders' Meeting or Written Procedure shall at the request of a Holder be sent to it by the Issuer or the Trustee, as applicable.

## **15. HOLDERS' MEETING**

- 15.1 The Trustee shall convene a Holders' Meeting by sending a notice thereof to each Holder no later than five (5) Business Days after receipt of a request from the Issuer or the Holder(s) (or such later date as may be necessary for technical or administrative reasons). If the Holders' Meeting has been requested by the Holder(s), the Trustee shall send a copy of the notice to the Issuer.
- 15.2 Should the Issuer want to replace the Trustee, it may convene a Holders' Meeting in accordance with Clause 15.1 with a copy to the Trustee. After a request from the Holders pursuant to Clause 18.4.3, the Issuer shall no later than five (5) Business Days after receipt of such request (or such later date as may be necessary for technical or administrative reasons) convene a Holders' Meeting in accordance with Clause 15.1.
- 15.3 The notice pursuant to Clause 15.1 shall include (i) time for the meeting, (ii) place for the meeting, (iii) agenda for the meeting (including each request for a decision by the Holders) and (iv) a form of power of attorney. Only matters that have been included in the notice may be resolved upon at the Holders' Meeting. Should prior notification by the Holders be required in order to attend the Holders' Meeting, such requirement shall be included in the notice.
- 15.4 The Holders' Meeting shall be held no earlier than ten (10) Business Days and no later than twenty (20) Business Days from the notice.
- 15.5 If the Trustee, in breach of these Terms and Conditions, has not convened a Holders' Meeting within five (5) Business Days after having received such notice, the requesting Person may convene the Holders' Meeting itself. If the requesting Person is a Holder, the Issuer shall upon request from such Holder provide the Holder with necessary

information from the register kept by the CSD and, if no Person to open the Holders' Meeting has been appointed by the Trustee, the meeting shall be opened by a Person appointed by the requesting Person.

- 15.6 At a Holders' Meeting, the Issuer, the Holders (or the Holders' representatives/proxies) and the Trustee may attend along with each of their representatives, counsels and assistants. Further, the directors of the board, the managing director and other officials of the Issuer and the Issuer's auditors may attend the Holders' Meeting. The Holders' Meeting may decide that further individuals may attend. If a representative/proxy shall attend the Holders' Meeting instead of the Holder, the representative/proxy shall present a duly executed proxy or other document establishing its authority to represent the Holder.
- 15.7 Without amending or varying these Terms and Conditions, the Trustee may prescribe such further regulations regarding the convening and holding of a Holders' Meeting as the Trustee may deem appropriate. Such regulations may include a possibility for Holders to vote without attending the meeting in person.

## **16. WRITTEN PROCEDURE**

- 16.1 The Trustee shall instigate a Written Procedure no later than five (5) Business Days after receipt of a request from the Issuer or the Holder(s) (or such later date as may be necessary for technical or administrative reasons) by sending a communication to each such Person who is registered as a Holder on the Business Day prior to the date on which the communication is sent. If the Written Procedure has been requested by the Holder(s), the Trustee shall send a copy of the communication to the Issuer.
- 16.2 Should the Issuer want to replace the Trustee, it may send a communication in accordance with Clause 16.1 to each Holder with a copy to the Trustee.
- 16.3 A communication pursuant to Clause 16.1 shall include (i) each request for a decision by the Holders, (ii) a description of the reasons for each request, (iii) a specification of the Business Day on which a Person must be registered as a Holder in order to be entitled to exercise voting rights (such Business Day not to fall earlier than the effective date of the communication pursuant to Clause 16.1), (iv) instructions and directions on where to receive a form for replying to the request (such form to include an option to vote yes or no for each request) as well as a form of power of attorney, and (v) the stipulated time period within which the Holder must reply to the request (such time period to last at least ten (10) Business Days but not more than twenty (20) Business Days from the communication pursuant to Clause 16.1). If the voting shall be made electronically, instructions for such voting shall be included in the communication.
- 16.4 If the Trustee, in breach of these Terms and Conditions, has not instigated a Written Procedure within five (5) Business Days after having received such notice, the requesting Person may instigate a Written Procedure itself. If the requesting Person is a Holder, the Issuer shall upon request from such Holder provide the Holder with necessary information from the register kept by the CSD.

- 16.5 When the requisite majority consents of the total Adjusted Nominal Amount pursuant to Clause 14.5 and 14.6 have been received in a Written Procedure, the relevant decision shall be deemed to be adopted pursuant to Clause 14.5 or 14.6, as the case may be, even if the time period for replies in the Written Procedure has not yet expired.

## **17. AMENDMENTS AND WAIVERS**

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

- (a) such amendment or waiver is not detrimental to the interest of the Holders, or is made solely for the purpose of rectifying obvious errors and mistakes;
- (b) such amendment or waiver is required by applicable law, a court ruling or a decision by a relevant authority;
- (c) such amendment or waiver is necessary for the purpose of listing the Bonds on First North Stockholm or the corporate bond list of Nasdaq Stockholm (as applicable), provided such amendment or waiver does not materially adversely affect the rights of the Holders; or
- (d) such amendment or waiver has been duly approved by the Holders in accordance with Clause 14 (*Decisions by Holders*).

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

- 17.3 The Trustee shall promptly notify the Holders of any amendments or waivers made in accordance with Clause 17.1, setting out the date from which the amendment or waiver will be effective, and ensure that any amendments to these Terms and Conditions are available on the websites of the Issuer and the Trustee. The Issuer shall ensure that any amendments to these Terms and Conditions are duly registered with the CSD and each other relevant organisation or authority.

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

## **18. APPOINTMENT AND REPLACEMENT OF THE TRUSTEE**

### **18.1 Appointment of Trustee**

- 18.1.1 By subscribing for Bonds, each initial Holder appoints the Trustee to act as its agent in all matters relating to the Bonds and these Terms and Conditions, and authorises the Trustee to act on its behalf (without first having to obtain its consent, unless such consent is specifically required by these Terms and Conditions) in any legal or arbitration proceedings relating to the Bonds held by such Holder, including the winding-up, dissolution, liquidation, company reorganisation (Sw. *företagsrekonstruktion*) or bankruptcy (Sw. *konkurs*) (or its equivalent in any

other jurisdiction) of the Issuer. By acquiring Bonds, each subsequent Holder confirms such appointment and authorisation for the Trustee to act on its behalf.

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

## 18.2 **Duties of the Trustee**

- 18.2.1 The Trustee shall represent the Holders in accordance with these Terms and Conditions. However, the Trustee is not responsible for the execution or enforceability of these Terms and Conditions. The Trustee shall keep the latest version of these Terms and Conditions (including any document amending these Terms and Conditions) available on the website of the Trustee.
- 18.2.2 Upon request by a Holder, the Trustee shall promptly distribute to the Holders any information from such Holder which relates to the Bonds (at the discretion of the Trustee). The Trustee may require that the requesting Holder reimburses any costs or expenses incurred, or to be incurred, by the Trustee in doing so (including a reasonable fee for the work of the Trustee) before any such information is distributed. The Trustee shall upon request by a Holder disclose the identity of any other Holder who has consented to the Trustee in doing so.
- 18.2.3 When acting in accordance with these Terms and Conditions, the Trustee is always acting with binding effect on behalf of the Holders. The Trustee shall carry out its duties under these Terms and Conditions in a reasonable, proficient and professional manner, with reasonable care and skill.
- 18.2.4 The Trustee is entitled to delegate its duties to other professional parties, but the Trustee shall remain liable for the actions of such parties under these Terms and Conditions.
- 18.2.5 The Trustee shall treat all Holders equally and, when acting pursuant to these Terms and Conditions, act with regard only to the interests of the Holders and shall not be required to have regard to the interests or to act upon or comply with any direction or

request of any other Person, other than as explicitly stated in these Terms and Conditions and the Trustee Agreement.

- 18.2.6 The Trustee shall be entitled to disclose to the Holders any event or circumstance directly or indirectly relating to the Issuer or the Bonds. Notwithstanding the foregoing, the Trustee may if it considers it to be beneficial to the interests of the Holders delay disclosure or refrain from disclosing certain information other than in respect of an Event of Default that has occurred and is continuing.
- 18.2.7 The Trustee is entitled to engage external experts when carrying out its duties under these Terms and Conditions. The Issuer shall on demand by the Trustee pay all costs for external experts engaged (i) after the occurrence of an Event of Default, (ii) for the purpose of investigating or considering an event which the Trustee reasonably believes is or may lead to an Event of Default or a matter relating to the Issuer which the Trustee reasonably believes may be detrimental to the interests of the Holders under these Terms and Conditions or (iii) when the Trustee is to make a determination under these Terms and Conditions. Any compensation for damages or other recoveries received by the Trustee from external experts engaged by it for the purpose of carrying out its duties under these Terms and Conditions shall be distributed in accordance with Clause 13 (*Distribution of proceeds*).
- 18.2.8 The Trustee shall enter into agreements with the CSD, and comply with such agreement and the CSD regulations applicable to the Trustee, as may be necessary in order for the Trustee to carry out its duties under these Terms and Conditions.
- 18.2.9 Notwithstanding any other provision of these Terms and Conditions to the contrary, the Trustee is not obliged to do or omit to do anything if it would or might in its reasonable opinion constitute a breach of any law or regulation.
- 18.2.10 If in the Trustee's reasonable opinion the cost, loss or liability which it may incur (including reasonable fees to the Trustee) in complying with instructions of the Holders, or taking any action at its own initiative, will not be covered by the Issuer, the Trustee may refrain from acting in accordance with such instructions, or taking such action, until it has received such funding or indemnities (or adequate security has been provided therefore) as it may reasonably require.
- 18.2.11 The Trustee shall give a notice to the Holders (i) before it ceases to perform its obligations under these Terms and Conditions by reason of the non-payment by the Issuer of any fee or indemnity due to the Trustee under these Terms and Conditions or the Trustee Agreement, or (ii) if it refrains from acting for any reason described in Clause 18.2.10.
- 18.3 **Limited liability for the Trustee**
- 18.3.1 The Trustee will not be liable to the Holders for damage or loss caused by any action taken or omitted by it under or in connection with these Terms and Conditions, unless directly caused by its negligence or wilful misconduct. The Trustee shall never be responsible for indirect loss.

- 18.3.2 The Trustee shall not be considered to have acted negligently if it has acted in accordance with advice from or opinions of reputable external experts engaged by the Trustee or if the Trustee has acted with reasonable care in a situation when the Trustee considers that it is detrimental to the interests of the Holders to delay the action in order to first obtain instructions from the Holders.
- 18.3.3 The Trustee shall not be liable for any delay (or any related consequences) in crediting an account with an amount required pursuant to these Terms and Conditions to be paid by the Trustee to the Holders, provided that the Trustee has taken all necessary steps as soon as reasonably practicable to comply with the regulations or operating procedures of any recognised clearing or settlement system used by the Trustee for that purpose.
- 18.3.4 The Trustee shall have no liability to the Holders for damage caused by the Trustee acting in accordance with instructions of the Holders given in accordance with Clause 14 (*Decisions by Holders*).
- 18.3.5 Any liability towards the Issuer which is incurred by the Trustee in acting under, or in relation to, these Terms and Conditions shall not be subject to set-off against the obligations of the Issuer to the Holders under these Terms and Conditions.
- 18.4 **Replacement of the Trustee**
- 18.4.1 Subject to Clause 18.4.6, the Trustee may resign by giving notice to the Issuer and the Holders, in which case the Holders shall appoint a successor Trustee at a Holders' Meeting convened by the retiring Trustee or by way of Written Procedure initiated by the retiring Trustee.
- 18.4.2 Subject to Clause 18.4.6, if the Trustee is insolvent, the Trustee shall be deemed to resign as Trustee and the Issuer shall within ten (10) Business Days appoint a successor Trustee which shall be an independent financial institution or other reputable company which regularly acts as agent under debt issuances.
- 18.4.3 A Holder (or Holders) representing at least ten (10) per cent. of the Adjusted Nominal Amount may, by notice to the Issuer (such notice may only be validly given by a Person who is a Holder on the Business Day immediately following the day on which the notice is received by the Issuer and shall, if given by several Holders, be given by them jointly), require that a Holders' Meeting is held for the purpose of dismissing the Trustee and appointing a new Trustee. The Issuer may, at a Holders' Meeting convened by it or by way of Written Procedure initiated by it, propose to the Holders that the Trustee be dismissed and a new Trustee appointed.
- 18.4.4 If the Holders have not appointed a successor Trustee within ninety (90) calendar days after (i) the earlier of the notice of resignation was given or the resignation otherwise took place or (ii) the Trustee was dismissed through a decision by the Holders, the Issuer shall appoint a successor Trustee which shall be an independent financial institution or other reputable company which regularly acts as agent under debt issuances.
- 18.4.5 The retiring Trustee shall, at its own cost, make available to the successor Trustee such documents and records and provide such assistance as the successor Trustee may

reasonably request for the purposes of performing its functions as Trustee under these Terms and Conditions.

- 18.4.6 The Trustee's resignation or dismissal shall only take effect upon the appointment of a successor Trustee and acceptance by such successor Trustee of such appointment and the execution of all necessary documentation to effectively substitute the retiring Trustee.
- 18.4.7 Upon the appointment of a successor, the retiring Trustee shall be discharged from any further obligation in respect of these Terms and Conditions but shall remain entitled to the benefit of these Terms and Conditions and remain liable under these Terms and Conditions in respect of any action which it took or failed to take whilst acting as Trustee. Its successor, the Issuer and each of the Holders shall have the same rights and obligations amongst themselves under these Terms and Conditions as they would have had if such successor had been the original Trustee.
- 18.4.8 In the event that there is a change of the Trustee in accordance with this Clause 18.4, the Issuer shall execute such documents and take such actions as the new Trustee may reasonably require for the purpose of vesting in such new Trustee the rights, powers and obligation of the Trustee and releasing the retiring Trustee from its further obligations under these Terms and Conditions and the Trustee Agreement. Unless the Issuer and the new Trustee agrees otherwise, the new Trustee shall be entitled to the same fees and the same indemnities as the retiring Trustee.

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

- 19.1 The Issuer appoints the Issuing Agent to manage certain specified tasks under these Terms and Conditions and in accordance with the legislation, rules and regulations applicable to and/or issued by the CSD and relating to the Bonds.
- 19.2 The Issuing Agent may retire from its assignment or be dismissed by the Issuer, provided that the Issuer has approved that a commercial bank or securities institution approved by the CSD accedes as new Issuing Agent at the same time as the old Issuing Agent retires or is dismissed. If the Issuing Agent is insolvent, the Issuer shall immediately appoint a new Issuing Agent, which shall replace the old Issuing Agent as issuing agent in accordance with these Terms and Conditions.

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

- 20.1 The Issuer has appointed the CSD to manage certain tasks under these Terms and Conditions and in accordance with the legislation, rules and regulations applicable to the CSD.
- 20.2 The CSD may retire from its assignment or be dismissed by the Issuer, provided that the Issuer has effectively appointed a replacement CSD that accedes as CSD at the same time as the old CSD retires or is dismissed and provided also that the replacement does not have a negative effect on any Holder or the listing of the Bonds listed on First North Stockholm or the corporate bond list of Nasdaq Stockholm. The replacing CSD must be authorised to professionally conduct clearing operations pursuant to the Swedish Securities Market Act (*Sw. lag (2007:528) om värdepappersmarknaden*).

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

- 21.1 A Holder may not take any steps whatsoever against the Issuer or a Subsidiary to enforce or recover any amount due or owing to it pursuant to these Terms and Conditions, or to initiate, support or procure the winding-up, dissolution, liquidation, company reorganisation (Sw. *företagsrekonstruktion*) or bankruptcy (Sw. *konkurs*) (or its equivalent in any other jurisdiction) of the Issuer or a Subsidiary in relation to any of the liabilities of the Issuer under these Terms and Conditions. Such steps may only be taken by the Trustee.
- 21.2 Clause 21.1 shall not apply if the Trustee has been instructed by the Holders in accordance with these Terms and Conditions to take certain actions but fails for any reason to take, or is unable to take (for any reason other than a failure by a Holder to provide documents in accordance with Clause 18.1.2), such actions within a reasonable period of time and such failure or inability is continuing. However, if the failure to take certain actions is caused by the non-payment by the Issuer of any fee or indemnity due to the Trustee under these Terms and Conditions or the Trustee Agreement or by any reason described in Clause 18.2.10, such failure must continue for at least forty (40) Business Days after notice pursuant to Clause 18.2.11 before a Holder may take any action referred to in Clause 21.1.
- 21.3 The provisions of Clause 21.1 shall not in any way limit an individual Holder's right to claim and enforce payments which are due to it under Clause 10.4 (*Mandatory repurchase due to a Change of Control Event or a De-listing Event (put option)*) or other payments which are due by the Issuer to some but not all Holders.

## **22. TIME-BAR**

- 22.1 The right to receive repayment of the principal of the Bonds shall be time-barred and become void ten (10) years from the relevant Redemption Date. The right to receive payment of Interest (excluding any capitalised Interest) shall be time-barred and become void three (3) years from the relevant due date for payment. The Issuer is entitled to any funds set aside for payments in respect of which the Holders' right to receive payment has been time-barred and has become void.
- 22.2 If a limitation period is duly interrupted in accordance with the Swedish Act on Limitations (Sw. *preskriptionslag (1981:130)*), a new time-bar period of ten (10) years with respect to the right to receive repayment of the principal of the Bonds, and of three (3) years with respect to the right to receive payment of Interest (excluding capitalised Interest) will commence, in both cases calculated from the date of interruption of the time-bar period, as such date is determined pursuant to the provisions of the Swedish Act on Limitations.

## **23. NOTICES AND PRESS RELEASES**

### **23.1 Notices**

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

- (a) if to the Trustee, shall be given at the address registered with the Swedish Companies Registration Office (Sw. *Bolagsverket*) on the Business Day prior to dispatch or, if sent by email by the Issuer, to such email address as notified by the Trustee to the Issuer from time to time;
- (b) if to the Issuer, shall be given at the address registered with the Swedish Companies Registration Office on the Business Day prior to dispatch or, if sent by email by the Trustee, to such email address as notified by the Issuer to the Trustee from time to time; and
- (c) if to the Holders, shall be given at their addresses as registered with the CSD, on the Business Day prior to dispatch, and by either courier delivery or letter for all Holders. A notice to the Holders shall also be published on the websites of the Issuer and the Trustee.

23.1.2 Any notice or other communication made by one Person to another under or in connection with these Terms and Conditions shall be sent by way of courier, personal delivery or letter (and, if between the Trustee and the Issuer, by email) and will only be effective, in case of courier or personal delivery, when it has been left at the address specified in Clause 23.1.1 or, in case of letter, three (3) Business Days after being deposited postage prepaid in an envelope addressed to the address specified in Clause 23.1.1 or, in case of email to the Trustee or the Issuer, when received in legible form by the email address specified in Clause 23.1.1.

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

### **23.2 Press releases**

23.2.1 Any notice that the Issuer or the Trustee shall send to the Holders pursuant to Clauses 10.4, 11.13.1 (e), 12.6, 13.4, 14.16, 15.1, 16.1, 17.3, 18.2.11 and 18.4.1 shall also be published by way of press release by the Issuer or the Trustee, as applicable.

23.2.2 In addition to Clause 23.2.1, if any information relating to the Bonds, the Issuer or the Group contained in a notice the Trustee may send to the Holders under these Terms and Conditions has not already been made public by way of a press release, the Trustee shall before it sends such information to the Holders give the Issuer the opportunity to issue a press release containing such information. If the Issuer does not promptly issue a press release and the Trustee considers it necessary to issue a press release containing such information before it can lawfully send a notice containing such information to the Holders, the Trustee shall be entitled to issue such press release.

**24. FORCE MAJEURE AND LIMITATION OF LIABILITY**

- 24.1 Neither the Trustee nor the Issuing Agent shall be held responsible for any damage arising out of any legal enactment, or any measure taken by a public authority, or war, strike, lockout, boycott, blockade or any other similar circumstance (a “**Force Majeure Event**”). The reservation in respect of strikes, lockouts, boycotts and blockades applies even if the Trustee or the Issuing Agent itself takes such measures, or is subject to such measures.
- 24.2 The Issuing Agent shall have no liability to the Holders if it has observed reasonable care. The Issuing Agent shall never be responsible for indirect damage with exception of gross negligence and wilful misconduct.
- 24.3 Should a Force Majeure Event arise which prevents the Trustee or the Issuing Agent from taking any action required to comply with these Terms and Conditions, such action may be postponed until the obstacle has been removed.
- 24.4 The provisions in this Clause 24 apply unless they are inconsistent with the provisions of the Financial Instruments Accounts Act which provisions shall take precedence.

**25. GOVERNING LAW AND JURISDICTION**

- 25.1 These Terms and Conditions, and any non-contractual obligations arising out of or in connection therewith, shall be governed by and construed in accordance with the laws of Sweden.
- 25.2 Any dispute or claim arising in relation to these Terms and Conditions shall, subject to Clause 25.3, be determined by Swedish courts and the District Court of Stockholm shall be the court of first instance.
- 25.3 The submission to the jurisdiction of the Swedish courts shall not limit the right of the Trustee (or the Holders, as applicable) to take proceedings against the Issuer in any court which may otherwise exercise jurisdiction over the Issuer or any of its assets.
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**Addresses****Company and Issuer**

ALM Equity AB (publ)  
Regeringsgatan 59  
SE-111 56 Stockholm  
Sweden  
Tel: +46 (0)8- 562 303 00  
Web page: [www.almequity.se](http://www.almequity.se)

**Issuing Agent**

Pareto Securities AB  
P.O. Box 7415  
SE-103 91 Stockholm  
Sweden  
Tel: +46 (0)8-402 50 00  
Web page: [www.paretosec.com](http://www.paretosec.com)

**Auditor**

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